



Comptroller of the Currency
Administrator of National Banks

Central District
One Financial Place
440 South LaSalle Street
Chicago, Illinois 60605

Corporate Decision #97-22 April 1997

DECISION OF THE COMPTROLLER OF THE CURRENCY ON THE APPLICATION TO PURCHASE CERTAIN ASSETS AND ASSUME CERTAIN LIABILITIES OF REPUBLIC BANK, ANN ARBOR, MICHIGAN BY HILLSDALE COUNTY NATIONAL BANK, HILLSDALE, MICHIGAN UNDER THE CHARTER AND TITLE OF HILLSDALE COUNTY NATIONAL BANK.

Introduction

On February 24, 1997, application was made to the Office of the Comptroller of the Currency (OCC) for prior authorization to purchase certain assets and assume certain liabilities of Republic Bank, Ann Arbor, Michigan (hereinafter "Republic") by Hillsdale County National Bank, Hillsdale, Michigan (hereinafter "Hillsdale") under the charter and title of Hillsdale County National Bank. The purchase and assumption transaction consists of the fixed assets and deposit liabilities of Republic's branch offices in the Michigan towns of Hanover, Litchfield, Somerset Center and Spring Arbor (hereinafter "Branches"). This application was based on an agreement finalized between the proponents on February 11, 1997.

Participating Financial Institutions

As of December 31, 1996, the branches of Republic subject to the purchase and assumption agreement had fixed assets of \$595 thousand and deposits of \$58.6 million. On the same date, Hillsdale had total deposits of \$121.3 million and operated 5 offices. Hillsdale is a unit bank with no parent holding company.

Competitive Analysis

There are two relevant geographic markets for this proposal: the community of Litchfield and the community of Somerset Center. The relevant geographic markets consist of an area surrounding two of the four branches to be acquired. These are areas where the effect of this transaction on competition would be direct and immediate. The population of both these market areas is less than 6,000. The OCC considers an area with such a small population to be economically insignificant from a competitive standpoint. (See Decision of the

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 these markets are not recognized as being economically significant, any anticompetitive effects resulting from the transaction are considered de minimis.

Hillsdale will also acquire Republic's branches in Hanover and Spring Arbor, Michigan; however, Hillsdale does not compete in these two markets. Therefore, consummation of this part of the transaction would merely replace one competitor with another with no significant anticompetitive effects.

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 Hillsdale and Republic 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.

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' 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.

/s/
David J. Rogers
National Bank Examiner

Dated: April 1, 1997
OCC Control No. 97-CE-02-0007