



Comptroller of the Currency
Administrator of National Banks

Central District Office
One Financial Place, Suite 2700
440 South LaSalle Street
Chicago, Illinois 60605

Corporate Decision #98-32

June 1998

DECISION OF THE COMPTROLLER OF THE CURRENCY ON THE APPLICATION FOR STAR BANK, NATIONAL ASSOCIATION, CINCINNATI, OHIO, TO PURCHASE THE ASSETS AND ASSUME THE LIABILITIES OF FOUR OHIO BRANCHES OF BANK ONE, NATIONAL ASSOCIATION, COLUMBUS, OHIO.

Decision

Introduction

On February 20, 1998, an application was made to the Office of Comptroller of the Currency (OCC) for prior authorization for Star Bank, National Association, Cincinnati, Ohio (hereinafter "Star Bank") to purchase the assets and assume the liabilities of four Ohio branches of Bank One, National Association, Columbus, Ohio (hereinafter "Bank One, Ohio"). This application was based on an agreement between the proponents which was executed February 13, 1998.

Participating Financial Institutions

As of December 31, 1997, the branches of Bank One, Ohio subject to the purchase and assumption agreement had total deposits of \$92 million. On the same date, Star Bank had total deposits of \$8.2 billion and operated 276 offices in the states of Ohio, Indiana and Kentucky. Star Bank is wholly owned by Star Banc Corporation, Cincinnati, Ohio.

Competitive Analysis

There are two relevant geographic markets for this proposal. Each relevant geographic market consists of an area surrounding one or more of the four branches Star Bank will acquire from Bank One. These are the areas where competition between the institutions is direct and immediate and where each institution derives the bulk of its deposits. The two relevant geographic markets are discussed below.

Shelby County Market Within this market, Star Bank competes with six other commercial banks and two thrifts for approximately \$580 million in deposits. Star Bank is the second largest depository institution in the market with approximately 30 percent of the total deposits. Bank One is the largest depository institution in the market with approximately 31 percent of the deposits. The three Bank One Shelby County branches that are to be sold to Star Bank hold approximately twelve percent of the deposits in the market. Upon consummation of this transaction, Star Bank will become the largest depository institution with a 42 percent market share. Bank One will become the second largest depository institution in the market with a 19 percent market share. Considering no competitors are being eliminated from the market and Star Bank competes against at least two regional banking companies, consummation of this proposal should not have a significant adverse effect on competition in the relevant geographic market.

Portsmouth Market (Scioto County) 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 Star Bank's acquisition of the Bank One New Boston branch in this market satisfies its criteria for a purchase and assumption that clearly has no or minimal adverse competitive effects.

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 markets.

Banking Factors

The Bank Merger Act requires this Office to consider "...the financial and managerial resources and the convenience and needs of the community to be served." We find that the financial and managerial resources of Star Bank do not raise concerns that would cause the application to be disapproved. The future prospects of the proponents, individually and combined, are considered favorable. All existing offices of the applicant will continue operating and no products or services will be discontinued. Given these facts, the resulting bank is expected to meet the convenience and needs of the communities being served.

Community Reinvestment Act

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' records of helping to meet the credit needs of their communities, including low-to-moderate-income neighborhoods, are less than satisfactory.

Conclusion

We have analyzed this proposal pursuant to the Bank Merger Act (12 U.S.C. §1818 (c)) and find that it will not significantly lessen competition in the relevant market. Other factors considered in evaluating this proposal are satisfactory. Accordingly, this application is approved.

/s/

David J. Rogers, National Bank Examiner

Dated: May 5, 1998

Control #: 98-CE-02-0016