



Office of the Comptroller of the Currency

Interpretations - Corporate Decision #96-26

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DECISION OF THE COMPTROLLER OF THE CURRENCY ON THE APPLICATION TO PURCHASE THE ASSETS AND ASSUME THE LIABILITIES OF THE GREENFIELD, IOWA BRANCH OF BOATMEN'S BANK IOWA, NATIONAL ASSOCIATION, DES MOINES, IOWA BY FIRST NATIONAL BANK, FONTANELLE, IOWA, UNDER THE CHARTER AND TITLE OF FIRST NATIONAL BANK, FONTANELLE, IOWA.

Introduction

On March 20, 1996, application was made to the Comptroller of the Currency for prior authorization to purchase the assets and assume the liabilities of the Greenfield, Iowa branch of Boatmen's Bank Iowa, National Association, Des Moines, Iowa by First National Bank, Fontanelle, Iowa 50849 under the charter and title of First National Bank, Fontanelle, Iowa. This application was based on an agreement entered into between the proponents on January 26, 1996.

Participating Financial Institutions

As of December 31, 1995, the one office of Boatmen's Bank Iowa, National Association subject to the purchase and assumption agreement had total deposits of \$37 million. On the same date, First National Bank had total deposits of \$44 million and operated one office. First National Bank is 99.5% owned and controlled by First Fontanelle Bancorporation, a one bank holding company.

Competitive Analysis

The OCC has reviewed the competitive effects of this proposal by using its standard procedures for determining whether a purchase of assets and assumption of liabilities clearly has minimal or no adverse competitive effects. The OCC finds that the proposal satisfies its criteria for a purchase of assets and assumption of liabilities that clearly has no or minimal adverse competitive effects.

The relevant geographic market for this proposal is the area including and immediately surrounding the communities of Greenfield and Fontanelle, Iowa, the area from which Boatmen's Bank Iowa, National Association's branch derives the bulk of its deposits. This is an area with a population of less than 3,000 persons. The OCC considers an area with such a small population to be economically insignificant from a competitive standpoint. (See Decision of the Comptroller of the Currency on the application to merge The National Bank and Trust Company of Norwich, Norwich, New York, with National Bank of Oxford, Oxford, New York, dated April 8, 1983.) Therefore, because the market is not recognized as being economically significant, any competitive effects resulting from the transaction are considered *de minimis*.

Banking Factors

The Bank Merger Act requires the OCC to consider "...the financial and managerial resources and future prospects of the existing and proposed institutions, and the convenience and needs of the community to be served." We find that the financial and managerial resources of First National Bank and Boatmen's Bank Iowa, National Association do not raise concerns that would cause the application to be disapproved. The future prospects of the proponents, individually and combined, are considered favorable and the resulting bank is expected to meet the convenience and needs of the community to be served.

Within the bank's current assessment area its primary lending focus is on agricultural production (55% of total loans) and farm real estate (19% of total loans). Loans secured by residential real estate total 11% of total loans while loans to small businesses total 8%. This prioritization of loan portfolios is based on identified community credit needs. The bank's loan to deposit ratio is reasonable (57.6% at year-end 1995), based on a recent loan to deposit analysis. The bank currently makes the substantial majority of its loans within its assessment area. Lending levels reflect a reasonable number of loans to small farm operations.

First National Bank has no financial or legal impediments limiting its ability to meet the credit needs of its assessment area. Based upon bank management's ability to effectively meet community credit needs, it is expected the additional community of Greenfield will be satisfactorily served by the resulting bank.

Community Reinvestment Act

A review of the record of this application and other information available to the OCC as a result of its regulatory responsibilities has revealed no evidence that the applicants' records of helping to meet the credit needs of their communities, including low- and moderate-income neighborhoods, is less than satisfactory.

Conclusion

We have analyzed this proposal pursuant to the Bank Merger Act (12 U.S.C. 1828(c)) and/or 12 CFR 5.33, and find that it will not lessen significantly competition in any relevant market. Other factors considered in evaluating this proposal are satisfactory. Accordingly, the application is approved.

/s/

Ellen Tanner Shepherd
Corporate Manager

Dated: 05/16/96

Application Control Number: 96MW020009