



Comptroller of the Currency
Administrator of National Banks

Southeastern District
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245 Peachtree Center Ave., N.E.
Atlanta, Georgia 30303

Corporate Decision #98-05 February 1998

DECISION OF THE COMPTROLLER OF THE CURRENCY ON THE APPLICATION OF FIRST NATIONAL BANK OF ASHLAND, ASHLAND, ALABAMA, TO PURCHASE CERTAIN ASSETS AND ASSUME CERTAIN LIABILITIES (“THE ASHLAND AND TUSKEGEE BRANCHES”) OF SOUTHTRUST BANK, N.A., BIRMINGHAM, ALABAMA

DECISION

Introduction

On September 22, 1997, application was made to the Office of the Comptroller of the Currency for prior authorization for First National Bank of Ashland, Ashland, Alabama (hereinafter, FNB) to purchase certain assets and assume certain liabilities (the Ashland and Tuskegee branches) of SouthTrust Bank, N.A., Birmingham, Alabama (hereinafter, ST). This application was based on an agreement finalized between the proponents on September 19, 1997.

The Financial Institutions Involved

As of June 30, 1997, FNB, a BIF-insured, national bank, had total deposits of \$32.7 million and operated 2 offices. As of the same date, the two offices of ST subject to the merger agreement had total deposits of \$26.6 million.

Competitive Analysis

There are two relevant geographic markets for this proposal. Each relevant geographic market consists of an area surrounding one of the two branches FNB will acquire from ST. These are the areas where competition between the institutions is direct and immediate and where the target branches derive the bulk of their deposits. The two relevant geographic markets are discussed below.

Macon County and Auburn Market This market includes Macon County and the adjacent city of Auburn in Lee County. Within this market, FNB (through its affiliate bank, Alabama Exchange Bank, Tuskegee, Alabama) competes with eight other commercial banks for approximately \$480 million in deposits. SouthTrust is the second largest depository institution in the market with approximately seventeen percent of the deposits. SouthTrust's Tuskegee branch that is to be sold to FNB holds approximately four percent of the deposits in the market. FNB is the fourth largest depository institution in the market with approximately eight percent of the total deposits. Upon consummation of this transaction, both SouthTrust and FNB would remain in the market with only a switch in FNB's market position. SouthTrust will remain the second largest depository institution while FNB will become the third largest depository institution. Accordingly, consummation of this proposal would not have a significant adverse effect on competition in the relevant geographic market.

The Clay County Market The OCC has reviewed the competitive effects on this market by using its standard procedures for determining whether a purchase and assumption clearly has minimal or no adverse competitive effects. As a result of this review, the OCC finds that the FNB's acquisition of the SouthTrust branch in this market satisfies its criteria for a purchase and assumption that clearly has no or minimal adverse competitive effects.

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 convenience and needs of the community to be served." We find that the financial and managerial resources of FNB and ST do not raise concerns that would cause the application to be disapproved. The future prospects of the proponents, individually and combined, are considered favorable.

Convenience and Needs:

Both branches to be acquired will be consolidated with existing FNB branches as a result of this transaction. While this transaction will have the effect of eliminating a potential competitor, it will result in a bank more closely aligned with its community and thus more readily able to meet the needs of its customers, both business and retail customers. FNB will be able to offer a wider range of service and products to an increasingly diversified group of customers. It is therefore concluded that the resultant bank will 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, 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 significantly lessen competition in any relevant market. Other factors considered in evaluating this proposal are satisfactory. Accordingly, the application is approved.

_____/s/
John O. Stein
Corporate Manager

Dated: November 14, 1997
Control Number: 97-SE-02-0048