



Comptroller of the Currency
Administrator of National Banks

Northeastern District
1114 Avenue of the Americas, Suite 3900
New York, New York 10036

Corporate Decision #97-16

April 1997

DECISION OF THE COMPTROLLER OF THE CURRENCY ON THE APPLICATION TO MERGE FIRST FEDERAL SAVINGS BANK OF WESTERN MARYLAND, CUMBERLAND, MARYLAND WITH AND INTO AMERICAN TRUST BANK, NATIONAL ASSOCIATION, CUMBERLAND, MARYLAND, UNDER THE CHARTER AND TITLE OF AMERICAN TRUST BANK, NATIONAL ASSOCIATION.

DECISION

Introduction

On December 24, 1996, application was made to the Office of the Comptroller of the Currency for prior authorization to merge First Federal Savings Bank of Western Maryland, Cumberland, Maryland (“ hereinafter FFSB”), with and into American Trust Bank, National Association, Cumberland, Maryland, under the charter and title of American Trust Bank, National Association (“ hereinafter ATB”). This application was based on an agreement completed between the proponents on November 26, 1996.

Participating Financial Institutions

As of September 30, 1996, ATB, a national bank, had total deposits of \$333 million and operated 15 offices. As of September 30, 1996, FFSB had total deposits of \$283 million with 10 offices. ATB is wholly owned by Keystone Financial , Inc., a multi-bank holding company. FFSB is a Federal Savings Bank, wholly owned by First Financial Corporation, a thrift holding company.

Competitive Analysis

The relevant geographic market for this proposal is Allegany and Garrett Counties in Maryland. This is the area where competition between the institutions is direct and immediate and where each institution derives the bulk of its deposits. Within this market, ATB competes with three commercial banks and two thrift institutions for approximately \$1 billion in deposits. FFSB and ATB rank second and third in the market and each hold approximately twenty-six percent of the market’s total deposits. Following the proposed merger, ATB would become the largest depository institution in the market with approximately \$540 million in deposits, representing a fifty-two percent market share. While the proposed transaction would eliminate some direct competition in the relevant geographic market, any adverse competitive effects would be

mitigated by the presence of other banking alternatives, both in the relevant and adjacent markets. Therefore, consummation of this proposal would not have a significantly adverse effect on competition in the relevant geographic market.

The Department of Justice has also reviewed the proposal and advised the OCC that consummation of the proposal would not have any significantly adverse competitive effects in the relevant banking market.

Banking Factors

The Bank Merger Act requires this Office 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 FFSB and ATB, do not raise concerns that would cause the application to be disapproved. The future prospects of the proponents, individually and combined, are considered favorable.

The needs and convenience of the community will be served. ATB currently offers a full line of banking services and there will be no changes in these products or services as a result of this transaction. Upon completion of this transaction, customers of FFSB will have access to a broader array of products and services such as trust and asset management services, brokerage services, retail and business credit cards, and a host of business and retail deposit and loan products. No branch closings are anticipated as a result of this transaction.

Community Reinvestment Act (CRA)

A review of the record of this application and other information available to this Office as a result of its regulatory responsibilities has revealed no evidence that the applicants' record 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 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.

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KAREN J. WILSON
Deputy Comptroller

DATED: Approved 3/7/97

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