

ANNUAL REPORT OF THE COMPTROLLER OF THE CURRENCY

STATUS OF NATIONAL BANKING SYSTEM

The 4,537 banks supervised by the Comptroller of the Currency had total assets of \$140 billion at the end of 1960. They maintained their relative position with 46.8 percent of the banking assets in the commercial and savings banks of the Nation, and 54.2 percent of the commercial banking assets. Commercial banks numbering 8,919 which are supervised by the respective State banking authorities held assets of \$118.4 billion, and 515 State-chartered and supervised mutual savings banks had assets of \$40.6 billion. For all commercial and mutual savings banks, assets were \$298.9 billion, an increase of \$14.6 billion for the year as shown in the following table.

All operating banks—continental United States and other areas

[Dollars in millions]

Type of bank	Members of both the Federal Reserve System and Federal Deposit Insurance Corporation		Members of Federal Deposit Insurance Corporation only		Not members of Federal Reserve or Federal Deposit Insurance Corporation	
	Number	Total assets	Number	Total assets	Number	Total assets
National banks.....	¹ 4, 534	\$139, 816	¹ 3	\$180		
State commercial banks.....	² 1, 638	76, 740	³ 6, 952	39, 587	⁴ 329	\$2, 036
Mutual savings banks.....	² 2	21	³ 323	35, 072	⁴ 190	5, 481
Total.....	6, 174	216, 577	7, 278	74, 839	519	7, 517

Recapitulation

	Number	Branches	Total assets	Increase for 1960
National banks.....	¹ 4, 537	5, 326	\$139, 996	\$6, 671
State commercial banks.....	8, 919	4, 989	118, 363	6, 273
Mutual savings banks.....	515	486	40, 574	1, 631
Head offices.....	13, 971	10, 801	298, 933	14, 575
Branches.....	10, 801			
Total banking offices.....	24, 772			

¹ Supervised by Comptroller of the Currency. (Includes 7 nonnational banks in the District of Columbia, 4 member and 3 nonmember insured banks with 30 branches.)

² Supervised by State banking departments and the Federal Reserve System. (Includes 1 member non-deposit trust company.)

³ Supervised by State banking departments and Federal Deposit Insurance Corporation.

⁴ Supervised by State banking departments only.

Growth of Financial Institutions

Commercial bank assets increased \$12.9 billion during 1960 as compared to \$5.3 billion in 1959 and \$16.1 billion in 1958. During the past decade the average annual growth of commercial bank assets was \$8.9 billion per year. The growth of financial institutions during the past 10-year period was at a rapid rate, with the most rapid growth occurring in those organizations which have been in a position to offer more attractive savings interest rates because of their favorable tax status and lower liquidity requirements. Relative growth by classes during the past 10-year period is presented in the following table.

Financial institutions

(Total assets)

[Dollars in millions]

	Dec. 31, 1959	Dec. 31, 1960	Percent of increase
Commercial banks.....	\$169,856	\$258,359	52.1
Mutual savings banks.....	22,385	40,574	81.3
Savings and loan associations.....	16,893	71,489	323.2
Federal and State chartered credit unions.....	1,005	15,029	400.4

¹ Data as of Dec. 31, 1959.*Status of National Banks*

The number of operating national banks was reduced during 1960 from 4,542 at the close of 1959 to 4,530, a net change of 12. This compares with reductions of 43 in 1959, 42 in 1958, 32 in 1957, 41 in 1956, and 96 in 1955. The assets of the national banking system, after deduction of \$1.3 billion of reserves for bad debts and other valuation reserves on loans, continued upward in 1960 to \$139.3 billion compared with \$132.6 billion at the end of 1959, a gain of \$6.7 billion. The system absorbed 58 State banks in 1960 through consolidations, mergers, purchases, and conversions for a gain in assets of \$1,198.1 million, while 17 national banks with \$334.2 million of assets went into the State banking systems by the same routes. A net gain of \$863.9 million in assets accrued from these sources for the national banking system. Based upon the fundamental considerations of managerial competence, asset soundness, adequacy of capital funds and reserves, and earning capacity, an excellent condition continues to characterize the national banking system with the exception of a few banks which are receiving appropriate and effective supervisory attention.

Deposits

At the end of 1960 total deposits of all national banks were \$124.9 billion, an increase of \$5.3 billion over the prior year end.

The total deposits of national banks and the average effective interest rate paid on time and savings deposits are set forth below for the years 1956 through 1960.

[Dollars in millions]

Total deposits	Dec. 31, 1956	Dec. 31, 1957	Dec. 31, 1958	Dec. 31, 1959	Dec. 31, 1960
Demand.....	\$79,027.5	\$77,881.0	\$81,351.8	\$82,703.1	\$84,754.0
Time and savings*	28,467.3	31,555.3	35,734.3	36,934.6	40,156.8
Total.....	107,494.8	109,436.3	117,086.1	119,637.7	124,910.8
Interest paid*	437.0	636.0	762.3	866.7	978.7
Average rate (percent).....	1.54	2.02	2.13	2.35	2.44

Loans

All major elements in the loan portfolio of the national banking system moved moderately upward during 1960 and gross loans at the year end amounted to \$65 billion, an increase of \$3.8 billion over that reported on December 31, 1959.

In the December 31, 1960, composite balance sheet loan assets represent 52 percent of the deposit liabilities and are 19 percent offset by capital funds, including loan valuation reserves, as compared to the year-end 1959 ratios of 51 and 18 percent, respectively. Loan valuation reserves increased from 1.97 percent of gross outstandings on December 31, 1959, to 2.01 percent at the end of 1960. Loans or portions thereof which were fully backed or insured by agencies of the U.S. Government, including FHA title 1 loans fully covered by insurance reserves, declined slightly from \$5,596 million to \$5,580 million.

Loans for commercial and industrial purposes representing 37 percent of the composite portfolio increased \$1,669 million, a gain of 7.5 percent while real estate loans declined slightly to 23.9 percent of the portfolio although a dollar increase of \$364 million was made. A contributing factor to this trend was the reduction of \$290 million in loans insured or guaranteed by the Federal Housing Administration and the Veterans' Administration.

Installment consumer loans continued to increase during 1960, although not at the rate experienced in 1959, and at the year end totaled \$10.5 billion, a gain of \$862 million. Including single-payment loans for personal expenditures, consumer loans comprised 23

percent of the national banking system's loan portfolio. In our observation of the examination reports which flow through this office we observed no significant change in the terms under which these loans are granted. Delinquencies and losses while somewhat higher than 1959 continue to be of little significance. The following table reflects the major categories of consumer credit loans held by the national banking system on December 31 of the past 3 years.

[In millions of dollars]

	1958	1959	1960
Passenger automobile installment loans.....	3,806	4,522	5,001
Other retail installment loans.....	1,368	1,582	1,630
Residential repair and modernization loans.....	1,270	1,485	1,586
Other personal loans for personal expenditures.....	1,680	2,066	2,300
Total installment consumer loans.....	8,124	9,655	10,517
Single-payment loans for personal expenditures.....	3,319	3,815	4,193
Total consumer loans.....	11,443	13,470	14,710

Liquidity

The balance sheet factors affecting the basic liquidity of the national banking system increased almost ratably during 1960 and at the year end there was no significant change in the percentage of liquidity from that of December 31, 1959. Cash on hand and in banks, cash items in process of collection, and U.S. Treasury obligations, aggregating \$61.4 billion, represented 49.2 percent of the \$124.9 billion deposit liability, as compared to 49.5 percent at the close of 1959, while such liquid assets offset 72.4 percent of the total demand deposits as compared to 71.6 percent the previous year end. The following tables provide a comparison of the elements affecting the basic and short-term liquidity position of the national banking system for a 10-year period.

Basic liquidity of the national banking system

[In millions of dollars]

	Cash and balances with other banks	U.S. Gov- ernment obligations	Less bills payable and re- discounts	Net	Deposits	Percent of coverage
1951.....	26,012.2	35,156.3	15.5	61,153.0	94,431.6	64.76
1952.....	26,399.4	35,936.4	75.9	62,259.9	99,257.8	62.73
1953.....	26,545.5	35,588.8	14.9	62,119.4	100,947.2	61.54
1954.....	25,721.9	39,507.0	11.1	65,217.8	106,145.8	61.44
1955.....	25,763.4	33,690.8	107.8	59,346.4	104,218.0	56.94
1956.....	27,082.5	31,680.1	18.7	58,743.9	107,494.8	54.65
1957.....	26,865.1	31,338.1	38.3	58,164.9	109,436.3	53.15
1958.....	26,864.8	35,824.8	43.0	62,646.6	117,086.1	53.50
1959.....	27,464.2	31,761.0	340.4	58,884.8	119,637.7	49.22
1960.....	28,674.5	32,711.7	110.6	61,275.6	124,910.9	49.06

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Short-term liquidity of the national banking system

[In millions of dollars]

	Treasury bills	Treasury certificates of indebted- ness	Cash and balances with other banks	Total	Deposits	Percent of coverage
1951.....	4,496.1	4,156.4	26,012.2	34,664.7	94,431.6	36.71
1952.....	4,486.1	3,073.1	26,399.4	33,958.6	99,257.8	34.21
1953.....	2,575.9	5,810.9	26,545.5	34,932.3	100,947.2	34.60
1954.....	2,906.1	2,993.0	28,721.9	31,621.0	100,145.8	29.79
1955.....	2,014.5	1,265.5	25,763.4	29,043.4	104,218.0	27.87
1956.....	2,808.1	1,051.0	27,082.5	30,941.6	107,494.8	28.78
1957.....	2,491.8	2,478.7	26,865.1	31,835.6	109,436.3	29.09
1958.....	3,122.6	3,633.1	28,864.8	35,620.5	117,086.1	28.71
1959.....	3,006.1	1,202.3	27,464.2	31,672.6	119,637.7	26.47
1960.....	3,932.2	1,395.8	28,674.5	34,002.5	124,910.9	27.22

While the computations used in these two tables serve a purpose in reflecting the trend in the relationship of certain balance sheet items basic in any determination of liquidity, their usefulness when applied to a specific bank is limited. The problem of practical liquidity is one which the Comptroller's staff has not found readily soluble by the application of a general formula, but rather it is one which must be approached on an individual basis if proper consideration is to be given all contributing elements.

Investment Accounts

At the end of 1960 securities investment accounts of national banks totaled \$43.5 billion compared to \$42.4 billion at the end of 1959. Despite this increase of \$1.1 billion the relative position of investments to total assets was not maintained, dropping from 31.9 to 31.3 percent. It will be noted that most of the increase was in U.S. bonds with other bonds showing little change.

The table "Maturity position of U.S. bonds" has been amended to include United States guaranteed obligations which were \$96 million at the end of 1960 and \$37 million the previous year. Maturity positions have tended to shorten as bonds due in 5 years or less accounted for 77 percent of total investments compared to 72 percent at the end of 1959.

For the first time since development of the practice of taking bond profits in 1 year and losses in another, because of income tax considerations, the results in 1960 came close to canceling out on a net basis. This is indicated by the table "Results of bond activity."

The investment accounts of national banks as a whole remain in a very sound position.

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Recapitulation by maturities

(U.S. bonds as of Dec. 31, 1960; municipal and other bonds as of most recent examination reports—adjusted to the year end)

[In millions of dollars]

	U.S. bonds	General obligation municipal bonds	Special revenue municipal authority and corporate bonds	Total
Up to 1 year.....	1 8,860	903	795	10,558
Over 1, not over 5 years.....	19,044	2,900	1,036	22,980
Over 5, not over 10 years.....	3,402	2,679	564	6,645
Over 10 years.....	1,406	1,445	493	3,344
Total.....	2 32,712	3 7,927	4 2,888	43,527

¹ Includes \$320 million of nonmarketable U.S. bonds.² Includes \$96 million of U.S. guaranteed bonds (FHA debentures and merchant marine bonds).³ Includes \$1,487 million of general obligations of States and \$647 million of housing authority obligations.⁴ Includes \$1,395 million of special revenue municipal authority obligations and \$855 million of Federal Corporation (not guaranteed) bonds.*Maturity position of U.S. bonds*

[In millions of dollars]

	U.S. bonds				
	Dec. 31, 1956	Dec. 31, 1957	Dec. 31, 1958	Dec. 31, 1959	Dec. 31, 1960
Up to 1 year.....	7,220	7,965	8,718	8,209	8,860
Over 1, not over 5 years.....	15,143	15,959	17,949	16,460	19,044
Over 5, not over 10 years.....	6,321	4,710	6,632	5,579	3,402
Over 10 years.....	2,992	2,702	2,522	1,476	1,406
Total.....	31,676	31,336	35,821	31,724	32,712

Results of bond activity

[In millions of dollars]

Year	Profits	Recoveries	Losses	Net profit	Net loss
1954.....	244.9	9.3	49.5	204.7	-----
1955.....	35.9	15.8	152.8	-----	101.1
1956.....	11.4	13.0	239.0	-----	214.6
1957.....	31.1	5.8	151.2	-----	114.3
1958.....	353.1	12.4	67.5	298.0	-----
1959.....	24.8	18.3	483.5	-----	440.4
1960.....	171.8	21.2	154.4	38.6	-----

Capital Structure

During 1960, capital revision programs were undertaken by 256 national banks, which resulted in national bank shareholders supplying \$118 million additional proprietary funds. In addition, the shareholders of 504 national banks, with the approval of the Comptroller,

authorized the payment of stock dividends having a par value of \$101 million. During the 10-year period from January 1, 1951, to December 31, 1960, 2,024 national banks augmented their capital structures \$1,472 million through the sale of additional common stock.

As of December 31, 1960, the capital, surplus, undivided profits and reserves of the 4,530 national banks totaled \$11.1 billion, and their reserves for bad debts and other valuation reserves on loans amounted to \$1.3 billion, making an aggregate total of capital funds and reserves of \$12.4 billion. This represents 9.9 percent of deposit liabilities and 8.8 percent of gross assets. Gross assets at the year end without deduction of reserves for bad debts and valuation reserves on loans were \$140.6 billion. After deducting \$66.9 billion represented by cash and its equivalent, U.S. Government obligations, and loans, or portions of loans guaranteed or insured by Federal Government agencies, the remaining \$73.7 billion of the national banking system's resources was placed in loans, municipal and corporate bonds and other assets. Against each \$5.94 invested in these types of assets there is held \$1 of capital funds and reserves, compared to \$6 at the close of 1959; \$5.78 at the close of 1958; and \$5.80 at the close of 1957.

Reports of examination by national bank examiners indicate that the volume of assets containing substantial and unwarranted degrees of risk is very moderate when measured against the protection afforded by capital structures and reserves.

Earnings and Net Additions to Reserves

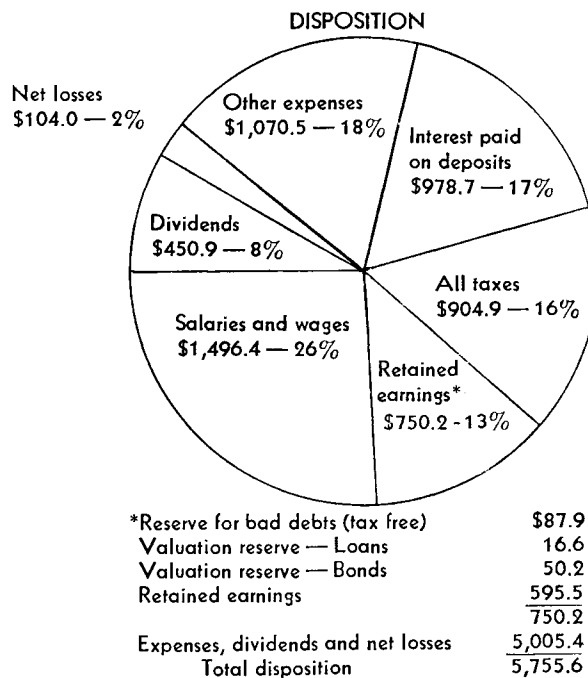
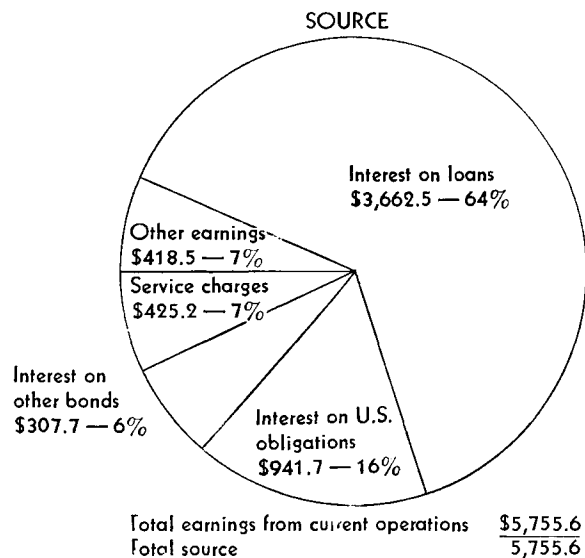
National banks paid a total of \$3,380 million in salaries and wages, taxes, and interest on deposits in 1960, compared to a total payment for the same purposes of \$2,888 million in 1959. Salaries and wages amounted to \$1,496 million, of which \$983 million went to 273,477 employees, \$487 million was paid to 50,131 officers, and fees to directors accounted for \$26 million. National banks paid Federal income taxes of \$705 million, compared to \$482 million in 1959, State income taxes of \$36 million, and \$164 million in various local taxes, for a total tax payment of \$905 million. Interest paid on savings and other time deposits rose from \$867 million in 1959 to \$979 million in 1960 and approximated 2.44 percent on total time deposits of \$40.2 billion outstanding at the year end, compared to 2.35 percent on \$36.9 billion in such deposits outstanding at the end of 1959.

The sources and disposition of the income dollar of all national banks in 1960 is shown by the following illustration.

NATIONAL BANKS — 1960

SOURCE AND DISPOSITION OF THE INCOME DOLLAR

(In millions of dollars and percent of one dollar)



Net earnings from current operations in 1960 were \$2,046.3 million, an increase over 1959 of 10.9 percent. Gross income at \$5,755.6 million exceeded the 1959 results by \$572.5 million and outpaced the \$371.1 million increase in the cost of doing business which was principally encountered in much larger outlays for taxes and interest on deposits.

Actual losses on loans, bonds, and other assets, recoveries on assets previously charged off, and bond profits, resulted in a net reduction in profits of \$104 million. The principal items contributing to this result were losses of \$181.7 million on loans, losses on the sale of securities of \$154.4 million, and bond profits of \$171.8 million. Income taxes of \$741.2 million were more than 46 percent greater than the 1959 payment of \$506.5 million.

After the payment of taxes, net profits before dividends for all national banks in 1960 were \$1,046.4 million, compared to \$800.3 million in 1959, an increase of 30.8 percent. The figure given is exclusive of \$295.6 million of both taxable and initially nontaxable earnings transferred to effect a net increase in bad debt and valuation reserves. The sum of such net profits and net additions to reserves is equivalent to 10.8 percent of year-end capital accounts, up from 8.2 percent the preceding year. Cash dividends of \$450.9 million were paid to shareholders, compared with \$422.9 million in 1959, both aggregate disbursements amounting to 4.1 percent of capital accounts for the respective year ends. Net earnings retained, including net additions to reserves, amounted to \$750.2 million, compared with \$421.7 million retained in 1959.

Set forth below is a 5-year schedule of earnings, expenses, dividends, etc., per \$100 (1) of assets and (2) capital funds.

Earnings, expenses, etc., of national banks for the years ended Dec. 31, 1956, 1957, 1958, 1959, and 1960

[In dollars. *Indicates amounts in millions]

	1956	1957	1958	1959	1960
*Total assets at close of year.....	117,702	120,523	128,797	132,636	139,261
*Total capital accounts at close of year.....	8,472	9,093	9,669	10,302	11,098
*Gross earnings.....	3,833	4,284	4,539	5,183	6,755
Per \$100 of assets.....	3.26	3.55	3.52	3.91	4.13
Per \$100 of capital funds.....	45.24	47.11	46.94	50.31	51.86
*Gross expenses.....	2,336	2,707	2,970	3,338	3,709
Per \$100 of assets.....	1.99	2.25	2.30	2.52	2.66
Per \$100 of capital funds.....	27.57	29.77	30.71	32.40	33.42
*Net earnings from operations.....	1,497	1,577	1,569	1,845	2,046
Per \$100 of assets.....	1.27	1.31	1.22	1.39	1.47
Per \$100 of capital funds.....	17.67	17.34	16.23	17.91	18.44
*Net asset losses or recoveries (including bond profits, etc.) ¹	-275	-180	+224	-494	-104
Per \$100 of assets.....	-.23	-.15	+ .17	-.37	-.07
Per \$100 of capital funds.....	-3.25	-1.98	+2.31	-4.80	-.94
*Taxes (income).....	432	545	690	506	741
Per \$100 of assets.....	.37	.45	.54	.38	.53
Per \$100 of capital funds.....	5.10	5.99	7.14	4.91	6.68
*Net profits before dividends.....	790	852	1,103	845	1,201
Per \$100 of assets.....	.67	.71	.85	.64	.86
Per \$100 of capital funds.....	9.32	9.37	11.40	8.20	10.82
*Cash dividends.....	330	364	393	423	451
Per \$100 of assets.....	.28	.30	.30	.32	.32
Per \$100 of capital funds.....	3.39	4.00	4.06	4.11	4.06
*Retained earnings.....	2 460	2 488	2 710	2 422	2 750
Per \$100 of assets.....	.39	.40	.55	.32	.54
Per \$100 of capital funds.....	5.43	5.37	7.34	4.10	6.76

¹ Exclusive of transfers to and from reserve for bad debts and other valuation reserves on loans and securities but including net losses charged to these reserves.

² Includes funds transferred to reserve for bad debts and valuation reserves less the amount of assets charged off against such reserve accounts. Includes \$143 million in 1956, \$121 million in 1957, \$213 million in 1958, \$44 million in 1959, and \$155 million in 1960 transferred to effect a net increase in reserves for bad debts and valuation reserves. (Taxes would have absorbed a portion of these amounts had the transfers not been made.)

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Bad Debt Reserves

Bad debt reserve accounts aggregated \$1,224,198,000 at the close of 1960 in the 2,937 national banks which were then using the reserve method of accounting for income tax purposes. Those national banks held loans aggregating \$61,282,265,000 (94.3 percent of loans totaling \$65,000,205,000 owned by all national banks at the end of the year) and the bad debt reserves equaled 2 percent of such loans.

There was a net increase of \$87,887,000 in bad debt reserve accounts during the year in those national banks which had such accounts on December 31, 1960. The net increase was accomplished by transfers and recoveries credited to these reserve accounts in the respective total amounts of \$216,523,000 and \$40,399,000, less losses of \$164,556,000 and withdrawals of \$4,479,000.

Branch Banking

From January 1, 1960, through December 31, 1960, 732 applications for permission to establish de novo branches were filed with the Comptroller by national banks. This represents the largest number of applications received during any year in the history of the office.

The following represents the disposition of the 732 branch applications received during 1960:

	Number	Percentage
Approved (primary approvals of applications for permission to establish branches).....	349	48
Rejected.....	89	12
Withdrawn.....	36	5
In process of investigation and study.....	258	35
Total.....	732	100

In 1960, certificates of authorization for the establishment and operation of 566 branches were issued, including 17 which had not yet opened for business on December 31, 1960. Twelve branches which were approved in 1959 did not open for business until 1960. This resulted in 561 branches opening for business during 1960. During this same period of time changes took place in existing branches, and at year end there were 5,326 branches, including 3 seasonal agencies, being operated by 908 of the total 4,530 active national banks, and 7 nonnational banks in the District of Columbia, reconciled as follows:

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State	Branches in operation Dec. 31, 1959	Branches opened for business during 1960	Existing branches discontinued or consolidated during 1960	Branches in operation Dec. 31, 1960
Alabama.....	62	8		70
Alaska.....	15	10		25
Arizona.....	109	16		125
Arkansas.....	12	4		16
California.....	1,143	100	7	1,236
Colorado.....		1	1	
Connecticut.....	87	11		98
District of Columbia.....	159	1		160
Georgia.....	45	12	1	56
Hawaii.....	25	3		28
Idaho.....	66	1		67
Indiana.....	155	21	1	175
Iowa.....	4	4		8
Kansas.....	8	5		13
Kentucky.....	63	15	2	76
Louisiana.....	85	7		92
Maine.....	39	8	1	46
Maryland.....	63	17		80
Massachusetts.....	192	14		206
Michigan.....	183	24		207
Minnesota.....	6			6
Mississippi.....	20	3		23
Missouri.....	1	5		6
Nebraska.....	1	8		9
Nevada.....	20	1	1	20
New Hampshire.....	1	1		2
New Jersey.....	220	31		251
New Mexico.....	25	4		29
New York.....	418	51	2	467
North Carolina.....	92	39	2	129
North Dakota.....	1			1
Ohio.....	286	19	1	304
Oklahoma.....	10	5		15
Oregon.....	152	8		160
Pennsylvania.....	434	34	10	458
Rhode Island.....	48	2	1	49
South Carolina.....	88	10	1	97
South Dakota.....	23	5		28
Tennessee.....	116	11	1	126
Utah.....	38	3		41
Vermont.....	17	1	1	17
Virginia.....	113	18		131
Washington.....	236	17		253
Wisconsin.....	16	3		19
Virgin Islands.....	1			1
Total.....	4,798	561	33	5,326

¹ Includes 30 branches in operation by 6 nonnational banks in the District of Columbia under the supervision of the Comptroller of the Currency.

² Established prior to enactment of McFadden Act, Feb. 25, 1927.

The unprecedented number of branches established during 1960 reflects the continuing population increase in outlying areas of large cities and suburban areas, and the attendant need for additional banking facilities. Traffic congestion and parking problems prompted applicant banks to provide drive-in facilities in conjunction with 202 of the 561 branches opened for business during 1960. Branch offices were established in 51 communities without previous banking service.

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Branches opened for business during 1960 were distributed among areas with various population density, and established by banks of various sizes, as follows:

In suburban areas of large cities.....	18
In cities with population less than 5,000.....	107
In cities with population from 5,000 to 25,000.....	150
In cities with population from 25,000 to 50,000.....	77
In cities with population over 50,000.....	209

Total.....	561
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By banks with less than \$10MM total resources.....	65
By banks with total resources of \$10MM to \$25MM.....	93
By banks with total resources over \$25MM.....	403

Total.....	561
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In addition to reflecting the number of all banking units in relation to population and total banking resources, the following tabulation briefly summarizes the current status of branch banking statutes of States, the District of Columbia, and possessions of the United States.

State	Number of all banks	Number of all branches	Total banking units as of Dec. 31, 1960	Number of all banking units in relation to population: 1 per—	Total banking resources (in millions of dollars)
States permitting statewide branch banking:					
Alaska.....	13	27	40	5,900	225
Arizona.....	10	173	183	7,500	1,418
California.....	117	1,636	1,753	9,300	26,893
Connecticut.....	70	197	267	9,700	2,704
Delaware.....	20	53	73	6,300	827
District of Columbia.....	12	60	72	10,600	1,679
Hawaii.....	12	81	93	6,900	809
Idaho.....	32	82	114	5,900	708
Louisiana.....	190	173	363	9,100	3,255
Maine.....	47	129	176	5,500	750
Maryland.....	133	237	370	8,600	2,751
Nevada.....	7	35	42	7,200	482
North Carolina.....	183	504	687	6,700	3,341
Oregon.....	51	194	245	7,300	2,235
Rhode Island.....	9	89	98	8,800	1,021
South Carolina.....	145	141	286	8,400	1,152
Utah.....	50	70	120	7,600	1,102
Vermont.....	56	33	89	4,400	450
Washington.....	87	283	370	7,800	3,028
Total.....	1,244	4,197	5,441	7,600	54,830
States permitting branch banking within limited areas:					
Alabama.....	238	82	320	10,300	2,350
Arkansas.....	237	45	282	6,300	1,419
Georgia.....	402	97	499	8,000	3,297
Indiana.....	443	307	750	6,300	5,260
Iowa.....	671	183	854	3,200	3,480
Kansas.....	587	22	609	3,600	2,661
Kentucky.....	355	144	499	6,100	2,556
Massachusetts.....	171	370	541	9,600	6,331
Michigan.....	380	575	955	8,300	9,739

See footnotes at end of table.

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State	Number of all banks	Number of all branches	Total banking units as of Dec. 31, 1960	Number of all banking units in relation to population: 1 per—	Total banking resources (in millions of dollars)
States permitting branch banking within limited areas—Continued					
Mississippi.....	193	132	325	6,700	1,482
Missouri ¹	626	23	649	6,700	6,824
Nebraska ¹	426	11	437	3,300	1,869
New Jersey.....	253	430	683	9,100	7,978
New Mexico.....	55	52	107	9,100	776
New York.....	402	1,368	1,770	9,600	52,422
North Dakota ¹	156	28	184	3,500	839
Ohio.....	585	635	1,220	8,100	12,527
Oklahoma ¹	389	18	407	5,800	3,001
Pennsylvania.....	703	784	1,487	7,700	16,239
South Dakota.....	174	59	233	2,900	822
Tennessee.....	297	210	507	7,100	3,669
Virginia.....	305	265	570	7,100	3,643
Wisconsin.....	559	158	717	5,600	5,060
Total.....	8,607	5,998	14,605	6,700	154,224
States prohibiting branch banking, or with no laws regarding branch banking:					
Colorado.....	189	1	190	9,500	2,228
Florida.....	309	—	309	16,900	5,375
Illinois.....	966	—	966	10,600	19,398
Minnesota.....	689	6	695	5,000	4,636
Montana.....	121	—	121	5,600	907
New Hampshire ²	74	3	77	8,000	474
Texas.....	1,007	8	1,015	9,600	13,550
West Virginia.....	182	—	182	10,200	1,447
Wyoming ²	55	—	55	5,100	462
Total.....	3,592	18	3,610	9,000	48,477
Total United States.....	13,443	10,213	23,656	7,700	257,531
Possessions:					
Canal Zone ³	—	—	—	—	21
Guam ³	—	—	—	—	31
Puerto Rico ⁴	10	101	111	21,400	735
American Samoa.....	1	—	1	20,000	3
Virgin Islands.....	2	1	3	11,000	38
Total possessions.....	13	102	115	22,000	828
Total United States and possessions.....	13,456	10,315	23,771	7,800	258,359

¹ State laws permit offices with limited powers only.² State laws silent regarding branch banking.³ Figures represent foreign branches of banks in United States.⁴ Figures include foreign branches of banks in United States.

NOTE.—Above figures do not include 515 mutual savings banks operating 486 branches with total resources of \$40,574 million.

Applications to Organize National Banks

Sixty-two applications to organize new national banks were received during 1960. Preliminary approval was granted to 17 applications, 1 application was withdrawn, 22 denied, and 22 continue under investigation and study. The 17 approved cases have resulted or

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are expected to result in the organization of new national banks in the following 11 States:

[Dollars in thousands]

	Number of ap- provals	Number of banks opened	Approvals total capital structure	Banks opened total capital structure
California.....	1	3	\$3,000	\$2,550
Colorado.....		1		400
Florida.....		9		5,686.3
Georgia.....	1	2	412.5	1,182.5
Hawaii.....		1		2,800
Illinois.....	1	1	600	300
Iowa.....	1		200	
Kentucky.....		1		500
Minnesota.....	1		250	
New Jersey.....	2	1	1,017.5	500
New Mexico.....	1	1	1,250	1,250
Ohio.....		1		500
Oklahoma.....	1	2	500	1,500
South Carolina.....	1		350	
Texas.....	6	8	4,475	4,850
Virginia.....		1		900
Washington.....		1		350
Wisconsin.....	1	1	400	500
Wyoming.....		1		600
Total.....	17	35	12,455	24,348.8

¹ Approvals include 6 applications received in 1960 which actually opened for business as national banks. The remaining 11 had not completed organization.

² Includes 29 applications which were originally received in 1957, 1958, and 1959, subsequently approved and opened for business during 1960.

Bank consolidations, mergers, and sales

During 1960, the Comptroller approved 87 consolidations, mergers, or cash absorptions as compared to 86 during 1959. In 1960, 82 national banks absorbed 43 national and 44 State banks. Eleven national banks and 38 State banks were absorbed by other State banks as compared to 85 such absorptions the previous year.

Consolidations, mergers, purchases—1960

Number of banks	Type	Total re- sources (in millions of dollars)
35	National banks consolidated or merged with and into 34 national banks.....	528
35	State banks consolidated or merged with and into 31 national banks.....	814
8	National banks purchased by 8 national banks.....	23
9	State banks purchased by 9 national banks.....	34
87	Approved by the Comptroller of the Currency.....	1,399
1	National bank purchased by 1 State bank.....	3
10	National banks consolidated or merged with and into 10 State banks.....	306
38	State banks merged, consolidated or purchased by other State banks.....	1,087
49	Approved by State banking departments.....	1,396
136	Total banks absorbed.....	2,795

Conversions

	Num- ber	Resources (in mil- lions of dollars)	Capital structure (in millions of dollars)
State banks converted into national banks...	14	349	23.5—converted into 14 national banks.
National banks converted into State banks...	6	25	2.3—converted into 6 State banks.
Total.....	20	374	25.8. ¹

¹ Reserves included in capital structure.

The shareholders of 70 national and State banks consolidated with 65 national banks received cash and book value stock from the 65 continuing banks aggregating \$135,600,998 or \$11,363,406 in excess of the aggregate book value of assets which those banks contributed to the consolidations. The excess amounted, on the average, to 0.94 percent of the aggregate deposits acquired by the continuing banks. On an estimated fair value assumption basis, the shareholders of the 70 absorbed banks contributed assets having an estimated fair value in excess of liability to creditors, of \$129,884,499 and received cash and fair value stock of the continuing banks aggregating \$137,623,933 or \$7,739,434 in excess of the aggregate fair value of assets which those banks contributed to the mergers or consolidations. The difference is accounted for through an estimated or fair appraisal value of fixed assets (bank premises, furniture, and fixtures), bond appreciation or depreciation, allowances for pension fund adjustments, excess reserves for taxes, et cetera, and amounted on the average to approximately 0.64 percent of the aggregate deposits acquired by the continuing banks.

The shareholders of 8 national banks and 9 State banks, which were purchased by 17 national banks, received \$6,566,223 in cash or \$756,750 in excess of the selling banks' aggregate capital structures. This amounted, on the average, to 1.17 percent of the selling banks' deposits.

In the period from January 1, 1950, through December 31, 1960, the Comptroller's office approved the acquisition by national banks of 440 national banks and 460 State banks through consolidation, merger, or sale. After approval by their respective State banking departments, State-chartered banks absorbed 265 national banks. In addition, 470 State-chartered banks consolidated or merged with, or were purchased by other State-chartered institutions. The fol-

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lowing table shows the number of banks which have been absorbed since 1950 and their total resources.

Data on consolidations, mergers, purchases and sales, and conversions—1950 to Dec. 31, 1960

Num- ber of banks	Type	Total re- sources (in millions of dollars)
182	National banks consolidated with and into other national banks.....	4, 210
98	National banks merged with other national banks.....	1, 968
160	National banks purchased by other national banks.....	1, 466
440	Total.....	7, 644
162	State-chartered banks consolidated with and into national banks.....	3, 682
91	State-chartered banks merged with national banks.....	1, 095
207	State-chartered banks purchased by national banks.....	1, 375
460	Total.....	6, 152
1	District of Columbia nonnational bank consolidated with and into District of Colum- bia national bank.....	55
1	District of Columbia national bank purchased by District of Columbia nonnational bank.....	75
2	District of Columbia nonnational bank purchased by District of Columbia non- national bank.....	86
4	Total.....	216
904	Approved by Comptroller of the Currency.....	14, 012
168	National banks consolidated or merged with State-chartered banks.....	9, 605
97	National banks purchased by State-chartered banks.....	914
470	State-chartered banks, merged, consolidated, or purchased by other State-chartered banks.....	8, 384
735	Approved by State banking departments.....	18, 903
1, 639	Total for absorbed banks.....	32, 915

CONVERSIONS—1950 TO DEC. 31, 1960

31	National banks converted into State-chartered banks.....	207
72	State-chartered banks converted into national banks.....	1, 253

Fiduciary Activities of National Banks

As of December 31, 1960, 1,738 national banks or 38.4 percent were authorized by the Board of Governors of the Federal Reserve System to exercise either full, limited, or specific trust powers. Of this number two banks were absorbed by consolidation or merger with other national banks as of the end of the year but filed separate reports on fiduciary activities and are considered as separate institutions for the purposes of this report. Twenty-eight national banks had specific powers only and four others had combinations of specific and limited powers. In addition three nonnational banks located in the District of Columbia were exercising trust powers. National banks with trust powers but not exercising them numbered 231 or 13.3 percent of those with trust powers. Of this group 16 were granted powers during 1960, and it is presumed that 15 of the 16 will become active.

During the year 1960, 30 national banks were added to the list of those with trust powers, and 3 received supplemental powers while the trust powers of 30 national banks were absorbed through merger or consolidation.

There is no uniform system for carrying values of trust department assets among corporate fiduciaries. Essentially there are two systems employed which are (1) cost for assets purchased with appraised values for assets received in kind, and (2) unit value. Unit value systems carry bonds at \$1 per \$1,000 and stock at \$1 per share or sometimes par value is used. A combination of both systems is usually found in any trust department and figures taken from trust ledgers have little meaning in relation to the actual value of the property held. The unit value system has the advantage of permitting assets to be set up immediately at a permanent carrying figure for audit purposes but usually requires the keeping of another set of books for tax purposes.

The trust figures as to dollar value which appear in this report and its appendix, except for figures on employee welfare and pension benefit plans for which national banks are trustees, are valuable primarily for comparative purposes from year to year. It is believed that to require national banks to furnish market values as of any given date would place a substantial and unjustified burden upon the banks and would be subject to other objections.

Of the total liabilities for accounts held by trust departments as of December 31, 1960, 35.2 percent were in living trusts and court accounts, and 64.4 percent in agency type accounts, and 0.4 percent in all other liabilities. Gross earnings for 1960 were \$200,599,000 which is an increase of \$18,583,000 over the previous year and an all-time high.

At the end of 1960 there were 247 common trust funds operated under section 17(c) of regulation F in 173 national banks. These funds showed a total ledger value of \$799,989,507. Three nonnational banks in the District of Columbia operated four such funds with total ledger value of \$13,213,010.

Tables 23 and 24 of the appendix show for the third time the market value of securities held in employee benefit accounts for which national banks are trustees. Most of the valuations were made during the year 1960, but a few 1959 and 1961 valuations have been used. Agency accounts held by the banks which are not the trustee of any such plan are not included in the agency figure. The figures submitted cover 769 national banks and 3 nonnational banks which is an increase of 3.4 percent during the year. The increase since the previous report is 16.7 and 12.9 percent in the number of plans and market value where the bank is trustee and has investment authority. For plans where the bank is trustee with no investment authority the increase is 23.2 and 27 percent, respectively.

Legislation Enacted

Public Law 86-463, approved May 13, 1960, amended section 18(c) of the Federal Deposit Insurance Act (12 U.S.C. 1828) to require that all mergers, consolidations, purchases of assets, or assumptions of liabilities by insured banks must have the prior written consent of the Comptroller of the Currency, if the acquiring or resulting bank is a national bank or a District bank; of the Board of Governors of the Federal Reserve System, if the acquiring or resulting bank is a State member bank; of the Federal Deposit Insurance Corporation, if the acquiring or resulting bank is a nonmember insured State bank.

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The act requires that the Federal banking agencies consider the following factors: the financial history and condition of each of the banks involved, the adequacy of its capital structure, its future earnings prospects, the general character of its management, the convenience and needs of the community to be served, and whether or not its corporate powers are consistent with the purposes of the Federal Deposit Insurance Act.

The agency must also take into consideration the effect of the transaction on competition, including any tendency toward monopoly, and it shall not approve the transaction unless it finds the transaction to be in the public interest.

In the interest of uniform standards, before the agency having jurisdiction acts on a merger, consolidation, acquisition of assets or assumption of liabilities, the agency must request a report on the competitive factors involved from the Attorney General and the other two bank agencies which report must be furnished within 30 calendar days. The requesting agency, if an emergency exists requiring expeditious action, may request the reports within 10 days, or if it finds it must act immediately to prevent the probable failure of one of the banks, may waive the reports.

Notice of any proposed merger, consolidation, acquisition of assets or assumption of liabilities in a form approved by the Comptroller, the Board, or the Corporation must be published in a newspaper of general circulation in the community or communities where the main offices of the banks involved are located. If there is no such newspaper in such community, then publication must be made in the newspaper of general circulation published nearest thereto. This notice is to run for the same period as is allowed for the furnishing of the reports of the Attorney General and the other two banking agencies.

The approving agency must publish in its annual report with respect to each transaction approved by it, the name and total resources of each bank involved, a summary by the Attorney General of the substance of his report, and a statement of the basis for its approval.

For the legislative history of this enactment, and the information required by it to be included in this report, see page 33.

Examinations Conducted

The National Bank Act requires that each national bank be examined at least twice each year in order that the Comptroller may be currently informed of its condition and require such corrections as are deemed necessary with a view to maintaining each bank in sound condition. However, the Comptroller is authorized to waive an examination with respect to any particular bank not more frequently than once in a 2-year period. In addition to the regular examinations, special examinations are conducted of banks when it is considered necessary. Also, the District Code authorizes the Comptroller to examine each nonnational bank and trust company in the District of Columbia.

During the year ended December 31, 1960, 6,517 examinations of banks, 6,834 examinations of branches, 1,558 examinations of trust departments and trust branches, and 120 examinations of affiliates

were conducted. Twenty foreign branches located in five countries were also examined. Three State banks were examined in connection with consolidations and mergers with, or purchase by, national banks, and eight State banks were examined in connection with conversions to national banks. Investigations were conducted in connection with applications for 60 new charters and 582 new branches.

Organization and Staff

The total personnel of the Office of the Comptroller of the Currency on December 31, 1960, consisted of 1,190 persons, 194 of whom were employed in the Washington office, including 33 in the Federal Reserve Issue and Redemption Division, the operating expense of which is borne by the Federal Reserve Banks. The total number employed in the Washington office decreased by 2 during the year. The number in the field service increased by 46 during the year 1960 to a total of 996.

More than 88 percent of the field personnel consisted of the national bank examining staff which at the year end numbered 266 examiners and 611 assistant examiners. During the year, 20 national bank examiners left the service by resignation, retirement, and due to deaths, 1 was promoted to District Chief National Bank Examiner, and 1 was promoted to Assistant Chief National Bank Examiner in the Washington office. Also during the year, 29 assistant examiners were promoted to examiner and a former examiner was reappointed, resulting in a net increase of 8 examiners. Of the staff of assistant examiners, 100 left that status during the year by resignation, retirement, promotion to examiner, etc., and 138 assistant examiners were added to the staff, a net increase of 38.

First Deputy Comptroller of the Currency L. A. Jennings resigned as of May 15, 1960, to accept the position of senior vice president of the Republic National Bank of Dallas. Chief National Bank Examiner Hollis S. Haggard succeeded Mr. Jennings as First Deputy Comptroller, and Mr. Reed Dolan, who had been serving as District Chief National Bank Examiner in charge of the Dallas office, was appointed to succeed Mr. Haggard. District Chief National Bank Examiner C. B. Redman was transferred from the Cleveland office to Dallas to succeed Mr. Dolan, and he was succeeded by Mr. Justin T. Watson who had been serving as an Assistant Chief National Bank Examiner in the Washington office. National Bank Examiner Elmer J. Peterman was promoted to Assistant Chief National Bank Examiner to succeed Mr. Watson.

Following the sudden death of District Chief National Bank Examiner Lester V. Bailey, of the Atlanta office, Mr. John D. Gwin, in charge of the Richmond office, was transferred to Atlanta. Mr. Norman R. Dunn, who had been serving as a national bank examiner in the San Francisco district, was transferred to Richmond to succeed Mr. Gwin.

Mr. William J. Rusch, Chief of the Organization Division, retired on July 31, 1960, and was succeeded by Mr. Joseph T. Connolly, who had been serving as Assistant Chief of the division.

The educational program for national bank examiners and assistants, mentioned in previous reports, continued during the year, and

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at the year end 431 examiners and assistants had completed the courses given in the interagency school established jointly in 1952 by the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, and the Federal Deposit Insurance Corporation. Courses at the Graduate Schools of Banking, at Rutgers University, the University of Wisconsin, the University of Washington, the University of Louisiana, the University of Colorado, and Southern Methodist University, had been completed by 81 examining staff members at the year end and 22 were still enrolled in courses at these schools. Extension courses given by the American Institute of Banking had been completed by 322 members of the examining staff at the year end and 251 were still enrolled in these courses.

The following table which has appeared in previous reports is again included to show how the work of the entire staff of 1,190 employees is organized and their services utilized.

Division	Executive or supervisory	Assistant examiners, assistant counsel, administrative assistants, auditors, secretaries, typists, clerks	Total
I. EXECUTIVE ORGANIZATION			
(Policy and general supervision, all located in Washington, D.C.)			
Comptroller of the Currency.....	1	2	3
Deputy Comptrollers.....	4	4	8
Chief National Bank Examiner.....	1	1	2
	6	7	13
II. FIELD ORGANIZATION			
(Located in 12 Federal Reserve Districts)			
District Chief National Bank Examiners.....	12	119	131
Policy and supervision, subject to executive staff in group I, above, of all field activities.			
National Bank Examiners.....	254		254
Perform examination of 4,537 banks, 5,326 branch offices, and make investigations of new branch and charter applications, etc.			
Assistant National Bank Examiners.....		611	611
Assist National Bank Examiners.			
	266	730	996
III. WASHINGTON STAFF ORGANIZATION			
(a) Examining Division.....	8	22	30
Assistant Chief National Bank Examiners.			
Receive and analyze all reports of examination of national and District banks, and investigation reports on new branches and charters. Make recommendations to executive staff in group I, above, as to dispositions of cases, and prepare letters to banks, District chiefs, and others. Confer with bankers, executive and staff representatives of the Federal Reserve System and the Federal Deposit Insurance Corporation, and District Chief National Bank Examiners, regarding banking and supervisory matters. One Assistant Chief also serves as head of the field organization educational programs.			

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Division	Executive or supervisory	Assistant examiners, assistant counsel, administrative assistants, auditors, secretaries, typists, clerks	Total
III. WASHINGTON STAFF ORGANIZATION—Continued			
(b) Organization Division Supervises activities of all national and District banks as to corporate and organization matters; i.e., new charters, branches, consolidations, mergers, purchase and assumption cases, sale of new capital stock, stock dividends, articles of association, etc. Final decisions made by executive staff in group I, above, after review with recommendations by Assistant Chief National Bank Examiners, and usually with the benefit of facts and recommendations furnished by District Chief National Bank Examiners and National Bank Examiners.	6	17	23
(c) Legal Division Serves as counsel for the Comptroller of the Currency. Considers all legal matters arising in the organization, operation, merging, and discontinuance of national and District banks. Prepares opinions, rulings, and correspondence on legal questions. Assists on all legislative matters. Exercises general supervision over conduct of litigation.	1	6	7
(d) Personnel and Administrative Division Performs functions relating to recruitment, transfer, promotion, separation, retirement, time, and leave. Supervises and includes personnel in mail and files section, supply and duplicating section, stenographic pool, and messenger pool.	1	24	25
(e) Reports and Precedents Division Maintains all legal and policy precedents; receives reports of examination of all national and District banks from District Chief National Bank Examiners for binding, recording, and distribution. Supervises and places orders for printing work that pertains to examining division and the field organization.	1	3	4
(f) Statistical Division Compiles data indicative of banking trends for the information of the Comptroller and his staff, Congress, other banking agencies, bankers, economists, and others through examination and tabulation of data incorporated in call reports of condition and reports of earnings and dividends of national and District banks.	2	21	23
(g) Auditor for the Comptroller Accountable to the Comptroller of the Currency only. Maintains audits for the Comptroller of all accounts covering funds under control of the Disbursing Office including detailed audits of all collections and disbursements of funds; prepares and submits periodic audit reports to Comptroller; tabulates information and statistics on special subjects.	2	7	9
(h) Disbursing Division Receives all checks in payment of fees for examinations and makes deposits to the Comptroller's Treasury account. Maintains accounts covering funds of Examining Division and of Federal Reserve Issue and Redemption Division and makes all disbursements from these accounts covering payrolls, travel vouchers, and miscellaneous expenses. Makes all purchases of equipment and supplies from Examining Division funds.	2	25	27
(i) Federal Reserve Issue and Redemption Division All expenses of this division paid by Federal Reserve banks. Handles the issuance and redemption of Federal Reserve currency as provided under the Federal Reserve Act. Maintains detailed records of all shipments of original currency issues and of unfit currency notes destroyed.	2	31	33
	25	156	181
Grand total.....	297	893	1,190

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Expenses of the Bureau

A summary statement of the operating expenses of the Bureau for the year ended December 31, 1960, follows:

	Bank super- vision	Currency issue and redemption	Total
Salaries.....	\$8, 104, 045. 94	\$165, 921. 01	\$8, 269, 966. 95
Per diem.....	1, 651, 369. 82	0	1, 651, 369. 82
Transportation.....	604, 626. 04	0	604, 626. 04
Supplies.....	27, 631. 16	1, 052. 99	28, 684. 15
Printing, books, and periodicals.....	89, 203. 69	259. 43	89, 463. 12
Rent.....	160, 957. 98	0	160, 957. 98
Furniture and fixtures.....	42, 402. 93	0	42, 402. 93
Communications.....	64, 004. 56	499. 57	64, 504. 13
Fixed charges.....	0	17, 068. 40	17, 068. 40
Maintenance.....	0	311. 09	311. 09
Treasurer's Federal Reserve note audit expense.....	0	12, 200. 00	12, 200. 00
Employer's F.I.C.A. and Insurance Fund contributions.....	58, 239. 17	1, 361. 73	59, 600. 90
Employer's civil service retirement contributions.....	517, 395. 82	10, 683. 75	528, 079. 57
Miscellaneous.....	49, 923. 53	5, 887. 05	55, 810. 58
Total.....	11, 369, 800. 64	215, 245. 02	11, 585, 045. 66

Funds used in payment of the bank supervision costs are derived from assessments against the banks supervised. The cost of operating the division which handles the currency issue and redemption functions is paid by the Federal Reserve banks.

A comparison of the assets and liabilities of the banks in the national banking system as of December 31, 1959, March 15, June 15, October 3, and December 31, 1960, reported pursuant to calls for condition statements by the Comptroller of the Currency, is shown in the following table.

Assets and liabilities of national banks on dates indicated

[In thousands of dollars]

	Dec. 31, 1959 (4,542 banks)	Mar. 15, 1960 (4,541 banks)	June 15, 1960 (4,542 banks)	Oct. 3, 1960 (4,535 banks)	Dec. 31, 1960 (4,530 banks)
ASSETS					
Loans and discounts, including overdrafts.....	59,961,989	60,355,023	62,397,733	63,137,178	63,693,668
U.S. Government securities, direct obligations.....	31,723,878	29,639,498	29,227,240	30,507,592	32,615,321
Obligations guaranteed by U.S. Government.....	37,092	53,702	70,438	91,209	96,402
Obligations of States and political subdivisions.....	9,036,149	9,020,152	8,984,454	9,123,621	9,408,711
Other bonds, notes, and debentures.....	1,553,557	1,403,833	1,318,874	1,245,349	1,407,576
Corporate stocks, including stocks of Federal Reserve banks.....	302,179	306,750	310,631	316,748	324,184
<i>Total loans and securities.....</i>	<i>102,614,844</i>	<i>100,778,958</i>	<i>102,309,370</i>	<i>104,481,697</i>	<i>107,545,862</i>
Cash, balances with other banks, including reserve balances, and cash items in process of collection.....	27,464,245	25,868,201	26,379,669	25,846,362	28,674,506
Bank premises owned, furniture and fixtures.....	1,476,979	1,513,756	1,567,086	1,640,168	1,685,524
Real estate owned other than bank premises.....	45,113	50,719	56,654	53,467	51,164
Investments and other assets indirectly representing bank premises or other real estate.....	142,737	151,030	158,748	169,502	173,611
Customers' liability on acceptances.....	291,947	378,048	361,763	419,342	463,691
Other assets.....	600,248	583,246	599,884	689,799	666,509
Total assets.....	132,636,113	129,323,958	131,433,174	133,240,337	139,260,867
LIABILITIES					
Demand deposits of individuals, partnerships, and corporations.....	62,496,399	60,223,228	59,649,364	59,025,547	63,131,263
Time deposits of individuals, partnerships, and corporations.....	34,385,356	34,182,165	34,650,471	35,972,754	36,761,292
Deposits of U.S. Government and postal savings.....	2,945,079	2,725,979	3,773,109	4,096,097	3,456,544
Deposits of States and political subdivisions.....	8,469,237	7,925,607	8,137,561	8,473,965	9,297,327
Deposits of banks.....	9,460,445	8,226,436	8,409,880	8,885,686	10,439,491
Other deposits (certified and cashiers' checks, etc.).....	1,881,161	1,416,171	1,552,826	1,509,134	1,824,934
Total deposits.....	119,637,677	114,699,586	116,178,211	117,963,183	124,910,851
<i>Demand deposits.....</i>	<i>82,703,114</i>	<i>77,918,839</i>	<i>78,801,033</i>	<i>78,998,753</i>	<i>84,754,054</i>
<i>Time deposits.....</i>	<i>36,934,563</i>	<i>36,780,747</i>	<i>37,377,178</i>	<i>38,964,430</i>	<i>40,156,797</i>
Bills payable, rediscounts, and other liabilities for borrowed money.....	340,362	1,559,321	1,490,892	1,013,323	110,590
Mortgages or other liens on bank premises and other real estate.....	3,424	3,081	3,086	2,967	3,189
Acceptances outstanding.....	307,511	386,295	371,482	426,827	474,565
Other liabilities.....	2,045,022	2,229,762	2,703,341	2,824,584	2,663,334
Total liabilities.....	122,333,996	118,878,045	120,747,012	122,230,884	128,162,529

Assets and liabilities of national banks on dates indicated—Continued

[In thousands of dollars]

	Dec. 31, 1959 (4,542 banks)	Mar. 15, 1960 (4,541 banks)	June 15, 1960 (4,542 banks)	Oct. 3, 1960 (4,535 banks)	Dec. 31, 1960 (4,530 banks)
CAPITAL ACCOUNTS					
Capital stock (see memoranda below).....	3,169,742	3,243,156	3,265,182	3,308,077	3,342,850
Surplus.....	5,062,084	5,110,791	5,164,562	5,250,859	5,446,143
Undivided profits.....	1,814,637	1,850,560	2,019,267	2,201,129	2,030,052
Reserves and retirement account for preferred stock.....	255,654	241,406	237,151	249,388	279,293
Total capital accounts.....	10,302,117	10,445,913	10,686,162	11,009,453	11,098,338
Total liabilities and capital accounts.....	132,636,113	129,323,958	131,433,174	133,240,337	139,260,867
MEMORANDA					
Par value of capital stock:					
Common stock.....	3,166,651	3,240,119	3,263,652	3,306,547	3,341,320
Preferred stock.....	3,091	3,037	1,530	1,530	1,530
Total.....	3,169,742	3,243,156	3,265,182	3,308,077	3,342,850
Retirable value of preferred capital stock.....	3,291	3,237	1,712	1,712	1,712
Assets pledged or assigned to secure liabilities and for other purposes (including notes and bills rediscounted and securities sold with agreement to repurchase).....	16,568,144	16,553,224	17,132,783	17,952,128	17,409,980

TRENDS IN BANKING

The following table shows the changes that have occurred in recent years in the relationships of the major asset and liability accounts of national banks to the aggregate of assets and liabilities.

Distribution of assets and liabilities of national banks, Dec. 31, 1957-60

	1957	1958	1959	1960
ASSETS				
Securities:	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>
U. S. Government, direct and guaranteed.....	26.00	27.81	23.95	23.49
Obligations of States and political subdivisions.....	6.22	6.87	6.81	6.76
Stock of Federal Reserve banks.....	.18	.18	.19	.19
Other bonds and securities.....	1.60	1.47	1.21	1.05
Total securities.....	34.00	36.33	32.16	31.49
Loans and discounts.....	41.90	40.99	45.21	45.74
Cash and balances with other banks, excluding reserves.....	12.77	12.21	12.23	12.95
Reserve with Reserve banks.....	9.53	8.65	8.48	7.64
Bank premises, furniture, and fixtures.....	.98	1.03	1.11	1.21
Other real estate owned.....	.03	.03	.03	.04
All other assets.....	.79	.76	.78	.93
Total assets.....	100.00	100.00	100.00	100.00
LIABILITIES				
Deposits:				
Demand of individuals, partnerships, and corporations.....	48.72	47.97	47.12	45.33
Time of individuals, partnerships, and corporations.....	24.18	25.32	25.92	26.40
U. S. Government.....	2.00	1.99	2.21	2.48
States and political subdivisions.....	6.53	6.54	6.39	6.67
Banks.....	7.87	7.62	7.13	7.50
Other deposits (including postal savings).....	1.50	1.46	1.43	1.32
Total deposits.....	90.80	90.90	90.20	89.70
<i>Demand deposits.....</i>	<i>64.62</i>	<i>63.16</i>	<i>62.35</i>	<i>60.86</i>
<i>Time deposits.....</i>	<i>26.18</i>	<i>27.74</i>	<i>27.85</i>	<i>28.84</i>
Other liabilities.....	1.65	1.59	2.03	2.33
Capital funds:				
Capital stock.....	2.33	2.29	2.39	2.40
Surplus.....	3.67	3.67	3.82	3.91
Undivided profits and reserves.....	1.55	1.55	1.56	1.66
Total capital funds.....	7.55	7.51	7.77	7.97
Total liabilities and capital funds.....	100.00	100.00	100.00	100.00

26 REPORT OF THE COMPTROLLER OF THE CURRENCY

**EARNINGS, EXPENSES, AND DIVIDENDS OF NATIONAL BANKS FOR
YEAR ENDED DECEMBER 31, 1960**

Summaries of the earnings, expenses, and dividends of national banks for the years ended December 31, 1959 and 1960, are shown in the following table.

Earnings, expenses, and dividends of national banks for years ended Dec. 31, 1959 and 1960

[In millions of dollars]

	1960	1959	Change since 1959
Number of banks ¹	4,530	4,542	-12
Capital stock (par value) ²	3,259.3	3,066.6	+192.7
Capital accounts ²	10,695.5	10,003.9	+691.6
Earnings from current operations:			
Interest and dividends on—			
U.S. Government obligations.....	941.7	923.6	+18.1
Other securities.....	307.7	291.2	+16.5
Interest and discount on loans.....	3,662.5	3,187.4	+475.1
Service charges on deposit accounts.....	327.7	294.8	+32.9
Other current earnings.....	516.0	486.1	+29.9
Total	5,755.6	5,183.1	+572.5
Current operating expenses:			
Salaries, wages, and fees.....	1,496.4	1,371.8	+124.6
Interest on time deposits (including savings deposits).....	978.7	866.7	+112.0
Taxes other than on net income.....	163.7	143.4	+20.3
Recurring depreciation on banking house, furniture, and fixtures.....	116.3	104.7	+11.6
Other current operating expenses.....	954.2	851.6	+102.6
Total	3,709.3	3,338.2	+371.1
Net earnings from current operations	2,046.3	1,844.8	+201.5
Recoveries, transfers from valuation reserves, and profits:			
On securities:			
Recoveries.....	7.5	15.7	-8.2
Transfers from valuation reserves.....	33.3	69.7	-36.4
Profits on securities sold or redeemed.....	171.8	24.8	+147.0
On loans:			
Recoveries.....	8.6	9.4	-.8
Transfers from valuation reserves.....	38.0	23.7	+14.3
All other.....	50.5	27.3	+23.2
Total	309.7	170.5	+139.2
Losses, chargeoffs, and transfers to valuation reserves:			
On securities:			
Losses and chargeoffs.....	122.1	361.6	-239.5
Transfers to valuation reserves.....	102.0	96.7	+5.3
On loans:			
Losses and chargeoffs.....	16.3	11.1	+5.2
Transfers to valuation reserves.....	264.9	184.3	+80.6
All other.....	63.0	54.9	+8.1
Total	568.3	708.5	-140.2
Profits before income taxes	1,787.7	1,306.8	+480.9
Taxes on net income:			
Federal.....	704.8	482.5	+222.3
State.....	36.5	24.0	+12.5
Total	741.2	506.5	+234.7
Net profits before dividends	1,046.4	800.3	+246.1

See footnotes at end of table.

REPORT OF THE COMPTROLLER OF THE CURRENCY 27

Earnings, expenses, and dividends of national banks for years ended Dec. 31, 1959 and 1960—Continued

[In millions of dollars]

	1960	1959	Change since 1959
Cash dividends declared:			
On preferred stock.....	0.1	0.2	-0.1
On common stock.....	450.8	422.7	+28.1
Total.....	450.9	422.9	+28.0
Memoranda items:			
Recoveries credited to valuation reserves (not included in recoveries above):			
On securities.....	13.7	2.6	+11.1
On loans.....	42.9	45.4	-2.5
Losses charged to valuation reserves (not included in losses above):			
On securities.....	32.2	121.9	-89.7
On loans.....	38.0	69.4	-31.4
Stock dividends (increases in capital stock).....	100.7	113.4	-12.7
Ratios:	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>
Expenses to gross earnings.....	64.45	64.41	+ .04
Net profits before dividends to capital accounts.....	9.78	8.00	+1.78
Cash dividends to capital stock.....	13.84	13.79	+ .05
Cash dividends to capital accounts.....	4.22	4.23	- .01

¹ Number at end of period. Remaining figures include earnings, expenses, etc., of those banks which were in operation a part of the year but were inactive at the close of the year.

² Figures are averages of amounts reported for the June and December call dates in the current year and the December call date in the previous year.

NOTE.—Figures are rounded to the nearest 10th of a million and may not equal totals.

STRUCTURAL CHANGES IN THE NATIONAL BANKING SYSTEM

The authorized capital stock of the 4,527 national banks in existence on December 31, 1960, consisted of common capital stock aggregating \$3,342,273,292, a net increase during the year of \$174,576,514, and preferred capital stock of \$1,529,370, a net decrease during the year of \$1,561,300. These figures include two banks recently chartered but not yet open for business, one bank which resulted from the conversion of a State bank at the close of business on December 31, 1960, and one bank in the process of going into voluntary liquidation. The figures exclude seven banks which furnished reports of condition in response to the call, although five of them had merged or consolidated with other national banks, and two had merged or consolidated with two State banks, all effective as of the year end.

In addition to 74 applications with proposed common capital stock of \$23,325,000 carried over from the previous year, 74 applications were received to organize national banks and to convert State banks into national banking associations with proposed capital stock of \$28,492,750. Of these applications, 39 with proposed common capital stock of \$17,187,750 were approved; 37 with proposed common capital stock of \$11,070,000 were rejected; and the remainder had been abandoned or were still pending on December 31. From the applications carried over from the previous year and those approved during 1960, 48 national banking associations with common capital stock of \$21,642,750 were authorized to commence business. Of the charters issued, 14 with common capital stock of \$9,242,750 resulted from the conversions of State banks.

28 REPORT OF THE COMPTROLLER OF THE CURRENCY

Changes in the number and capital stock of national banks during the year ended December 31, 1960, are shown in the following summary.

Organization, capital stock changes, and national banks closed as reported during the year ended Dec. 31, 1960

	Number of banks	Capital stock	
		Common	Preferred
Increases:			
Banks newly chartered:			
Primary organizations	34	\$12,400,000	
Reorganizations			
Conversions of State banks	14	9,242,750	
Capital stock—Common:			
256 cases by statutory sale		36,966,955	
504 cases by statutory stock dividend		100,705,324	
33 cases by statutory consolidation		17,552,585	
22 cases by statutory merger		6,468,575	
Total increases	48	183,336,189	
Decreases:			
Banks ceasing operations:			
Voluntary liquidations:			
Succeeded by national banks	8	955,000	
Succeeded by State banks	1	75,000	
Statutory consolidations	21		
Statutory mergers	14		
Conversions into State banks	6	580,000	
Merged or consolidated with State banks (Public Law 706)	10	6,735,000	
Receivership			
Capital stock:			
Preferred:			
4 cases by retirement			\$1,561,300
Common:			
1 case by statutory consolidation		50,000	
4 cases by statutory merger		364,675	
Total decreases	60	8,759,675	1,561,300
Net change	-12	174,576,514	-1,561,300
Charters in force Dec. 31, 1959, and authorized capital stock	4,539	3,167,696,778	3,090,670
Charters in force Dec. 31, 1960, and authorized capital stock	4,527	3,342,273,292	1,529,370

SUMMARY OF STATUS OF NATIONAL BANK NOTES OUTSTANDING

U.S.C., title 12, sections 101 and 101a authorize any national bank to receive circulating notes from the Comptroller of the Currency, provided the bank deposits certain specified U.S. bonds with the Treasurer of the United States as security for the issuance of the notes. U.S.C., title 12, section 109 authorizes any bank, receiving circulating notes under the above section, to circulate the same. This and other provisions of the National Banking Acts relative to the issuance of circulating notes by national banks remain unrepealed and effective.

However, due to the expiration on January 22, 1935, of the circulation privilege conferred on U.S. bonds by the act of July 22, 1932, and the calling for redemption of United States 2-percent Panama Canal loan bonds, as of August 1, 1935, by a call dated March 11, 1935, there were no longer any bonds eligible to be deposited with the Treasurer of the United States as security for the issuance of circulating notes by

national banking associations. Therefore, due to the fact that there were no longer any eligible bonds to be deposited as security for the issuance of circulating notes, the issuance of new notes ceased. The banks at this time which had notes circulating for which they were liable either sold the bonds securing the issuance of their notes or directed the sale thereof by the Treasurer of the United States and paid the Treasurer of the United States as much of the proceeds as was necessary to redeem their outstanding notes. Having done this, the banks' liability for the notes ceased and the United States became liable therefor. These notes are being constantly redeemed by the United States. As of December 31, 1960, \$55,320,721 of national bank notes remained outstanding.

ASSETS AND LIABILITIES OF ALL BANKS IN THE UNITED STATES AND POSSESSIONS

The total assets of all classes of active banks in the United States and possessions on December 31, 1960, amounted to \$298,933 million, an increase of \$14,575 million since December 31, 1959.

The total deposits at the end of 1960 amounted to \$266,885 million, an increase of \$11,388 million over 1959. Included in the latter aggregate are deposits of individuals, partnerships, and corporations of \$220,754 million, an increase of \$6,411 million in the year. Deposits of the U.S. Government, including postal savings deposits, were \$6,242 million, an increase of \$870 million; deposits of States and political subdivisions amounting to \$16,370 million showed an increase of \$1,621 million, and deposits of banks of \$18,899 million were \$1,795 million more than in 1959.

Loans and discounts amounted to \$145,255 million in December 1960 after deducting reserves of \$2,590 million for possible future losses. The net loans were \$8,845 million over the amount reported as of the end of 1959. Commercial and industrial loans of \$43,463 million were \$2,973 million more than the 1959 figure; real estate loans of \$55,741 million were up \$2,604 million, and all other loans of \$48,641 million increased \$3,456 million.

The banks held obligations of the U.S. Government, direct and guaranteed of \$67,343 million in December 1960, an increase of \$1,461 million in the year. Obligations of States and political subdivisions held amounted to \$18,281 million, an increase of \$566 million, and other securities held amounted to \$8,393 million, a decrease of \$23 million. The total of all securities held at the end of 1960 was \$94,017 million, and represented 31 percent of the banks' total assets. At the end of the previous year the ratio was 32 percent.

Cash and balances with other banks, including reserve balances, in 1960 were \$53,105 million, an increase of \$2,743 million since the previous year end.

Total capital accounts were \$24,603 million, compared to \$22,973 million at the end of 1959, an increase of 7 percent.

A statement of the assets and liabilities of all classes of active banks at the end of December 1959 and 1960 follows.

Assets and liabilities of all banks in the United States and possessions, 1959 and 1960

[In millions of dollars]

	Dec. 31, 1960	Dec. 31, 1959	Change since 1959
Number of banks.....	13,971	13,984	-13
ASSETS			
Real estate loans.....	55,741	53,137	+2,604
Loans to financial institutions:			
Domestic commercial and foreign banks.....	971	825	+146
Other.....	7,131	7,132	-1
Loans to brokers and dealers in securities and other loans for the purpose of purchasing or carrying securities.....	5,127	4,877	+250
Loans to farmers directly guaranteed by the Commodity Credit Corporation.....	687	200	+487
Other loans to farmers.....	5,003	4,830	+173
Commercial and industrial loans (including open-market paper).....	43,463	40,490	+2,973
Other loans to individuals.....	26,781	24,509	+2,272
All other loans (including overdrafts).....	2,941	2,812	+129
Total gross loans.....	147,845	138,812	+9,033
Less valuation reserves.....	2,590	2,402	+188
Net loans.....	145,255	136,410	+8,845
U.S. Government obligations, direct and guaranteed.....	67,343	65,882	+1,461
Obligations of States and political subdivisions.....	18,281	17,715	+566
Other bonds, notes, and debentures.....	6,937	7,015	-78
Corporate stocks, including stocks of Federal Reserve banks.....	1,456	1,401	+55
Total securities.....	94,017	92,013	+2,004
Currency and coin.....	3,513	3,170	+343
Balances with other banks, including reserve balances, and cash items in process of collection.....	49,592	47,192	+2,400
Bank premises owned, furniture and fixtures.....	3,108	2,884	+224
Real estate owned other than bank premises.....	99	83	+16
Investments and other assets indirectly representing bank premises or other real estate.....	305	218	+87
Customers' liability on acceptances outstanding.....	1,428	776	+652
Other assets.....	1,616	1,612	+4
Total assets.....	298,933	284,358	+14,575
LIABILITIES			
Demand deposits of individuals, partnerships, and corpora- tions.....	117,370	116,460	+910
Time deposits of individuals, partnerships, and corporations.....	103,384	97,883	+5,501
U.S. Government and postal savings deposits.....	6,242	5,372	+870
Deposits of States and political subdivisions.....	16,370	14,749	+1,621
Deposits of banks.....	18,899	17,104	+1,795
Other deposits (certified and cashiers' checks, etc.).....	4,620	3,929	+691
Total deposits.....	266,885	255,497	+11,388
<i>Demand deposits</i>	<i>156,885</i>	<i>152,652</i>	<i>+4,171</i>
<i>Time deposits</i>	<i>110,062</i>	<i>102,845</i>	<i>+7,217</i>
Bills payable, rediscounts, and other liabilities for borrowed money.....	184	649	-465
Acceptances executed by or for account of reporting banks and outstanding.....	1,473	829	+644
Other liabilities.....	5,788	4,410	+1,378
Total liabilities.....	274,330	261,385	+12,945
CAPITAL ACCOUNTS			
Common stock.....	6,284	5,933	+351
Capital notes and debentures.....	53	56	-3
Preferred stock.....	15	17	-2
Surplus.....	12,510	11,760	+750
Undivided profits.....	4,896	4,469	+427
Reserves and retirement account for preferred stock and capi- tal notes and debentures.....	845	738	+107
Total capital accounts.....	24,603	22,973	+1,630
Total liabilities and capital accounts.....	298,933	284,358	+14,575

NOTE.—Figures for nonnational banks obtained from the Federal Deposit Insurance Corporation.

REPORTS FROM BANKS

National banks in the continental United States, Hawaii, and the Virgin Islands of the United States were, in accordance with the provisions of section 5211 of the Revised Statutes, called upon to submit four reports of condition during the year ended December 31, 1960. Reports were required as of March 15, June 15, October 3, and December 31. Summaries from all condition reports, by States, are published in pamphlet form. National banks were also required by statute to obtain reports, unless waived by the Comptroller, of their affiliates and holding company affiliates other than member banks as of the four dates for which condition reports of the banks were obtained and to submit such reports to the Comptroller.

Under the general powers conferred upon him by law, the Comptroller obtained from each national bank during the period indicated semiannual reports of earnings, expenses, and dividends; also reports of condition of foreign branches as of December 31, 1960.

National banking associations authorized to act in a fiduciary capacity were called upon to submit reports of their trust departments as of the close of business on December 31, 1960.

In accordance with the code of law for the District of Columbia, banks other than national in the District were required to make to the Comptroller condition reports and reports of earnings, expenses, and dividends identical with those obtained from national banks during the year.

Detailed figures from reports of condition and earnings and dividends will be found in the appendix of this report.

**AFFILIATES AND HOLDING COMPANY AFFILIATES OF
NATIONAL BANKS**

The Federal statute requires each national bank to obtain and submit to the Comptroller periodically reports of its affiliates, as defined in sections 2 (b) and (c) of the Banking Act of 1933, as amended. However, section 21 of the Federal Reserve Act, as amended, provides in part that the Comptroller may waive the requirement for the submission of the report of an affiliate if in his judgment such a report is not necessary to disclose fully the relations between an affiliate and a bank and the effect thereof upon the affairs of the bank. Pursuant to this latter section the Comptroller's waiver of requirement for reports of affiliates provides principally that reports of affiliates (other than holding company affiliates) need not be submitted and published in a newspaper unless the affiliate is indebted to the national bank or the bank owns obligations of the affiliate and the aggregate of such indebtedness and/or investment is carried as an asset on the bank's books at a value in excess of \$5,000, or 1 percent of the bank's capital and surplus, whichever is the greater.

32 REPORT OF THE COMPTROLLER OF THE CURRENCY

At the end of December 1960, 433 member national banks in the United States submitted 490 reports of affiliates. Included in these figures are 201 banks in 27 States which are members of 23 holding company groups. The number of banks in each holding company group varied from 1 to 58. The actual number of reporting affiliates and holding company affiliates was 312.

In addition there was one nonnational bank in the District of Columbia which is a member of the Federal Reserve System that reported one affiliate to the Comptroller pursuant to the provisions of the code of law for the District of Columbia.

ISSUE AND REDEMPTION OF NOTES

There were 691 shipments of new Federal Reserve notes (647,392,000 notes—aggregate value \$7,033 million) made to the Federal Reserve agents and the Federal Reserve branch banks. In addition, there were 37 deliveries of such notes (8,140,000 notes—aggregate value \$154 million) made to the Treasurer of the United States.

There was a total of 4,721 lots of unfit Federal Reserve notes and Federal Reserve bank notes (519,548,237 notes—aggregate value \$6,143,236,130) received for verification and certification for destruction.

There were 28 lots of national bank notes (80,223 notes—aggregate value \$1,428,682) received for verification and certification for destruction.

There was a total of 248,744 badly damaged Federal Reserve notes, Federal Reserve bank notes and national bank notes (aggregate value \$4,710,736) presented by the Treasurer of the United States, for identification approval.

**CONSOLIDATIONS, MERGERS, PURCHASE, AND SALE TRANSACTIONS
SINCE ENACTMENT OF PUBLIC LAW 86-463, MAY 13, 1960**

There was enacted on May 13, 1960, Public Law 86-463, an Act "To amend the Federal Deposit Insurance Act to require Federal approval for mergers and consolidations of insured banks." This enactment culminated congressional consideration of bank mergers and the antitrust laws which began about 1955 and thus was of several years duration. During this period the Congress gave much consideration to the question of whether section 7 of the Clayton Act should be made applicable to bank mergers. The legislation as enacted leaves bank mergers, which are invariably accomplished by asset acquisitions, not subject to the provisions of section 7 of the Clayton Act. In each of three separate Congresses, the 84th, the 85th, and the 86th, there were rejected on the floor of the Senate amendments to pending bank merger legislation which would have permitted the application of the standards contained in section 7 of the Clayton Act to bank mergers. In rejecting the use of Clayton Act standards in connection with bank mergers, the Congress recognized the impracticability of applying those standards to an industry which is closely regulated and supervised in the public interest, and which consists for the most part of local units the strength and vitality of which are of crucial importance to their communities.

The basic purposes of the enactment of this legislation were (1) to make all bank mergers involving insured banks subject to Federal approval, and (2) to establish standards by which bank mergers were to be considered by the respective banking agencies and to insure that adequate consideration would be given in each case to the effect upon competition.

This legislation left final authority over bank mergers in the banking agencies but provided for an advisory report from the Attorney General on the competitive factors involved in each case. It left bank mergers not subject to the antitrust laws except to whatever extent the courts may ultimately hold that the Sherman Antitrust Act is applicable.

In view of the importance of this legislation there are included herein significant portions of the legislative debates on it.

**Congressional Record, Volume 106, Part 6, Page 7256 (1960), House
of Representatives**

REGULATION OF BANK MERGERS

Mr. SPENCE. Mr. Speaker, I move to suspend the rules and pass the bill (S. 1062) to amend the Federal Deposit Insurance Act to provide safeguards against mergers and consolidations of banks which might lessen competition unduly or tend unduly to create a monopoly in the field of banking, with an amendment.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That subsection (c) of section 18 of the Federal Deposit Insurance Act is amended by striking out the third sentence and inserting in lieu thereof the following: "No insured bank shall merge or consolidate with any

other insured bank, or either directly or indirectly acquire the assets of, or assume liability to pay any deposits made in, any other insured bank without the prior written consent (i) of the Comptroller of the Currency if the acquiring, assuming, or resulting bank is to be a national bank or a District bank, or (ii) of the Board of Governors of the Federal Reserve System if the acquiring, assuming, or resulting bank is to be a State member bank (except a District bank), or (iii) of the Corporation if the acquiring, assuming, or resulting bank is to be a nonmember insured bank (except a District bank). Notice of any proposed merger, consolidation, acquisition of assets, or assumption of liabilities, in a form approved by the Comptroller, the Board, or the Corporation, as the case may be, shall (except in a case where the furnishing of reports under the seventh sentence of this subsection is not required) be published, at appropriate intervals during a period (prior to the approval or disapproval of the transaction) at least as long as the period allowed under such a sentence for furnishing such reports, in a newspaper of general circulation in the community or communities where the main offices of the banks involved are located (or, if there is no such newspaper in any such community, then in the newspaper of general circulation published nearest thereto). In granting or withholding consent under this subsection, the Comptroller, the Board, or the Corporation, as the case may be, shall consider the financial history and condition of each of the banks involved, the adequacy of its capital structure, its future earnings prospects, the general character of its management, the convenience and needs of the community to be served, and whether or not its corporate powers are consistent with the purposes of this Act. In the case of a merger, consolidation, acquisition of assets, or assumption of liabilities, the appropriate agency shall also take into consideration the effect of the transaction on competition (including any tendency toward monopoly), and shall not approve the transaction unless, after considering all of such factors, it finds the transaction to be in the public interest. In the interest of uniform standards, before acting on a merger, consolidation, acquisition of assets, or assumption of liabilities under this subsection, the agency (unless it finds that it must act immediately in order to prevent the probable failure of one of the banks involved) shall request a report on the competitive factors involved from the Attorney General and the other two banking agencies referred to in this subsection (which report shall be furnished within thirty calendar days of the date on which it is requested, or within ten calendar days of such date if the requesting agency advises the Attorney General and the other two banking agencies that an emergency exists requiring expeditious action). The Comptroller, the Board, and the Corporation shall each include in its annual report to the Congress a description of each merger, consolidation, acquisition of assets, or assumption of liabilities approved by it during the period covered by the report, along with the following information: the name and total resources of each bank involved; whether a report has been submitted by the Attorney General hereunder, and, if so, a summary by the Attorney General of the substance of such report; and a statement by the Comptroller, the Board, or the Corporation, as the case may be, of the basis for its approval."

The SPEAKER. Is a second demanded?

The question is, Will the House suspend the rules and pass the bill?

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

Mr. SPENCE. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks in the RECORD on both bills which have just been passed.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

Mr. SPENCE. Mr. Speaker, there is a recognized need for better Federal laws to regulate bank mergers. Bank mergers have been taking place at a rapid rate in recent years. During the past 10 years, there have been 150 bank mergers a year on the average. And these mergers have involved our biggest banks. For example, if you look at the list of the largest banks in the country today, you will

see the second, third, fourth, and fifth top spots occupied by banks which owe their tremendous influence in large measure to absorptions of other banks by mergers.

The need for a better bank merger law has been recognized by both the President and the Congress. Both Houses of Congress passed bills on the subject in 1956, but their differences were not reconciled and so no legislation went to the White House. The Senate passed a bank merger bill again in 1957 but the House did not act. This bill, of course, passed the Senate last year.

The present Federal banking laws on this subject have several serious defects when it comes to controlling bank mergers. Many mergers can take place without approval of any Federal bank supervisory agency. Even where the Federal banking laws require such approval as a condition of a merger, they do not provide for uniform standards and in no case is the effect on competition even mentioned. The Federal antitrust laws also offer little help in controlling bank mergers. The Clayton Act is ineffective as to bank mergers because in the case of banks it covers only stock acquisitions and bank mergers are not accomplished that way. The Sherman Act has been invoked only once in court to stop a bank merger, and that case is still pending.

So I think you will agree there is a real need for this type of legislation.

The bill the committee has reported meets this recognized need by giving the Federal bank supervisory agencies control over all bank mergers resulting in banks that are federally insured. All such mergers would be judged by a uniform set of standards. The bill spells out seven factors the supervisory agencies are to consider. Six of these are banking factors, covering such matters as the prospects of the banks involved and the needs of the community, and the seventh factor is "the effect of the transaction on competition—including any tendency toward monopoly." After considering all these factors, the agency must find the merger would be in the public interest before approval may be given.

This puts control in the banking agencies, which have expert knowledge of the problems involved. At the same time, they will be required to get a report from the Attorney General, whose experience in the antitrust field qualifies him to furnish valuable advice in the administration of the bill.

This bill was reported out of the Banking and Currency Committee without a dissenting vote, and I urge you to vote for it in the hope it can be sent to the President without further delay.

[Mr. KILBURN's remarks will appear hereafter in the Appendix.]

Mr. BROWN of Georgia. Mr. Speaker, I am happy to recommend this bill to the House. It is a compromise bill, which I believe offers a sound solution to difficult problems that have proved a stumbling block to legislation in this field in recent years. Members of the House will recall that a bill to regulate bank mergers passed the House in 1956. Different bank merger bills passed the Senate in 1956, 1957, and 1959. The President has also urged Congress to enact legislation in this field. Until today, however, there has been considerable argument as to what form this legislation should take. I am privileged to serve as chairman of the subcommittee of the Banking and Currency Committee which undertook the task of reconciling

these differences, and I am pleased to report that we had splendid cooperation from the chairman of the House Judiciary Committee, Hon. EMANUEL CELLER, as well as from the Federal bank supervisory agencies and the Department of Justice in working out the bill we have recommended to you. This bill was reported unanimously to the House by the Banking and Currency Committee.

As Chairman SPENCE has explained to you, the bill provides that no merger which is to result in a bank insured by the Federal Deposit Insurance Corporation may take place unless it has been approved by one of the Federal bank supervisory agencies—the Comptroller of the Currency for national banks, the Federal Reserve Board for State member banks, and the Federal Deposit Insurance Corporation for insured nonmember banks. This puts the responsibility for acting on a proposed merger where it belongs—in the agency charged with supervising and examining the bank which will result from the merger. Out of their years of experience in supervising banks, our Federal banking agencies have developed specialized knowledge of banking and the people who engage in it. They are experts at judging the condition of the banks involved, their prospects, their management, and the needs of the community for banking services. They should have primary responsibility in deciding whether a proposed merger would be in the public interest.

The bill specifies six banking factors to be considered in acting on a proposed merger: That is, it requires the banking agency to take into consideration, for each of the banks involved, the financial history, the adequacy of its capital structure, its future earnings prospects, the general character of its management, the convenience and needs of the community to be served, and whether or not its corporate powers are consistent with the purposes of the Federal Deposit Insurance Act. In addition to these six banking factors, the bill requires the agency to take into consideration the effect of the proposed transaction on competition—including any tendency toward monopoly. The agency will not approve the transaction unless, after weighing all these factors, it concludes that the proposed merger will be in the public interest.

In determining whether a merger is in the public interest, the banking agency will consider the several factors listed in the bill; after weighing them, the agency will determine whether the net balance is favorable or unfavorable, and will approve the merger only if the merger is in the public interest in the sense that this balance is favorable.

We want to be sure that the three different banking agencies are all using the same standards in passing on mergers; so the bill requires the agency handling the application to request reports from the other two banking agencies as to the competition factors involved before it approves or disapproves the merger. Also, the bill provides for a similar report from the Attorney General, so that the banking agencies will have the benefit of the long experience of the Antitrust Division in protecting competition in business generally. Normally, the other banking agencies and the Attorney General will have 30 days in which to submit their advisory reports. In emergencies, however, this may be shortened to 10 days. In an extreme emergency—that is, where immediate action is needed to save a failing bank—

consultation will not be required. While this may seem a somewhat cumbersome procedure, I feel it can work smoothly with proper co-operation among the agencies concerned and the results will be worth it.

There is general agreement that stronger, clearer, more uniform controls over bank mergers are needed. This bill will meet this need, in a way that assures a balanced consideration of the total effects of a merger, with appropriate consultation among all interested agencies. In this way, we can expect that bank mergers which will be beneficial will be approved, and those which will not will be stopped.

I urge the House to approve this bill.

Mr. CELLER. Mr. Speaker, I urge enactment of S. 1062 which would provide additional and vitally needed safeguards against bank mergers and consolidations which might lessen competition or tend to monopoly in the field of banking. This measure is, in my considered judgment, the minimum necessary to maintain a sound, vigorously competitive unit banking system in this country and to arrest a merger trend which is contributing substantially to the control of the Nation's banking business by fewer and larger financial institutions.

Our Antitrust Subcommittee, a few years ago, made a lengthy study and report which demonstrated dramatically the extent of concentration in banking that has been taking place in recent years, largely because of unfettered merger activity and inadequate Federal legislation. Our subcommittee study showed that while there were approximately 13,500 commercial banks in this country, the 100 largest controlled approximately 46 percent of the Nation's total bank assets, and more than 48 percent of the bank deposits. It showed that in 10 of the Nation's 16 leading financial centers, 4 banks owned more than 80 percent of all commercial assets; that in 9 of these financial centers, 2 banks owned more than 60 percent of all commercial bank assets; and that in each of the 16 leading financial centers, the first 2 banks owned more than 40 percent of all the commercial assets, the first 4 banks, 60 percent.

Such concentration is contrary to the fundamental premise that the banking system of the United States should rely for its vitality on vigorous competition by a multitude of independent banks, locally organized, locally financed, and locally managed. For unlike other countries, such as Great Britain, France, and Germany, where a few mammoth institutions control nearly all the banking facilities, the American system is based on competition as one of the strongest factors safeguarding a sound banking system.

A corollary matter of serious concern resulting from merger activity is the gradual decline in the total number of banks in the Nation. The fact is that the banking population of our country is at a 38-year low despite the postwar boom, despite the 286-percent growth in bank assets, despite the new high level of loans and deposits, despite the greatly increased use made of banking services, and despite the enormous growth in the number of depositors. As a consequence of this diminution of banks through mergers, competition among banking institutions has been lessened in communities through the Nation. Over 76 counties in the United States have no commercial banking facilities whatsoever; hundreds of small Ameri-

can communities have become bankless towns; and many others are served by only one bank in place of the two or three which existed in the 1920's.

In these circumstances, I think that the bill, provided it is properly administered, constitutes a significant step forward. True, it does not contain all the safeguards that I believe necessary to cope with the rash of bank mergers that have beset the Nation. For example, it would, in my opinion, have been preferable to have made provision for a hearing on the record and the right of court review, together with adoption of the competitive test contained in section 7 of the Clayton Act with specific exceptions for cases involving probable failures, management problems, inadequate capital or unsound assets, or overbanked communities.

But this should not obscure the fact that the bill represents a real achievement, due in large part to amendments added by the House and Senate Banking and Currency Committees, and by the Senate. Thus the bill has been materially strengthened by an amendment making mandatory agency consultation with the Attorney General on competitive factors and requiring the Attorney General to submit a report to the agency on such factors. In proposing such an amendment before the Senate Banking Committee, I testified that "it would be little short of folly to require the appropriate Federal bank supervisory agency to obtain the views of the other two banking agencies (with respect to competitive considerations), but not impose the same requirement in respect to seeking the informed advice of the Department of Justice—the agency specifically charged by Congress with responsibility for examining into competitive implications of proposed mergers." Pursuant to the amendment, it is clear, of course, that at the time of the request made to the Attorney General, the Federal banking agencies will make available to the Department of Justice all information in their possession which would be relevant to the Attorney General's determination of the competitive aspects of the merger. Such cooperation, it must be stressed, is essential to the prompt and complete performance of the responsibilities given to the Attorney General under the terms of the amendment.

The bill was also strengthened through adoption by the House Banking and Currency Committee of an amendment establishing as the competitive test "the effect on competition—including any tendency toward monopoly." This amendment alters the test contained in the Senate bill, namely, whether the merger "may lessen competition unduly or tend unduly to create a monopoly." As I testified, adoption of such a grotesque standard as "unduly" would mean that it "is the policy of Congress that a bank merger which tends to monopoly is in the public interest; that only if it tends unduly to monopoly should it be banned." That test, I emphasized, would do little, if anything, to insure competitive enterprise in banking.

Parenthetically, it may be pointed out that in construing the term "any tendency toward monopoly" specified by the House committee amendment, such cases as *United States v. DuPont* (353 U.S. 586, 592, 593), and *Transamerica Corp. v. Board of Governors* (206 Fed. 2d, 163, 169), will serve as a most useful guide.

Further amendments to the bill requiring annual reports to the Congress and publication in a newspaper of notice of proposed mergers,

are salutary in the public interest. They are salutary because they will enable the Congress and the public to be informed of bank merger activity. And most important, they will enable the appropriate congressional committees to exercise close and continuing scrutiny of the manner in which the banking agencies administer the competitive standards contained in the bill. Such scrutiny is of the utmost importance. For unless the banking agencies prohibit those mergers which have an anticompetitive effect as intended by this measure, there is the very real possibility indeed that our Nation's banking system will—and in short order—become dominated to a far greater extent than now by a handful of financial interests.

Mr. MULTER. Mr. Speaker, for many years Congress has been concerned with providing proper safeguards against mergers and consolidations of banks which tended to lessen competition or tended to create monopolies in banking.

The enactment of the present bill before the House is another step in improving the legislation on the subject.

The Sherman Antitrust Act and the Clayton Act apply in this field. But not to every phase of it and not as effectively as is desired. This bill in no way limits the Sherman Antitrust Act or the Clayton Act nor will its enactment in any way affect any pending actions or prosecutions under existing statutes.

The bill provides for control of all mergers by banks whose deposits are federally insured. In using the word "merger" I use it in its most all-inclusive sense because under the terms of the bill it will apply to mergers and consolidations and acquisitions of assets, no matter how accomplished.

The enactment of the bill will prohibit future mergers unless approved by the appropriate Federal banking agency. If the resulting bank is to be a national bank, the Comptroller of the Currency must approve; if a State bank which is a member of the Federal Reserve System, the Federal Reserve Board must approve; and if it is an insured State bank that is not a member of the Federal Reserve System, the Federal Deposit Insurance Corporation must approve.

In every case the approving agency must, in advance of approval, request a report from the Attorney General of the United States as to the competitive factors involved, except in such instances where immediate action is needed because of the emergencies that occasionally confront the supervisory agencies in dealing with banks. The Attorney General's report is advisory. In addition, each of the other supervisory agencies must be consulted by the agency charged with considering the application in order to standardize the practice in dealing with such applications.

Much controversy arose during the course of the hearings on this bill in both Houses of Congress with reference to the extent that the competitive and monopolistic factors should be considered as determinative of these applications. All concerned agreed that all of the banking factors must be considered. There also seemed to be no disagreement that the competitive and monopolistic factors should also be considered. Under the Sherman Antitrust Act and under the Clayton Act the sole tests revolve around the lessening of competition and the creation of monopolies.

40 REPORT OF THE COMPTROLLER OF THE CURRENCY

The language of S. 1062 as amended by the House Banking and Currency Committee and as it appears in the bill we are now about to pass in the House makes it clear that the competitive and monopolistic factors are to be considered along with the banking factors and that after considering all of the factors involved, if the resulting institution will be in the public interest, then the application should be approved and otherwise disapproved.

The banking agencies are thus free to approve a merger to save a failing bank, or to approve a merger brought about by emergent conditions even though such action necessarily lessens competition or creates a monopoly in the particular community involved.

Like most legislation of this type, it depends for its implementation upon the agencies of government paying heed to the intent of the Congress. If this legislation does not have the desired and desirable effect of calling a halt to the rash of bank mergers that we have witnessed in this country over the last several years, with the undesirable effect of constantly reducing the number of banks which are serving the public and increasing to inordinate size the big banks of the country at the expense of the small and independent banks, then much more restrictive legislation will be called for.

Under no circumstances is the enactment of this bill to be taken as an indication that the Congress acquiesces in any of the bank mergers and consolidations that have heretofore occurred.

Congressional Record, Volume 106, Part 8, Page 9711 (1960), Senate

AMENDMENT OF FEDERAL DEPOSIT INSURANCE ACT TO PROVIDE SAFEGUARDS AGAINST MERGERS AND CONSOLIDATIONS OF BANKS

Mr. JOHNSON of Texas. Mr. President, for the information of all Senators, I believe the distinguished Senator from Arkansas [Mr. FULBRIGHT], former chairman of the Committee on Banking and Currency, in the absence of the Senator from Virginia [Mr. ROBERTSON], who is absent because of a death in his family, is prepared to make a motion in connection with the bank merger bill.

I do not believe it will take very long. It is not controversial. However, I ask unanimous consent that the Senator from Arkansas may make the motion at this time, and that there be not to exceed 5 minutes debate, pro and con.

The PRESIDING OFFICER (Mr. BYRD of West Virginia in the chair). Is there objection? The Chair hears none, and it is so ordered.

Mr. FULBRIGHT. Mr. President, I ask that the Chair lay before the Senate a message from the House on the bill S. 1062 with the amendment of the House thereto.

The PRESIDING OFFICER laid before the Senate the amendments of the House of Representatives to the bill (S. 1062) to amend the Federal Deposit Insurance Act to provide safeguards against mergers and consolidations of banks which might lessen competition unduly or tend unduly to create a monopoly in the field of banking, which were, to strike out all after the enacting clause and insert:

That subsection (c) of section 18 of the Federal Deposit Insurance Act is amended by striking out the third sentence and inserting in lieu thereof the following: "No insured bank shall merge or consolidate with any other insured bank

or, either directly or indirectly, acquire the assets of, or assume liability to pay any deposits made in, any other insured bank without the prior written consent (i) of the Comptroller of the Currency if the acquiring, assuming, or resulting bank is to be a national bank or a District bank, or (ii) of the Board of Governors of the Federal Reserve System if the acquiring, assuming, or resulting bank is to be a State member bank (except a District bank), or (iii) of the Corporation if the acquiring, assuming, or resulting bank is to be a nonmember insured bank (except a District bank). Notice of any proposed merger, consolidation, acquisition of assets, or assumption of liabilities, in a form approved by the Comptroller, the Board, or the Corporation, as the case may be, shall (except in a case where the furnishing of reports under the seventh sentence of this subsection is not required) be published, at appropriate intervals during a period (prior to the approval or disapproval of the transaction) at least as long as the period allowed under such sentence for furnishing such reports, in a newspaper of general circulation in the community or communities where the main offices of the banks involved are located (or, if there is no such newspaper in any such community, then in the newspaper of general circulation published nearest thereto). In granting or withholding consent under this subsection, the Comptroller, the Board, or the Corporation, as the case may be, shall consider the financial history and condition of each of the banks involved, the adequacy of its capital structure, its future earnings prospects, the general character of its management, the convenience and needs of the community to be served, and whether or not its corporate powers are consistent with the purposes of this Act. In the case of a merger, consolidation, acquisition of assets, or assumption of liabilities, the appropriate agency shall also take into consideration the effect of the transaction on competition (including any tendency toward monopoly), and shall not approve the transaction unless, after considering all of such factors, it finds the transaction to be in the public interest. In the interests of uniform standards, before acting on a merger, consolidation, acquisition of assets, or assumption of liabilities under this subsection, the agency (unless it finds that it must act immediately in order to prevent the probable failure of one of the banks involved) shall request a report on the competitive factors involved from the Attorney General and the other two banking agencies referred to in this subsection (which report shall be furnished within thirty calendar days of the date on which it is requested, or within ten calendar days of such date if the requesting agency advises the Attorney General and the other two banking agencies that an emergency exists requiring expeditious action). The Comptroller, the Board, and the Corporation shall each include in its annual report to the Congress a description of each merger, consolidation, acquisition of assets, or assumption of liabilities approved by it during the period covered by the report, along with the following information: the name and total resources of each bank involved; whether a report has been submitted by the Attorney General hereunder, and, if so, a summary by the Attorney General of the substance of such report; and a statement by the Comptroller, the Board, or the Corporation, as the case may be, of the basis for its approval.

And to amend the title so as to read: "An Act to amend the Federal Deposit Insurance Act to require Federal approval for mergers and consolidations of insured banks."

Mr. FULBRIGHT. Mr. President, I move that the Senate concur in the amendment of the House.

Senate bill 1062 was introduced on February 16, 1959. It was sponsored by the Senator from Virginia [Mr. ROBERTSON], the Senator from Indiana [Mr. CAPEHART] and myself. S. 1062 was based on bills which had previously passed the Senate, S. 3911, 84th Congress, in 1956, and section 23 of title III of the financial institutions bill, S. 1451, 85th Congress, in 1957.

The Banking and Currency Committee held hearings on S.1062. The committee considered the bill thoroughly and amended it to require reports from the Attorney General on prospective mergers.

The Senate debated the bill thoroughly and amended it to require semiannual reports to Congress on approved mergers.

The House Banking and Currency Committee held hearings and made a number of additional amendments, which I will discuss later. The bill, as amended by the House committee, passed the House on April 4, 1960.

Since the bill has already been thoroughly considered by the Senate, it is not necessary to discuss at length the reasons for the bill—the great number of mergers which have recently been taking place and the vast resources involved in these mergers; and the fact that many bank mergers are subject to virtually no control, and even those which are subject to control are not covered by clear standards with respect to competitive factors.

On previous occasions when the Senate has considered bank merger bills, the principal issue has been whether bank mergers should be regulated by the Federal bank supervisory agencies—the Comptroller of the Currency in the case of national banks, the Board of Governors of the Federal Reserve System in the case of State member banks, and the FDIC in the case of insured nonmember banks—on the basis of banking factors and competitive factors, like other regulated industries; or whether bank merger should be subject to the antimerger provisions of section 7 of the Clayton Act, like ordinary nonregulated industrial or commercial enterprises.

As it passed the Senate, S. 1062 expressed the view of the Senate, for the third time, that bank mergers should be regulated by the Federal banking agencies on the basis of banking factors and competitive factors, with no single factor being in itself controlling. S. 1062 was a clear statement, for the third time, of the Senate's view that the provisions of section 7 of the Clayton Act should not apply to bank mergers.

The amendments to S. 1062 made by the House do not change this aspect of the bill. The House has agreed with the Senate that bank mergers should be controlled by the Federal banking agencies on the basis of both banking factors and competitive factors, and that section 7 of the Clayton Act should continue to be inapplicable to bank mergers.

Banking is regulated and subject to many controls not applicable to the ordinary industrial or commercial enterprise; entry into the field of banking is restricted; the establishment of branches is restricted; and the practices and procedures of banking, from the payment of interest on deposits to the kinds of loans made and the reserves which must be maintained, are closely regulated and controlled. Competition in banking is desirable and beneficial; but unrestricted competition in banking, with the bank failures which would result, is no more possible than it is in the field of public utilities or other industries affected to a greater or lesser extent with the public interest. Banking is too important to depositors, to borrowers, to the Government, and the public generally, to permit unregulated and unrestricted competition in that field.

The antitrust laws have reflected an awareness of the difference between banking and other regulated industries on the one hand, and ordinary unregulated industries and commercial enterprises on the other hand. The 1950 amendment to section 7 of the Clayton Act, which for the first time imposed controls over mergers by means other than stock acquisitions, did not apply to bank mergers which

are practically invariably accomplished by means other than stock acquisition. Accordingly for all practical purposes bank mergers have been and still are exempt from section 7 of the Clayton Act.

It is not clear whether the Sherman Antitrust Act of 1890 would now be held to apply to banking in general and to bank mergers in particular, though it seems clear that Senator John Sherman, the former Secretary of the Treasury, for whom the act was named, and the 51st Congress, did not expect or intend banking to be covered by an act applicable to interstate commerce. And even if the Sherman Act is held to apply to banking and to bank mergers, it seems clear that under the rule of reason spelled out in the Standard Oil case, different considerations will be found applicable, in a regulated field like banking, in determining whether activities would "unduly diminish competition," in the Supreme Court in that case.

I should like to explain the amendments made by the House in more detail.

The House committee bill, which was passed by the House under suspension of rules on April 4, is a complete substitute for S. 1062.

Both bills require the appropriate banking agency to consider the six banking factors set forth in the Federal Deposit Insurance Act. These are: First, the financial history and condition of each of the banks involved; second, the adequacy of its capital structure; third, its earnings prospects; fourth, the general character of its management; fifth, the convenience and needs of the community to be served; and sixth, whether the bank's corporate powers are consistent with the purposes of the Federal Deposit Insurance Act. S. 1062 incorporated these factors by reference; the House amendment lists them.

S. 1062, as passed by the Senate, added a seventh factor to be considered: whether the transaction would "unduly lessen competition or tend unduly to create a monopoly." The House bill substitutes for this the requirement that "the appropriate agency shall also take into consideration the effect of the transaction on competition—including any tendency toward monopoly."

The House amendment goes on to provide that the merger "shall not" be approved unless, "after considering all such factors, it—the agency—finds the transaction to be in the public interest."

The House amendment, like the Senate version of S. 1062, makes it clear that the banking factors and the competitive factors must be considered by the banking agencies. The House amendment, like the Senate version of S. 1062, makes it clear that no one of these factors is controlling. In any given merger, competitive factors unfavorable to the merger may be outweighed by banking factors favorable to the merger, and competitive factors favorable to the merger may outweigh banking factors unfavorable to the merger. All of these seven factors must be considered and weighed together, and the merger should be approved only if, after consideration of all of these factors, the net result is in favor of the proposal.

This balancing of favorable and unfavorable banking factors along with favorable and unfavorable competitive factors, with no one of them being overlooked and no one of them being controlling, was just what was meant by the Senate when it used the word "unduly" in referring to the competitive factors. I am satisfied that the House has reached just the same result the Senate reached three times before.

This is made clear at pages 11 and 12 of the House report, where it is stated that:

Your committee is convinced the Senate's approach is basically sound. Where demonstrable benefits would flow from a proposed merger, these should be weighed against any adverse effect on competition. Your committee feels, however, that the language of the Senate bill can be improved, to insure that the intent indicated in the legislative history of the bill in the Senate will be properly carried out. Your committee concurs with the Senate committee report's repeatedly expressed intent to allow approval of bank mergers that would be in the public interest.

After all the factors have been weighed, the transaction should be approved only if the supervisory agency is satisfied that, on balance, its effect will be beneficial.

This understanding was also expressed by Representative BROWN, chairman of the subcommittee which handled the bill, in presenting the bill to the House at page 6682 of the daily CONGRESSIONAL RECORD. Representative BROWN said:

In determining whether a merger is in the public interest, the banking agency will consider the several factors listed in the bill; after weighing them, the agency will determine whether the net balance is favorable or unfavorable, and will approve the merger only if the merger is in the public interest in the sense that this balance is favorable.

The PRESIDING OFFICER. The time of the Senator from Arkansas has expired.

Mr. FULBRIGHT. Mr. President, I ask that I may have 3 additional minutes.

Mr. JOHNSON of Texas. Mr. President, I yield 3 minutes to the Senator from Arkansas.

Mr. FULBRIGHT. I was quoting from Representative BROWN's explanation of the purpose and meaning of the phrase "in the public interest."

The phrase "in the public interest" as used in S. 1062 is not independent; it is not isolated. The phrase is specifically and clearly tied in with the banking and competitive factors which are specifically listed in the bill. The language of the bill is entirely clear on this point:

The agency shall not approve the transaction unless, after considering all of such factors, it finds the transaction to be in the public interest.

This distinguishes the phrase "in the public interest," as here used, from comparable phrases in other statutes where the phrase, "consistent with the public interest," is used as a general standard without reference to specific factors.

The phrase, "in the public interest," is not a new standard itself. It is not an eighth factor. It does not call for a separate finding that a proposed merger is "in the public interest," aside from the banking factors and competitive factors which must be considered. The phrase is used only to indicate that if the merger is to be approved, the weighing of the seven specified factors must have resulted in a finding favorable to a merger.

The requirement that a favorable finding must be made if the merger is to be approved means only that a beneficial result must appear after the weighing of the seven specific factors set forth in the bill. It does not require the agency to go beyond these seven factors and find an independent and separate public interest in the merger.

The requirement of a favorable finding after weighing the seven factors does not seem out of place in this legislation. A favorable finding would have to be made, for example, in other cases which the banking agencies must consider, such as the chartering of a new bank. It is this distinction between banking and other businesses which justifies different treatment for bank mergers and other mergers. It was this distinction that led the Senate to reject the flat prohibition of the Clayton Act test which applies to other mergers.

Furthermore, with respect to the requirement of a favorable finding, it is clear this question remains entirely within the determination of the Federal banking agency passing upon the merger, to be based upon its weighing of the six "banking" factors and the "competitive" factor.

The Senate version of S. 1062 required the banking agency considering a merger to obtain a report from the Attorney General on the competitive factors involved in the merger. This report was required in order that the Attorney General's knowledge and background of experience in the field of anticompetitive and monopolistic matters should be made available to the banking agencies in their consideration of bank mergers. At the same time, it was made clear that the Attorney General's report on competitive factors was limited to this one aspect of the proposed merger. The Attorney General was not expected to consider or report on the various banking factors involved, nor was he expected to make any recommendation as to the action the banking agencies should take on the basis of consideration of all of the factors involved. Under these circumstances, while cooperation is, of course, expected between the banking agencies and the Justice Department, it is not intended that this provision should give the Justice Department free entry to the files of the banking agencies. It is not intended that the Justice Department would have any occasion to examine the banking agencies' files relating to the banking factors under consideration, and in particular, it is expected that the banking agencies will continue to give the bank examiners' reports the same confidential treatment which the Department of Justice gives to FBI reports.

The House made several amendments to the bill with respect to the mechanics of consultation among the banking agencies. The procedure for obtaining the views of the other two banking agencies, by the banking agency which has final responsibility, is made to conform with the procedure for obtaining a report from the Attorney General. Under the House bill, the supervisory agency having jurisdiction can act to save a failing bank without seeking the views of the other banking agencies; and the other banking agencies are required to submit their views within 30 days, or within 10 days if an emergency exists. The House amendment also provides that the reports of the other banking agencies shall be requested only on the competitive factors, rather than on all factors to be considered, including the banking factors.

The Senate bill required semiannual reports of the bank supervisory agencies; the House amendment provides instead for including this information in the agencies' annual reports. The Senate bill provided for a summary by the banking agencies of the Attorney

General's reports; the House amendment makes it clear that the summary should be prepared by the Attorney General.

An entirely new provision in the House amendment is a requirement that notice of a proposed merger be published in a newspaper of general circulation in the community or communities where the main offices of the banks involved are located. In the normal case, the notice must be published at least 30 days before the banking agency approves or disapproves the merger, with exceptions for emergency situations. A similar requirement now exists for national bank mergers and for bank holding company acquisitions.

I have consulted with members of the Senate Committee on Banking and Currency who would be conferees if the bill were to be sent to conference, and we are agreed that the Senate should agree to the House amendments.

I should add that I believe this bill, providing for effective regulation of bank mergers for the first time, is a significant accomplishment. We have tried for a long time to enact sound legislation on this subject and I trust we shall now be successful.

I move that the Senate concur in the House amendments to the bill, S. 1062.

During the delivery of Senator FULBRIGHT's remarks.

Mr. BENNETT. Mr. President, will the Senator from Arkansas yield?

Mr. FULBRIGHT. I yield.

Mr. BENNETT. We are now operating under a strict time limitation. As the Senator from Arkansas knows, the chairman of the committee, the Senator from Virginia [Mr. ROBERTSON] and I prepared a set of questions and answers in order to set forth and make clear our understanding of the purpose and effect of the bill.

Mr. FULBRIGHT. Yes. That is correct. The Senator from Virginia [Mr. ROBERTSON] prepared answers to several questions which the Senator from Utah [Mr. BENNETT] had posed. These answers represent the views of the Senator from Virginia, who is chairman of the Committee on Banking and Currency and the Subcommittee on Banking. Other members of the committee have considered these questions and answers and they represent, I am satisfied, the committee's understanding of the bill, and the correct understanding of the bill.

Mr. BENNETT. Mr. President, in order to make clear to the banking agencies, which will administer this act, the understanding and intention of the Senate in accepting the amendments of the House and passing the amended bill, I ask unanimous consent that this set of questions and answers be printed in the RECORD following the statement by the Senator from Arkansas, as though I had asked the questions and the Senator from Arkansas had made the answers.

The PRESIDING OFFICER. Without objection, it is so ordered. (See exhibit 1.)

EXHIBIT 1. BANK MERGER BILL

Question. As I understand it, this bill is not directed against nor intended to proscribe or limit size as such, without regard to the banking and competitive tests set forth in the bill, and hence a merger of two large banks should be approved if found to be in the public interest under the tests set down in the bill. Suppose for example, a situation where such a merger would increase the extent, quality,

and efficiency of services rendered to the public, enhance local, regional, or national competition, and meet all the other specific tests in the bill, would not such a merger be considered to be in the public interest under this bill, regardless of size?

Answer. Yes. The bill is not directed against size as such, nor does it impose limits on the size of banks. Size may be, or course, an element to be considered as part of the banking tests and as part of the competitive test under the bill. But it is not controlling. If a merger of two large banks qualifies under the tests set forth in the bill, it should be approved and it will be approved, no matter how big the two banks may be.

Question. The competitive factor in the bill I take to refer, in appropriate cases, not only to local but also to State, regional, and national competitive effect. Is this correct?

Answer. Yes. The Federal banking agency reviewing a proposed merger should consider whatever field of competition the merging banks are engaged in and the new bank will engage in. Some banks are engaged only in local competition. Other banks are primarily engaged in regional competition. Other banks engage in national or international competition. The field of competition which is actually involved is the field which should be given consideration in reviewing a merger. This is true also of the Justice Department reports on the competitive factors involved in the merger. These, too, should be concerned with the kinds of competition the two banks are now engaged in and the kind of competition the merged bank will be engaged in.

Question. In considering a proposed merger, should the needs of the community and the area and the country as a whole for increased financial services resulting from an expanding economy be considered?

Answer. Yes. The Federal banking agency reviewing a merger under S. 1062 would certainly give due regard to the adequate accommodation of the growing capital requirements of an expanding economy in the community, in the area, and in the country generally. This would not, of course, be the controlling factor any more than any other single factor and, of course, other means of providing increased financial services would be borne in mind.

But there is no question that the Federal banking agency should give due regard to the adequate accommodation of the growing capital requirements of an expanding economy.

Question. In considering a proposed merger, would the responsible Federal banking agency be able to take into consideration the competition which the merging banks face, and the merged bank would face, from other kinds of financial institutions—savings and loan associations, credit unions, insurance companies, finance companies, and the like?

Answer. Yes, indeed. All competition which the merging banks now face, and which the merged bank would face, must be taken into consideration by the banking agency. This includes both competition from other banks and trust companies and competition from other financial institutions which may provide the same or similar services. It includes competition for the public's funds, in the form of deposits, savings accounts, and the like, and it includes competition in supplying the public's needs for funds in the way of personal loans, consumer credit, mortgages, business loans, and so on.

Question. Mergers already effected have given some banks distinct competitive advantages because of increased lending limits, increased quantity and quality of services, increased availability of highly specialized and technical personnel, and increased overall resources. Other banks have not so grown in size through mergers because of lack of feasible merger opportunities, State laws, management policy, or other reasons. If the effect of the adoption of this bill is to discriminate against these latter banks and thereby to affect adversely their future opportunity to acquire or regain reasonable competitive equality through merger, then we shall be protecting and making permanent a competitive advantage or, a kind of monopolistic position. It is my understanding that such a discriminatory result is not intended, and that the competitive test in this bill should not be so construed. Is that correct?

Answer. S. 1062 is not intended to have any discriminatory results. It is not intended to discriminate against banks which have been unable to merge in the past because of State laws or any other reason. The fact that a bank has been unable to merge in the past, and therefore is at a competitive disadvantage with other banks, is something which can be and should be taken into consideration by the banking agency reviewing a merger application. The bill is not

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intended to prevent banks which have not been able to merge from acquiring or regaining reasonable competitive equality through merger.

Of course, this does not mean that merely because a bank was unable to grow by merger before the enactment of S. 1062, it would thereby have a right to engage in a merger which otherwise would be ruled out by the standards of S. 1062. The standards set forth in S. 1062 are the controlling tests; the competitive disadvantage which a bank is suffering from because it could not previously merge is to be considered as just one of the factors entering into these tests.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. JAVITS. I ask unanimous consent that a letter I have received from Mr. J. Russell Clark, superintendent of banks of New York, be printed at this point in the RECORD. Mr. Clark raises two questions, which have been written out for Senator ROBERTSON, together with Senator ROBERTSON's answers to those questions. If the Senator from Arkansas agrees—and I understand that he does—I ask unanimous consent that the questions and answers may also be printed at this point in the RECORD.

Mr. FULBRIGHT. That is correct. The Senator from Virginia [Mr. ROBERTSON] prepared answers to the questions posed by the Senator from New York [Mr. JAVITS]. In order to make clear to the banking agencies which will administer this act the understanding and intention of the Senate in passing this bill, I join in the request of the Senator from New York [Mr. JAVITS].

There being no objection, the letter and the questions and answers were ordered to be printed in the RECORD, as follows:

STATE OF NEW YORK,
BANKING DEPARTMENT,
New York, N.Y., April 28, 1960.

HON. JACOB J. JAVITS,
Committee on Labor and Public Welfare,
U.S. Senate, Washington, D.C.

DEAR SENATOR JAVITS: Reference is made to your letter of April 11, 1960, requesting my views and comments on S. 1062, as amended by the House of Representatives.

I believe the amendments to such bill effected by the House of Representatives to be most constructive and desirable. The criteria specified under the bill is quite similar to the criteria that we in New York are required to consider in approving or disapproving bank mergers, as well as applications to form or to expand bank holding companies. Moreover, such criteria are similar to those required to be considered by the Board of Governors of the Federal Reserve System under the Bank Holding Act of 1956. I personally believe there should be no substantial difference between the criteria to be considered in approving or disapproving a merger and those to be considered in approving or disapproving the formation or expansion of a bank holding company. Consequently, I believe the criteria now contained in the bill to be vastly superior to the criteria previously specified in the original Senate version.

As I pointed out in a speech which is included in the House report. I have some doubts as to how the adjective "unduly," as applied to a lessening of competition, in the original Senate version, would be interpreted in those cases where banking factors did not necessitate approval of a proposed merger. Ultimately, the courts would have had the responsibility of interpreting the adjective "unduly" in the original Senate version, for the very indefiniteness as to what was meant by the use of such adjective as contrasted with the "substantial" as employed in the Clayton Act, would probably have lead to extended litigation. I firmly believe that the House in deleting the adjective "unduly" has negated a great deal of needless litigation. In passing, I should like to note that the title to the act still retains the adjective "unduly" and in view of the new criteria, I would suggest that the title to the act be changed.

I would also like to call your attention to the remarks in my statement in regard to whether the bill may not place State-chartered banks somewhat at a disadvantage as compared to national banks, since in the case of State bank mergers both a State and a Federal supervisory agency are required to approve, while in the case of national banks, only approval by the Comptroller's Office is required. On the other hand, I believe the requirement that each of the Federal agencies consult with the others as to their opinions with respect to competitive factors would certainly tend to reduce the possibility that the various supervising agencies will adopt conflicting policies. Perhaps, State banks might be placed in a more equal position, if it were made clear that the Comptroller could not approve a merger where the principal consideration was the possible adverse effect upon competition, if both the FDIC and the Federal Reserve were of the opinion that the effect on competition would be adverse. Of course, I must admit that as a practical matter I doubt that the Comptroller would so approve in the face of the opposition of both the Federal Reserve and the FDIC and, therefore, do not strongly urge this point.

I would, however, like to call your attention to the House report accompanying S. 1062, which states that the approval of the merger should depend "on a positive showing of some benefit to be derived from it * * * the burden should be on the proponents of a merger to show that it is in the public interest, if it is to be approved * * *." New York State's approach to this same point is that it is necessary to determine whether the effect on competition is such as to be injurious to the public interest. In other words, under New York's approach, if all other factors are equal, approval would be granted unless it can be shown that the public will be harmed. In the majority of cases, this difference is purely a matter of semantics, but it can be controlling in a few unique situations. Personally, I believe that the inference that a proposed merger should be affirmatively in the public interest creates an unfortunate inference that banks, unlike other segments of private industry, do not have the right to engage in mergers unless the public can benefit therefrom, rather than merely having the burden of showing that there would be no substantial harm to the public through a lessening of competition. In addition, of course, there is the possibility that over the years a more and more affirmative showing that a particular merger is in the public interest may be required by the Federal supervisory authorities either as a result of conviction or public pressure. On the other hand, I think it to be obvious that a merger is either in or against the public interest. If it is clear that the burden of proof is to be placed on the applying banks to show that the merger is in the public interest, I think there could be no reasonable objection to the intent of the House report. The reason for this is that in my experience the question of burden of proof is not too important, since it has always been the individual investigation on the part of the supervisory authorities which has been controlling and not what the parties allege. Consequently, if it was intended merely to place the burden of proof on the applying parties, I think there could be no reasonable objection to this, but I think such intent should be made clear.

With the foregoing qualification, I certainly would recommend enactment of S. 1062 by the U.S. Congress, as I believe it to be a constructive and desirable step in achieving uniformity in the approach of bank supervisory authorities toward mergers.

If I may be of any further assistance in connection with this matter, please do not hesitate to communicate with me.

Very truly yours,

G. RUSSELL CLARK.

Question. Mr. Clark inquires whether the bill may place State chartered banks at a disadvantage as compared with national banks. He thinks such a disadvantage might arise out of the fact that, in the case of State bank mergers, both a State and a Federal supervisory agency must approve the merger, while in the case of national banks only the approval of the Comptroller is necessary. Mr. Clark recognizes that as a practical matter; the Comptroller probably would not approve a merger in the face of the opposition of both the Federal Reserve and the FDIC. Could I have your comments on this point?

Answer. It was to avoid the possibility of discriminatory treatment between State banks and national banks or between State member banks and State non-member insured banks that, when one of these agencies is considering a merger, it is required to get the comments of the other two agencies on the other competitive

factors involved. This provides for the maximum of uniformity of treatment among the three agencies. Certainly we all expect that the consultation and the cooperation among these three Federal banking agencies will be close and will be meaningful. I do not, of course, expect that they will agree 100 percent in every case, but I do expect that they will pay careful attention and give great weight to the views of the agencies, and I do expect that in most cases there will be no disagreement between them.

Question. Mr. Clark also raises a question about a case where there is no positive showing of benefit resulting from the merger, and no positive showing of detriment. Mr. Clark points out that under these conditions New York State would approve a merger. Could I have your comments on this question?

Answer. These cases, where the banking agency in charge just cannot make its mind up, sound difficult. But I question whether in fact they will really cause much trouble.

I see that Mr. Clark thinks that in most cases the difference would be purely a matter of semantics—in most cases, he says, it will be obvious that a merger is either in the public interest or against the public interest. In most cases, in other words, the banking agency will be able to make up its mind.

Much of the trouble comes, I think, from misunderstanding and overemphasizing the expression "in the public interest." This expression does not mean that the agencies will have to find a direct and immediate benefit to the public, as Mr. Clark suggests. On the contrary, all this expression means is that, after considering all the seven factors and giving due weight to each of them, the agency can approve only if the net result of the seven factors is favorable.

The PRESIDING OFFICER. The time of the Senator from Arkansas has expired.

Mr. DIRKSEN. Mr. President, I yield 1 minute to the Senator from Connecticut.

Mr. BUSH. Mr. President, I have talked with the chairman of our committee, who is not here, and have assured him that I am in full accord with his conclusion to accept the House bill. The explanation of the bill given by the Senator from Arkansas [Mr. FULBRIGHT], and particularly the questions and answers developed by the Senator from Virginia [Mr. ROBERTSON] and the Senator from Utah [Mr. BENNETT] give a clear statement of the purpose of the bill and the way in which it is to be administered by the banking agencies. I am glad that we have been assured, by informal conversations with representatives of the American Bankers Association, the Federal Reserve Board, and the Federal Deposit Insurance Corporation, that the House bill is acceptable to those organizations. I understand the Comptroller of the Currency has a slight reservation concerning the House amendment, but that this is not held too strongly by him, and that he is willing to accept the House bill and believes it will be workable.

I hope the Senate will support the motion of the Senator from Arkansas.

Mr. DIRKSEN. Mr. President, did the Senator from New York [Mr. JAVITS] want time?

Mr. JAVITS. I have concluded my remarks on the subject. I thank the Senator.

Mr. DIRKSEN. Then, Mr. President, I yield back the remainder of my time.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that a statement by me in connection with the motion of the Senator from Arkansas be printed at this point in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR JOHNSON OF TEXAS

The action of the Senate in approving the House amendments to S. 1062, and sending the bill on to the President for his approval, is an event which deserves comment. The Congress, the Senate, the Senate Banking and Currency Committee, its chairman, Senator ROBERTSON, and its former chairmen, Senator FULBRIGHT, and Senator CAPEHART, all should be congratulated and complimented for this significant piece of legislation.

This bill establishes uniform and clear standards, including both banking and competitive factors, for the consideration of proposed bank mergers. It eliminates a number of gaps in the statutory framework, which now permit many bank mergers to occur with no review by any Federal agency. It provides for a thorough review by the appropriate Federal bank supervisory agency, under these comprehensive standards, and with the benefit of any information which may be supplied by the Department of Justice in the report required from them, of the bank mergers by asset acquisitions and other means which are now and will continue to be exempt from the antimerger provisions of section 7 of the Clayton Antitrust Act.

It has been a slow and arduous task to bring this legislation to this present stage. In the 84th Congress, in 1956, Senator FULBRIGHT introduced S. 3911. This passed the Senate, but it died in the House. In the 85th Congress, in 1957, Senator ROBERTSON introduced a comparable provision as part of his major financial institutions bill, S. 1451. This passed the Senate, but again the bill died in the House. S. 1062 was introduced in the 86th Congress, in 1959, by Senator ROBERTSON on behalf of himself and Senators FULBRIGHT and CAPEHART. This was amended by the Senate Banking and Currency Committee. It was passed by the Senate with a further amendment on May 14, 1959, almost a year ago. This time the House did not allow it to die. After holding hearings and after further amending the bill, the House, on April 4, of this year, finally passed the Senate bill. And, the Senate has now accepted the House amendments, which clarify but do not change the substance of the Senate bill.

This long process tries the temper of those who must suffer under it. But in my judgment, the repeated improvements in S. 1062, in the course of this slow process, show the real merits, the real benefits of the legislative process at its best.

Again, I want to express my congratulations to Senator ROBERTSON and Senator FULBRIGHT, and Senator CAPEHART and the other members of the Banking and Currency Committee for the persistence and the thoroughness and the statesmanship which they have displayed in carrying this matter through to a satisfactory conclusion.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Arkansas that the Senate concur in the amendment of the House.

The motion was agreed to.

Mr. JOHNSON of Texas. Mr. President, I move that the Senate reconsider the vote by which the amendment of the House was agreed to.

Mr. DIRKSEN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Congressional Record, Volume 106, Part 8, Page 9790 (1960) Senate

BANK MERGER LEGISLATION

Mr. ROBERTSON. Mr. President, I ask unanimous consent to have printed in the RECORD at this point a statement in which I commend, during my unavoidable absence from the Senate last Friday, the work of the Senator from Arkansas [Mr. FULBRIGHT] and other members of the Committee on Banking and Currency in calling up

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and securing concurrence in the action of the House of Representatives on the bank merger bill, which had been pending before the Senate on and off for the last 5 years.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR ROBERTSON

Last Friday the Senator from Arkansas [Mr. FULBRIGHT] was kind enough to bring up for me S. 1062, the bank merger bill, and the Senate accepted the House amendments and sent the bill on to the President for his signature.

I appreciate the kindness of the Senator from Arkansas in doing this. I am glad that he had the opportunity to present this bill to the Senate, because it is a subject in which he has had great interest, going as far back as 1956, when he introduced S. 3911.

I should like to make it clear in the RECORD that I am in entire accord with the views expressed by the Senator from Arkansas in urging the Senate to adopt the House amendments, and I agree entirely with his statement to the Senate of the effect and meaning of the amended bill. I also want to make it clear that the answers to the questions posed by the Senators from Utah, Mr. BENNETT, and New York, Mr. JAVITS, which have been printed in the RECORD express my views in response to those questions. The Senator from Utah, Mr. BENNETT, and the Senator from New York, Mr. JAVITS, have, through these questions, made a contribution to the proper understanding of the bill, both in the Senate at the time of its passage, and in the banking agencies which will be administering the act when it becomes law.

Other members of the committee, too, especially Senator FREAR and Senator BUSH, have been most helpful in connection with this bill, and I should like to thank them also.

I appreciate particularly the kind words of the majority leader in connection with the passage of S. 1062. He did not underestimate the delays and difficulties which this legislation has met, and I am glad that he is able to take satisfaction in the final passage of the bill.

Description of Each Consolidation, Merger and Purchase and Sale Transaction Approved by the Comptroller of the Currency, May 13-Dec. 31, 1960

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
No. 1—The Atlantic Highlands National Bank, Atlantic Highlands, N.J. (4119), with.....	\$8,493,098	1	-----
and the Monmouth County National Bank, Red Bank, N.J. (2257), which had.....	43,045,118	5	-----
consolidated June 24, 1960, under charter and title of the latter bank (2257). The consolidated bank at date of consolidation had.....	51,538,216	-----	6

Summary of Report by Attorney General

It is not clear from the application papers submitted what the precise area serviced by Atlantic Highlands National is, nor do we know the degree to which Monmouth County National may be competing in that area. Inasmuch as the two banks are only 6 miles distant from each other, it is assumed that they are to some extent in competition and that the proposed consolidation will eliminate that competition.

Basis for Comptroller's Approval

Prior to the enactment of Public Law 86-463 on May 13, 1960, the Comptroller of the Currency had considered this proposed consolidation, and had concluded that it should be approved. Reconsideration of the consolidation under the provisions of Public Law 86-463 led to no change in the conclusion that it would be in the public interest.

Atlantic Highlands, N.J. has a population of 3,100 and the Atlantic Highlands National Bank was the only bank in the town. It is approximately 6 miles north of Red Bank, situated on Raritan Bay and separated from Red Bank by the Navesink River. Therefore, the merging banks did not compete with each other for business in their respective areas to any important degree.

The banking factors involved in the consolidation were favorable. The continuing organization with enlarged resources will be able to provide broader commercial and trust services to the Atlantic Highlands Community and greater management depth and a better capital cushion than could the Atlantic Highlands National Bank.

Description of Each Consolidation, Merger and Purchase and Sale Transaction Approved by the Comptroller of the Currency, May 13-Dec. 31, 1960—Continued

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
No. 2—Maryland Trust Company, Baltimore, Md., with	\$111, 513, 073	9	-----
and Fidelity-Baltimore National Bank, Baltimore, Md.			
(13745), which had	320, 848, 687	26	-----
consolidated June 24, 1960, under charter of the latter bank			
(13745), and title "Baltimore National Bank." The consolidated bank at date of consolidation had	431, 140, 147	-----	35

Summary of Report by Attorney General

The relevant market for analysis of the competitive factors involved in the proposed consolidation of the Maryland Trust Company and Fidelity-Baltimore National Bank is commercial banking in the City of Baltimore and the surrounding suburban area. The appropriateness of this relevant market is based upon the essentially local character of commercial banking, the unique range of financial services offered by the commercial banking system, and the lack of alternatives or substitutes for many commercial banking services. The banks themselves, in their application for permission to consolidate or merge, discuss the competitive aspects of their proposed consolidation in terms of this relevant market.

The consolidation of the Maryland Trust Company and Fidelity-Baltimore National Bank would have the following effects upon competition in commercial banking in the City of Baltimore and the surrounding suburban area:

(1) It would eliminate substantial presently existing competition between the two banks;

(2) It would substantially increase commercial banking concentration to the point where the two largest banks would

account for over 53 percent, and the five largest banks for over 95 percent, of the commercial banking resources in the area. Such an increase in banking concentration constitutes a clear tendency toward monopoly:

(3) It would combine two already large banks—both of which have grown through mergers in recent years—into a new bank which would account for nearly 30 percent of total commercial banking resources in the area and would be substantially larger than its next largest competitor;

(4) It would eliminate a major bank as an independent competitive entity, thereby eliminating an alternative source of commercial banking services.

The proposed consolidation is not necessary to the maintenance of the competitive ability of either of the banks, both of which have expanded their branch banking systems and have increased their earnings in recent years. Neither would the consolidation help to maintain vigorous banking competition. On the contrary, the effects described above can only be expected to substantially decrease the vigor of competition, and to create a tendency toward monopoly, in the commercial banking system in the Baltimore area.

Basis for Comptroller's Approval

Prior to the enactment of Public Law 86-463 on May 13, 1960, the Comptroller of the Currency had given his approval to this proposed consolidation, and all preliminary steps necessary and incident to it had been taken, up to the final step of physically putting the two banks together. In reliance upon the approval of the Comptroller of the Currency the banks had made all plans necessary to consolidate on May 27, 1960.

A reconsideration of the consolidation under the provisions of Public Law 86-463, led to no change in the conclusion that it would be in the public interest. A careful reevaluation of the effect upon competition led to the conclusion that the adverse effect upon competition flowing from the consolidation would not reach significant proportions, and that there was no basis for a determination that the consolidation would result in any tendency toward monopoly.

By this consolidation there was eliminated 1 of 14 competitors, 1 of 20 competitors with savings banks included, in the Baltimore area; and there resulted an increase in size of 1 competitor from 21 to 29 percent of total resources among commercial banks and from 15 to 20 percent of total resources among commercial and savings banks. There remains competition to the resulting bank from a competitor having 24 percent of the total resources among commercial banks and 17 percent of the total resources among commercial and savings banks. Other competitors range from 17 to 11 percent of commercial bank resources and from 13 to 7 percent of commercial and savings bank resources. It appears clear that there would be no tendency toward monopoly.

In *Transamerica Corp. v. Board of Governors* (C.A. 3, 1953), 206 F. 2d 163, 169, the Court, in dealing with the question of what constitutes a tendency toward monopoly stated:

A monopoly involves the power to raise prices or to exclude competition when the monopolist desires to do so. Obviously, under section 7 it was not necessary for the Board to find that Transamerica has actually achieved monopoly power but merely that the stock acquisitions under attack have brought it measurably closer to that end.

To a like effect see the report of the Attorney General's National Committee to Study the Antitrust Laws, p. 124.

The Baltimore National Bank did not by this consolidation move "measurably closer" to the monopoly power of being able to raise prices or to exclude competition when and if it should desire to do so. It remains only 1 of 13 commercial banks and 20 commercial and savings banks. Four of the commercial banks, and 3 of the savings banks have resources in excess of \$100 million each, and are quite capable of furnishing effective competition. There is no basis in law for a conclusion that this consolidation would result in a tendency toward monopoly.

All of the banking factors involved in this consolidation were favorable. Baltimore is the 7th largest city in the country and ranks 13th in population in terms of metropolitan area. Its largest bank, however, ranked only 93d in size among commercial banks, and the consolidated bank ranks only 72d. None of the Baltimore banks is yet in a position to be an effective competitor at the national level. Baltimore, in view of its size, needs and should have some large banks. Commercial banking has to some extent lagged behind other industries in growth. It is essential that commercial banks be permitted to grow where that can be done soundly without adverse effect upon the services rendered to the public.

Description of Each Consolidation, Merger and Purchase and Sale Transaction Approved by the Comptroller of the Currency, May 13-Dec. 31, 1960—Continued

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
No. 3—Shiremanstown State Bank, Shiremanstown, Pa., with and The Harrisburg National Bank, Harrisburg, Pa. (580), which had.....	\$1, 528, 633	1	-----
merged June 24, 1960, under charter and title of the latter bank (580). The merged bank at date of merger had.....	42, 275, 167	3	-----
	46, 803, 800	-----	4

Summary of Report by Attorney General

The Shiremanstown State Bank, Shiremanstown, Pa., and the Harrisburg National Bank, Harrisburg, Pa., propose to consolidate their banking businesses. This consolidation, although eliminating some competition as between the two banks, would not appear to reduce competition significantly within the general banking area.

Basis for Comptroller's Approval

Prior to the enactment of Public Law 86-463 on May 13, 1960, the Comptroller of the Currency had considered this proposed merger, and had concluded that it should be approved. Reconsideration of

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the merger under the provisions of Public Law 86-463 led to no change in the conclusion that it would be in the public interest.

Shiremanstown State Bank had recently lost its managing officer. In addition, its size had precluded it from adequately serving the banking needs of its area. The much larger merged bank would be better able to do so. There was no significant adverse effect upon competition.

Description of Each Consolidation, Merger and Purchase and Sale Transaction Approved by the Comptroller of the Currency, May 13-Dec. 31, 1960—Continued

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
No. 4—The First National Bank of Kings Mountain, N.C. (5451), with	\$3, 676, 241	1	-----
and First Union National Bank of North Carolina, Charlotte, N.C. (9164), which had	145, 763, 838	27	-----
merged June 24, 1960, under charter and title of the latter bank (9164). The merged bank at date of merger had	149, 171, 396	-----	28

Summary of Report by Attorney General

Merger of the First National Bank of Kings Mountain, Kings Mountain, N.C., into First Union National Bank of North Carolina, Charlotte, N.C.

This is the merger of the only bank in a community of 7,200 into a bank with 28 offices covering a wide area of the State. The merged bank has total resources of slightly more than \$4 million. The acquiring bank, with resources of approximately \$152 million is the fifth largest bank in the State. Its share of the total assets held by all commercial banks in the State would increase less than one percent.

There does not appear to be any substantial lessening of competition.

Basis for Comptroller's Approval

Prior to the enactment of Public Law 86-463 on May 13, 1960, the Comptroller of the Currency had considered this proposed merger, and had concluded that it should be approved. Reconsideration of the merger under the provisions of Public Law 86-463 led to no change in the conclusion that it would be in the public interest.

As a result of the merger the industries in the Kings Mountain area will have available the expanded resources of the First Union National Bank of North Carolina and the merged bank will not be vulnerable to the seasonal fluctuations of bank deposits experienced by the First National Bank of Kings Mountain. Also, the merged bank will be in a much stronger position to supply the credit needs of the people of both the Piedmont area as well as eastern and western North Carolina.

All the banking factors involved in the merger were favorable and there appeared to be no adverse effect on competition in the banking areas of the merging banks.

Description of Each Consolidation, Merger and Purchase and Sale Transaction Approved by the Comptroller of the Currency, May 13-Dec. 31, 1960—Continued

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
No. 5—The Thomaston National Bank, Thomaston, Maine (1142), with.....	\$3, 558, 937	1	-----
The First National Bank of Bath, Maine (2743), with.....	3, 529, 925	1	-----
and First National Bank of Portland, Maine (4128), which had.....	70, 880, 647	10	-----
merged June 24, 1960, under charter and title of the last-named bank (4128). The merged bank at date of merger had.....	77, 969, 509	-----	12

Summary of Report by Attorney General

The merger of the First National Bank of Bath, Bath, Maine, into First National Bank of Portland, Portland, Maine, would tend toward monopoly and seriously diminish competition in commercial banking in Bath. It would also have some adverse effect in Sagadahoc County generally. First National Bank of Portland has recently acquired one of the three banking offices in Bath. Its acquisition of another bank in Bath would increase its present share of total assets by 32.84 percent (to 63.28 percent), its share of deposits by 31.70 percent (to 60.47 percent), and its share of loans by 24.74 percent (to 50.78 percent). Thus, concentration in commercial banking in Bath would increase and existing competition would be permanently eliminated.

The merger of The Thomaston National Bank, Thomaston, Maine, into First National Bank of Portland would have some adverse effect on competition in commercial banking in the Town of Thomaston and in Knox County generally. First National Bank of Portland, with a recently acquired (by merger) office in Rockland in Knox County, is presently in competition with The Thomaston National Bank in Thomaston, and Knox County generally. That competition would be eliminated, but probably with less serious effects than would flow from the Bath merger because First National Bank of Portland does not have a branch in Thomaston itself.

Basis for Comptroller's Approval

Prior to the enactment of Public Law 86-463 on May 13, 1960, the Comptroller of the Currency had considered this proposed merger, and had concluded that it should be approved. Reconsideration of the merger under the provisions of Public Law 86-463 led to no change in the conclusion that it would be in the public interest.

Both of the banks merging into the First National Bank of Portland were very small and each had potential management problems.

Bath is located 35 miles northeast of Portland, situated in a trade area of 40,000. Thomaston is located 75 miles northeast of Portland in a trade area estimated at 30,000. Therefore, the merger would not affect competition in the Portland area. While the First National

institution has only 13.1 percent of the commercial and savings banks deposits in the Bath area. Further, the First National Bank of Bath had only 28 percent of its assets invested in loans and discounts as compared to 56 percent for the First National Bank of Portland.

Prior to the merger, First National Bank of Portland had a branch located 4 miles from Thomaston. However, the merged institution has only 29.8 percent of the commercial and savings bank deposits in the Thomaston area and introduced to Thomaston expanded services, including a trust department, as well as the benefits of a larger management staff.

Description of Each Consolidation, Merger and Purchase and Sale Transaction Approved by the Comptroller of the Currency, May 13-Dec. 31, 1960—Continued

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
No. 6—Union Trust Company of New Castle, Pa., with.....	\$9, 116, 804	1	-----
and First National Bank of Lawrence County at New			
Castle, Pa. (562), which had.....	21, 390, 346	2	-----
consolidated June 30, 1960, under charter and title of the			
latter bank (562). The consolidated bank at date of			
consolidation had.....	28, 107, 150	-----	2

Summary of Report by Attorney General

The First National Bank of Lawrence County at New Castle, Pa. (FNB), and the Union Trust Company (Union), also at New Castle, propose to consolidate their banking businesses. If this consolidation is effected, whatever competition now exists with respect to commercial and homeowner loans will be eliminated. Also to be considered is the competition which will be eliminated between the banks with respect to deposits by corporations, small business, individuals, and farm owners.

FNB is presently the second largest bank in Lawrence County. The proposed consolidation would place it in first position, only slightly ahead of its next competitor, but substantially ahead of the third bank and the remaining smaller banks in the county. Thus the proposed merger may well lead to applications on the part of smaller banks to merge in order to effectively compete with the largest bank in the competitive areas.

Finally, it is to be noted that FNB and Union have been under common ownership and have had common directors and officers for a number of years.

Basis for Comptroller's Approval

Prior to the enactment of Public Law 86-463 on May 13, 1960, the Comptroller of the Currency had considered this proposed consolidation, and had concluded that it should be approved. Reconsideration of the consolidation under the provisions of Public Law 86-463 led to no change in the conclusion that it would be in the public interest.

For many years all of the outstanding shares of stock of the First National Bank, with the exception of the directors' qualifying shares, had been owned by the Union Trust Company, the two banks occupied adjoining buildings, the two banks had identical boards of directors, and some of the same officers including President Hoyt serving both banks. Thus the consolidation combined formally a parent corporation and its wholly owned subsidiary and could not be said to have an adverse effect upon competition.

The banking factors involved in the consolidation were favorable. It was in the public interest that these two closely affiliated institutions under identical management and control should be combined into a single bank.

Description of Each Consolidation, Merger and Purchase and Sale Transaction Approved by the Comptroller of the Currency, May 13-Dec. 31, 1960—Continued

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
No. 7—American Commercial Bank, Charlotte, N.C., with—	\$264, 875, 995	17	-----
and Security National Bank of Greensboro, N.C. (13761),	197, 039, 852	24	-----
which had			
consolidated June 30, 1960, under charter of the latter bank			
(13761) and title "North Carolina National Bank,"			
Charlotte, N.C. The consolidated bank at date of			
consolidation had	457, 111, 165	-----	41

Summary of Report by Attorney General

American Commercial Bank is the second largest bank and Security National Bank is the fourth largest bank in the State of North Carolina. Among 22 banks which are considered competitive, the 2 banks would have more than 26 percent of capital funds and 26 percent of deposits and more than 25 percent of loans. Among the 22 banks, the 4 largest, including the consolidated bank, would have 79 percent of capital funds, 83 percent of deposits, and 83 percent of loans.

American Commercial operates 14 offices in Charlotte and 3 in Raleigh. Security National operates 11 offices in Greensboro, 1 in Guilford, 1 in Wilmington, and 2 in Durham. Both banks now operate in Raleigh where the consolidated bank would have 7 of 19 banking offices. The consolidated bank would have 41 of 119 offices in the area which it considers as competitive, or 34.4 percent of total offices in the area.

Both banks make the same kind of loans. There is direct competition between them in the making of loans and the securing of deposits. Both banks also offer a full line of trust services. The consolidation would mean the elimination of competition between the banks, and the lessening of potential and existing competition to a serious degree.

It appears as a reasonable probability that, were this consolidation to be approved, the tendency toward monopoly in North Carolina would be increased.

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Basis for Comptroller's Approval

Prior to enactment of Public Law 86-463 on May 13, 1960, the Comptroller of the Currency had given his preliminary approval to this proposed consolidation. A reconsideration of the consolidation under the provisions of Public Law 86-463, led to no change in the conclusion that it would be in the public interest. A study of the effect of this consolidation upon competition led to the conclusion that it would have no adverse effect upon competition, and that it would not tend toward monopoly.

The American Commercial Bank had 13 offices in Charlotte and 3 in Raleigh. It operated in no other cities. The Security National Bank operated in 7 cities including Raleigh but not including Charlotte. It had 11 branches in Greensboro, 4 in Raleigh, 2 each in High Point, Burlington, and Durham and 1 each in Wilmington and Tarboro. The closest branches of the Security National Bank to Charlotte were at High Point, approximately 80 miles distant, and the closest branches of the American Commercial to Greensboro were in Raleigh, also 80 miles distant. The 2 banks were in direct competition only in Raleigh, where the 2 banks combined had 7 offices and approximately 15 percent of the total deposits held by all bank offices in Raleigh. The Wachovia Bank & Trust Company, the largest bank in North Carolina, had 5 offices in Raleigh with 45 percent of the total deposits. Less than 17 percent of the total deposits held by the Security National Bank were held in its offices in Raleigh and less than 4 percent of the total deposits held by the American Commercial National Bank were in its branches in Raleigh.

To the extent that the business of the two banks was local, there was no competition between them except in Raleigh, where, as indicated above, neither had a substantial portion of its business, nor did they in combination have a significant portion of the bank business. Moreover, the City of Raleigh was to some extent overbanked, and it was felt that the combination of the offices of these two banks would improve the banking situation in that city.

It did not appear that there was any significant competition between the two banks at the State or regional level, although there may have been some such competition. The American Commercial Bank, being located in a reserve city, was more heavily engaged in sectional business than was the Security National Bank. It had correspondent bank accounts of approximately \$67 million while the Security National Bank had such accounts aggregating only \$3 million.

In the State of North Carolina the largest bank is the Wachovia Bank & Trust Company, which had total resources in excess of \$658 million at the end of 1959, and was the 41st largest bank in the United States. The consolidated bank resulting from this consolidation would have combined resources of approximately \$433 million, and would be the second largest bank in North Carolina. In North Carolina statewide branch banking is permitted and the consolidated bank would be in competition with Wachovia Bank & Trust Company in seven of the eight cities in which it would have branches. It would have approximately 14 percent of the total banking resources in the State of North Carolina as compared to 21 percent for the Wachovia Bank & Trust Company. The consolidated bank with

its greater resources would be better able to offer greater competition to the Wachovia Bank & Trust Company.

There would be no adverse effect upon competition flowing from this merger, and the consolidated national bank would not by this consolidation have, in the language of the Court of Appeals for the Third Circuit, "moved measurably toward monopoly power," *Transamerica Corp. v. Board of Governors* (C.A. 3, 1953), 206 F. 2d 169; hence, there was no tendency toward monopoly.

All of the banking factors involved in this consolidation were favorable. It was found that the convenience and needs of the growing and increasingly industrial State of North Carolina would be beneficially served by this consolidation. The banks had received letters from the Governor of North Carolina, from the State treasurer, and from the Commissioner of Banks, all to the effect that the consolidation would be beneficial to the State.

Description of Each Consolidation, Merger and Purchase and Sale Transaction Approved by the Comptroller of the Currency, May 13—Dec. 31, 1960—Continued

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
No. 8—The State Bank of West Terre Haute, Ind., with.....	\$4, 985, 713	1	-----
and Terre Haute First National Bank, Terre Haute, Ind.,			
(47), which had.....	60, 029, 778	4	-----
merged June 30, 1960, under charter and title of the latter			
bank (47). The merged bank at date of merger had....	65, 015, 491	-----	5

Summary of Report by Attorney General

The proposed merger of two of the four commercial banks presently serving Vigo County, Ind., would eliminate the smallest of the four banks although it has been an effective and steadily growing competitor, and would further enhance the already dominant position of the acquiring bank. The resulting bank would be twice the size of its next largest competitor and six times the size of its third competitor, and would control about 60 percent of the commercial bank loans, deposits, and total resources in Vigo County, Ind.

Basis for Comptroller's Approval

Prior to the enactment of Public Law 86-463 on May 13, 1960, the Comptroller of the Currency had considered this proposed merger and had concluded that it should be approved. Reconsideration of the merger under the provisions of Public Law 86-463 led to no change in the conclusion that it would be in the public interest. State officials had recommended to the State Bank of West Terre Haute that it give active consideration to merging with one of the Terre Haute Banks.

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The State Bank of West Terre Haute was in unsatisfactory condition, it had serious asset problems, its future earnings prospects were poor, and it offered only limited banking services in West Terre Haute. The Terre Haute First National Bank was prepared to offer a full line of banking services in that community.

Description of Each Consolidation, Merger and Purchase and Sale Transaction Approved by the Comptroller of the Currency, May 13-Dec. 31, 1960—Continued

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
No. 9—The Brookville State Bank, Brookville, Kans., with... and The Farmers National Bank of Salina, Kans. (4742), which had.....	\$1, 046, 204	1	-----
merged June 30, 1960, under charter and title of the latter bank (4742). The merged bank at date of merger had...	13, 847, 953	1	-----
	14, 589, 337	-----	1

Summary of Report by Attorney General

The Brookville State Bank is the only bank in Brookville, Kans. Since it is proposed to close this banking office, and since this bank and the Farmers National Bank are now both serving the City of Salina and surrounding area, the proposed merger would deprive Brookville of its only banking office, would eliminate a bank now competing in both the Brookville and Salina areas, and would eliminate existing competition between The Brookville State Bank and The Farmers National Bank in Salina and the surrounding area. It would also eliminate potential competition between the two banks in Brookville and the surrounding area which might arise if The Farmers National Bank should seek accounts there without absorbing The Brookville State Bank. The competition eliminated does not appear to be substantial.

Basis for Comptroller's Approval

Prior to the enactment of Public Law 86-463 on May 13, 1960, the Comptroller of the Currency had considered this proposed merger, and had concluded that it should be approved. Reconsideration of the merger under the provisions of Public Law 86-463 led to no change in the conclusion that it would be in the public interest.

This was a merger of a State bank of limited resources and growth potential, located in a small agricultural community of 250 population with a larger national bank situated in a growing city favored by an expanding economy. The Brookville bank because of its size was unable to generate significant earnings. The banking needs of Brookville could be adequately served by the Salina banks, and the merger would result in no significant adverse effect upon competition.

Description of Each Consolidation, Merger and Purchase and Sale Transaction Approved by the Comptroller of the Currency, May 13-Dec. 31, 1960—Continued

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
No. 10—Woodburn State Bank, Woodburn, Ind., with----- and Fort Wayne National Bank, Fort Wayne, Ind. (13818), which had----- merged June 30, 1960, under charter and title of the latter bank (13818). The merged bank at date of merger had..	\$4,891,736 91,619,943 96,217,940	1 4 -----	----- ----- 5

Summary of Report by Attorney General

The Attorney General has reported to the Comptroller of the Currency that the above merger will have no significant adverse competitive effect on the banking business in Fort Wayne and will probably enable the resulting bank to compete more vigorously with Fort Wayne's largest bank, the Lincoln National Bank and Trust Company, for banking business in the nearby New Haven-Woodburn area. The merger could adversely affect five area banks which presently compete with the Woodburn State Bank. For the resulting bank will have more than eight times the combined assets of the area banks, much greater lending authority and be able to furnish a complete line of banking-trust services which almost none of the area banks can match. However, such competitive consequences are not sufficiently predictable now to warrant our conclusion that the proposed acquisition would adversely affect competition.

Basis for Comptroller's Approval

Prior to the enactment of Public Law 86-463 on May 13, 1960, the Comptroller of the Currency had considered this proposed merger, and had concluded that it should be approved. Reconsideration of the merger under the provisions of Public Law 86-463 led to no change in the conclusion that it would be in the public interest.

Fort Wayne is the county seat of Allen County and the third largest city in Indiana and is located in the northeast section of the State. The present population of Fort Wayne is approximately 145,000 and it is an industrial city and the trading center of a fertile agricultural region. Woodburn is 18 miles east of Fort Wayne and has an estimated population of 800. The economy of Woodburn is nearly completely dependent on the surrounding, highly productive farmlands as the small town has no industry. Because of the geographic separation of Fort Wayne National Bank and its branches from Woodburn State Bank, and because of the markedly different character of the separate communities in which the banks were located, it was determined that there was virtually no competition between Fort Wayne National Bank and Woodburn State Bank. Further, the banking factors involved appear favorable.

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Description of Each Consolidation, Merger and Purchase and Sale Transaction Approved by the Comptroller of the Currency, May 13-Dec. 31, 1960—Continued

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
No. 11—The First National Bank of Greenport, N.Y. (334), with			
and Valley Stream National Bank and Trust Company, Valley Stream, N.Y. (11881), which had	\$5,658,689	2	-----
merged July 8, 1960, under charter of the latter bank (11881), and title "Valley National Bank of Long Island." The merged bank at date of merger had	45,074,807	5	-----
	50,733,495	-----	7

Summary of Report by Attorney General

The First National Bank of Greenport operates two offices on the eastern end of Long Island, in Suffolk County, about 85 miles east of Valley Stream. It has total resources of approximately \$5,494,000, loans and discounts of approximately \$2,276,000, deposits of approximately \$4,959,000, and capital funds of approximately \$435,000. A competitor, which operates a branch in Greenport, has total resources of approximately \$14,104,000.

Valley Stream National Bank and Trust Company operates four offices in Nassau County, close to the New York City line. It has total assets of approximately \$48,100,000, loans and discounts of approximately \$21,214,000, deposits of approximately \$43,200,000, and capital funds of approximately \$2,900,000.

On Long Island the 2 largest banks operate together more than 70 offices and have total resources of more than \$1 billion. In Nassau County there are about 105 banking offices.

The newly enacted banking act in New York State will permit the New York City banks to expand either by merger or formation of a holding company, into Nassau County but not into Suffolk County. The resulting bank will remain as a competitive force in banking in Long Island.

The merger will apparently not result in seriously adverse competitive effects.

Basis for Comptroller's Approval

Prior to the enactment of Public Law 86-463 on May 13, 1960, the Comptroller of the Currency had considered this proposed merger and had concluded that it should be approved. Reconsideration of the merger under the provisions of Public Law 86-463 led to no change in the conclusion that it would be in the public interest.

Because of the distance between the merging banks, the merger would not materially affect the competitive situation in either of the banking areas. However, the merger would serve to provide better banking service in Greenport.

Description of Each Consolidation, Merger and Purchase and Sale Transaction Approved by the Comptroller of the Currency, May 13-Dec. 31, 1960—Continued

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
No. 12—The Peoples Bank of Tiltonville, Tiltonville, Ohio, with	\$2, 047, 774	1	
and The First National Bank and Trust Company in Steubenville, Ohio (2160), which had	52, 081, 192	5	
consolidated July 15, 1960, under charter and title of the later bank (2160). The consolidated bank at date of consolidation had	54, 142, 364		6

Summary of Report by Attorney General

The First National Bank and Trust Company of Steubenville, Steubenville, Ohio (FNB), and the Peoples Bank of Tiltonville, Tiltonville, Ohio (Peoples Bank), propose to consolidate their banking businesses.

On the basis of information presently before us, the competition eliminated between FNB and Tiltonville as a result of this consolidation does not appear to be substantial. It appears, however, that this proposed consolidation is another in a pattern of consolidations and mergers in which FNB has engaged, directed to eliminating the smaller banks in Jefferson County and increasing the dominance of FNB in its competitive area, which may, if continued, have a substantial adverse effect on competition.

Basis for Comptroller's Approval

Prior to enactment of Public Law 86-463 on May 13, 1960, the Comptroller of the Currency had given his preliminary approval to this proposed consolidation. A reconsideration of the consolidation under the provisions of Public Law 86-463 led to no change in the conclusion that it would be in the public interest.

Steubenville has a population of approximately 39,000 and is the county seat of Jefferson County, Ohio. It has 3 banks. Tiltonville is a village of approximately 2,000 persons located 16 miles to the south of Steubenville and the Peoples Bank is the only banking office in the village. There is a small bank at Yorkville, a community of 1,850 people just south of Tiltonville, with total resources of less than \$2 million. The total resources of the First National Bank and Trust Company were in excess of \$52 million, while the total resources of the Peoples Bank were less than \$2 million. There was no substantial competition between these two institutions.

All the banking factors involved in this consolidation were favorable. The establishment of an office of the First National Bank and Trust Company in Tiltonville will better serve the needs of the Tiltonville area because of the broader services and greater lending capacity which it offers. The Peoples Bank of Tiltonville had confined its lending activities to real estate mortgages, consumer credit and a small amount of commercial loans.

Description of Each Consolidation, Merger and Purchase and Sale Transaction Approved by the Comptroller of the Currency, May 13-Dec. 31, 1960—Continued

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
No. 13—The Essex National Bank, Essex, Conn. (8936), with was purchased July 18, 1960, by Hartford National Bank and Trust Company, Hartford, Conn. (1338), which had. After the purchase was effected the receiving bank had....	\$3, 144, 694 437, 417, 621 439, 907, 430	1 24	----- ----- 25

Summary of Report by Attorney General

The Hartford National Bank and Trust Company, Hartford, Conn., proposes to purchase the assets and assume the liabilities of the Essex National Bank, Essex, Conn.

Hartford National is the largest bank in Connecticut. It operates 24 offices, which are located in the greater Hartford area and in Colchester, Farmington, Manchester, Middletown, Mystic, New London, Niantic, Norwich, Old Saybrook, Stonington, Torrington, Wethersfield, and Windsor. As of March 15, 1960, Hartford National had total assets of \$433,065,000, loans and discounts of \$197,625,000, deposits of \$377,406,000 and capital funds of \$38,888,000.

Essex National is one of two commercial banks in the Town of Essex. The other is a branch of Riverside Trust Company of Hartford. Essex, as of March 15, 1960, had total assets of \$3,014,000, loans and discounts of \$1,135,000, deposits of \$2,546,000, and capital funds of \$356,000.

Essex has no trust powers. Hartford's trust department administers trust funds with book value of more than \$650 million, including more than 60 accounts in the Essex-Old Lyme area with a book value of approximately \$9 million.

Hartford National has about 8 percent of the total assets, deposits, and capital accounts of all banks in the State. Its capital account of \$38,888,000 is more than 10 times that of Riverside Trust Company, which operates the other bank in Essex.

In view of the special circumstances which exist with respect to the management of this bank, its acquisition by Hartford National does not appear to be one which will have a significant adverse effect on competition.

Basis for Comptroller's Approval

At the time of this transaction the Essex National Bank had a severe management problem, and was actually being managed by an officer on loan from the Hartford National Bank. In addition, the transaction would provide Essex with increased banking services because of the larger resources of the Hartford National Bank.

Description of Each Consolidation, Merger and Purchase and Sale Transaction Approved by the Comptroller of the Currency, May 13-Dec. 31, 1960—Continued

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
No. 14—The Farmers National Bank of Pennsburg, Pa. (2334), with	\$3,300,715	1	-----
and The Peoples National Bank of Norristown, Pa. (2581) which had	23,478,916	5	-----
consolidated July 29, 1960, under charter of the latter bank (2581), and title "The Peoples National Bank and Trust Company of Norristown." The consolidated bank at date of consolidation had	26,779,632	-----	6

Summary of Report by Attorney General

The Peoples National Bank, with assets of \$23,361,000, operates five offices in and around Norristown in southern Montgomery County. Farmers National Bank, with assets of \$3,604,000, operates one office in Pennsburg, about 25 miles northwest. In the Pennsburg area, Farmers National is the smallest of four competing banks. In Norristown, Peoples National competes against Montgomery County Bank and Trust Company, with assets of \$95,830,000 and 10 offices, and a branch office of Philadelphia National Bank, which has assets of more than \$1 billion.

It does not appear that the consolidation of these two banks will have an adverse effect on competition in banking in Montgomery County.

Basis for Comptroller's Approval

The Farmers National Bank of Pennsburg had loan and liquidity problems of serious proportions.

Description of Each Consolidation, Merger and Purchase and Sale Transaction Approved by the Comptroller of the Currency, May 13-Dec. 31, 1960—Continued

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
No. 15—The Rye National Bank, Rye, N.Y., (5662) with	\$28,337,312	2	-----
and National Bank of Westchester, White Plains, N.Y. (10525), which had	181,411,789	19	-----
consolidated July 29, 1960, under charter and title of the latter bank (10525). The consolidated bank at date of consolidation had	209,749,101	-----	21

Summary of Report by Attorney General

The consolidation of the National Bank of Westchester, White Plains, N.Y., and the Rye National Bank, Rye, N.Y., would not have a substantial adverse effect on competition in the areas served

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by these banks. No substantial presently existing competition would be eliminated by the consolidation since none of the National Bank of Westchester's offices are located in the communities in which the Rye National Bank's two offices are located. Although the consolidation would result in an increase in the size of the second largest bank in Westchester County, the recent changes in the New York State banking law, which enables New York City commercial banks to establish branches in Westchester County, may be expected to minimize such adverse competitive effects as might result from the consolidation.

Basis for Comptroller's Approval

The consolidated bank would be better able to service the convenience and needs of Rye and Harrison (where the Rye National Bank operated a branch) than was the Rye National Bank which had insufficient loanable funds. There was no substantial existing competition between the two banks.

In addition, under the New York Omnibus Banking law enacted in 1960, New York City commercial and savings banks are permitted to establish branches in Westchester County thus making that county in effect a part of New York City for the purposes of competitive considerations.

Description of Each Consolidation, Merger and Purchase and Sale Transaction Approved by the Comptroller of the Currency, May 13-Dec. 31, 1960—Continued

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
No. 16—The Washington National Bank, Washington, Kans. (3167), with			
was purchased Aug. 6, 1960, by The First National Bank of Washington, Kans. (2912), which had	\$1, 439, 445	1	-----
After the purchase was effected the receiving bank had....	2, 287, 000	1	-----
	3, 719, 000	-----	1

Summary of Report by Attorney General

The Washington National Bank and First National Bank of Washington are the only banks in the Town of Washington, Kans., and are the largest of the 10 banks in Washington County. Both banks, however, are very small having combined deposits of only \$4,086,000. Furthermore, the population of both the county and town of Washington have decreased greatly since the turn of the century, the population of the county having decreased from 20,000 to 10,500 during the last 40 years and the population of the town having decreased from 2,500 to 1,500.

According to the application submitted by the banks, the management of the Washington National Bank, due to a desire to reduce the volume of work handled, has recently decreased the activities of the bank and the only two managing officers of the bank have recently retired.

For the foregoing reasons, it is our conclusion that the proposed purchase of assets and assumption of liabilities of the Washington National Bank by the First National Bank of Washington would not have a substantial adverse effect on competition.

Basis for Comptroller's Approval

Washington is the county seat of Washington County and both the town and county have experienced a steady decline in population which is attributable to agricultural mechanization and the expansion of farm units. Further while these were the only two banks in the town of Washington, little competition was experienced from the selling bank due to the age, dissension, and restrictive policies of the former owner managers of that bank. Their decision to retire from the banking business left the bank without management.

Description of Each Consolidation, Merger and Purchase and Sale Transaction Approved by the Comptroller of the Currency, May 13—Dec. 31, 1960—Continued

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
No. 17.—The Bank of Mid-America Savings and Trust Company, Oklahoma City, Okla., with.....	\$7,591,706	1	-----
and the Liberty National Bank and Trust Company of Oklahoma City, Okla. (11230), which had.....	190,656,247	1	-----
merged Aug. 12, 1960, under charter and title of the latter bank (11230). The merged bank at date of merger had..	197,114,372	-----	1

Summary of Report by Attorney General

The Bank of Mid-America, established in 1957, would be merged into the Liberty National Bank and Trust Company. Mid-America has total resources of \$9,291,000, deposits of \$7,974,000, and capital funds of \$1,250,000, and represents slightly more than 1 percent of the banking business among the 15 banks in the Oklahoma City area. Liberty National has total resources of \$209,506,000, deposits of \$171,484,000, and capital funds of \$15,022,000, and represents approximately 29 percent of the banking business in the area. The merger, while it would mean the disappearance of the newest bank in downtown Oklahoma City, would not appear to have a materially adverse effect on competition in banking in Oklahoma City.

Basis for Comptroller's Approval

This was an acquisition by the second largest bank in Oklahoma City of the smallest bank in the central part of the city. The latter had only slightly more than 1 percent of the banking business in Oklahoma City and had not grown as had been anticipated at the time of its organization in 1957. The banking factors were favorable and there was no significant adverse effect on competition.

Description of Each Consolidation, Merger and Purchase and Sale Transaction Approved by the Comptroller of the Currency, May 13-Dec. 31, 1960—Continued

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
No. 18—Indiana Trust and Savings Bank of Evansville, Ind., with	\$5,620,841	1	-----
and Old National Bank in Evansville, Ind. (12444), which had	77,048,840	5	-----
consolidated Sept. 2, 1960, under charter and title of the latter bank (12444). The consolidated bank at date of consolidation had	82,585,013	-----	6

Summary of Report by Attorney General

The Department of Justice reports that while the elimination of Indiana Trust, Evansville's next to the smallest bank, as a competitor and the corresponding increase in the share of the banking business of Old National, Evansville's largest bank, do not appear at present to have a significant anticompetitive effect, the consolidation may trigger a chain reaction of mergers and consolidations among Evansville's other four banks so that only three banks may remain in Evansville instead of the present six. The consolidation under review may, then, have the effect of increasing the tendency to monopoly and concentration in banking in Evansville.

Basis for Comptroller's Approval

This was a consolidation of a small bank with limited potential into a much larger bank. The banking factors were favorable and it was our conclusion that there would be no significant effect upon competition.

Description of Each Consolidation, Merger and Purchase and Sale Transaction Approved by the Comptroller of the Currency, May 13-Dec. 31, 1960—Continued

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
No. 19—The First National Bank of Elmwood Place, Ohio (6314), with	\$5,833,398	1	-----
was purchased Sept. 2, 1960, by The First National Bank of Cincinnati, Ohio (24), with	457,113,000	19	-----
After the purchase was effected the receiving bank had	462,178,000	-----	20

Summary of Report by Attorney General

Commercial banking in Cincinnati and Hamilton County has become increasingly concentrated in the past decade, and First National has contributed materially to this concentration through

consolidations. Thus, as of June 30, 1950, Cincinnati had 12 banks with a total of \$967,355,218 in assets. As of December 31, 1959, while total assets had increased to \$1,348,780,663, the number of banks was reduced to six. The number of banks in the county was reduced from 21 to 11. During this period, First National of Cincinnati acquired five commercial banks (and one savings bank) in Hamilton County, two of which were in Cincinnati. The following table shows the respective shares of Hamilton County assets, deposits and loans, for these five banks and First National of Cincinnati 10 years ago, and for First National of Cincinnati today:

	First National of Cincinnati		5 banks acquired
	1950	1960	1950
	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>
Assets.....	20.33	32.88	12.27
Deposits.....	20.42	33.40	12.81
Loans and discounts.....	28.13	32.71	13.22

The county shares of First National of Elmwood Place in 1950 and today are:

	Assets	Deposits	Loans and discounts
	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>
1950.....	0.28	0.29	0.34
1960.....	.40	.41	.39

First National of Cincinnati thus has already absorbed five banks with well over 10 percent of the county's banking business. In so doing, it has already substantially reduced competition in Hamilton County, and has substantially increased its share of the county's commercial banking business largely, if not entirely, through consolidations rather than internal growth. The proposed acquisition cannot be considered aside from the earlier history of mergers, but must be viewed as a continuation of an existing process of concentration of commercial banking in Hamilton County. As such, it will further continue the trend toward fewer and fewer independent sources of banking services in Hamilton County and the surrounding area, and would continue the tendency to monopoly in commercial banking in Hamilton County.

Basis for Comptroller's Approval

Elmwood Place has a population of approximately 4,000 and is surrounded on 3 sides by the city of Cincinnati. The First National Bank of Elmwood Place did not have adequate lending powers to meet the credit needs of the many industries in the area. As a result of its absorption by the First National Bank of Cincinnati, a wider range of services would be offered to the Elmwood Place area including a

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trust department, an international banking department, a complete line of consumer-credit facilities, corporation-loan facilities, collection facilities, and a bond-trading department.

As a result of the purchase, the relative size of the First National Bank of Cincinnati was increased very slightly and its competitive status was not changed significantly in relation to the other banks in the community. Prior to the sale, the First National Bank of Elmwood Place was the only bank in the community and by the substitution of a branch of the larger institution it was anticipated that competition would increase in the area.

Description of Each Consolidation, Merger and Purchase and Sale Transaction Approved by the Comptroller of the Currency, May 13-Dec. 31, 1960—Continued

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
No. 20—The Bergenfield National Bank and Trust Company, Bergenfield, N.J. (11368), with-----	\$19, 716, 446	2	-----
and Citizens National Bank of Englewood, N.J. (4365), which had-----	46, 596, 286	2	-----
consolidated Sept. 23, 1960, under charter and title of the latter bank (4365). The consolidated bank at date of consolidation had-----	66, 312, 731	-----	4

Summary of Report by Attorney General

The consolidation of Citizens National Bank of Englewood and Bergenfield National Bank and Trust Company would unite the second and sixth largest banks among nine in the area without any change in position of the remaining banks. The proposal was initiated by the smaller bank which believed its cost of operation was high in comparison to its competitors. Competition eliminated as a result of the consolidation does not appear to be substantial in view of the nature of the geographic area served and the competition afforded by New York City banks for the business of commuters.

Basis for Comptroller's Approval

Unsatisfactory earnings and inability to effect needed economies were the principal causes for the proposal by the Bergenfield bank to consolidate. Because of the character of the communities served and the competitive conditions existing in the area, the direct competition between the consolidating banks appeared to be negligible.

Description of Each Consolidation, Merger and Purchase and Sale Transaction Approved by the Comptroller of the Currency, May 13-Dec. 31, 1960—Continued

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
No. 21—City Bank and Trust Company, Macon, Ga., with... and the Citizens & Southern National Bank, Savannah, Ga. (13068), which had.....	\$7, 195, 246	1	-----
consolidated Sept. 23, 1960, under charter and title of the latter bank (13068). The consolidated bank at date of consolidation had.....	534, 422, 686	18	-----
	541, 314, 161	-----	19

Summary of Report by Attorney General

Citizens and Southern National Bank, with 14 offices in Savannah, Atlanta, Macon, Athens, Augusta, and Valdosta, proposed to consolidate City Bank and Trust Company, operating one office in Macon. Citizens and Southern National is part of the Citizens and Southern System, which operates 11 banks and 31 banking offices in Georgia and controls total banking resources of more than \$678 million. The other commercial bank in Macon, The First National Bank and Trust Company, is controlled by the Trust Company of Georgia and is one of seven affiliated banks with total assets of more than \$347 million.

After consolidation the two remaining banks in Macon would be about equal in size, based on assets, loans and discounts, and deposits in Citizens and Southern Macon offices. Citizens and Southern National can lend a single customer 10 times the permissible limit for First National; however, First National has demonstrated an ability to arrange loans above its lending limit.

City is not a substantial factor in competition in the trust field, and there is little loan business common to both City and Citizens and Southern.

Common depositors represent 8 percent of Citizens and Southern Macon's total deposits and 14 percent of City's total deposits.

Basis for Comptroller's Approval

The City Bank and Trust Company had management and asset problems which made it desirable that it be consolidated into a larger bank.

Description of Each Consolidation, Merger and Purchase and Sale Transaction Approved by the Comptroller of the Currency, May 13-Dec. 31, 1960—Continued

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
No. 22—The First National Bank of Tamaqua, Pa. (1219), with	\$6, 976, 500	1	-----
and The Miners National Bank of Pottsville, Pa. (649), which had,	25, 236, 236	4	-----
consolidated Sept. 30, 1960, under charter and title of the latter bank (649). The consolidated bank at date of consolidation had	32, 212, 736	-----	5

Summary of Report by Attorney General

The Miners National Bank of Pottsville and The First National Bank of Tamaqua are both located in Schuylkill County, Pa. Miners National is presently the largest commercial bank in these two communities. Based upon the type of services rendered and the classes of clientele served, these banks would appear to be potential competitors although existing competition between the two does not presently appear to be substantial.

The proposed consolidation may accelerate to a degree concentration in the field of commercial banking in the Pottsville-Tamaqua market area. In addition, it will increase the leading position of Miners National in Pottsville. Were the communities of Pottsville and Tamaqua together considered to be a marketing area, the consolidated bank subsequent to the merger would have 35.3 percent of total resources in these two communities, which are considerably in excess of the shares held by the four smaller banks in these two communities. Thus, while there would result from the proposed consolidation a trend toward monopoly the trend would not be pronounced.

Basis for Comptroller's Approval

Pottsville and Tamaqua are in Schuylkill County which is divided geographically and economically into several compartments by a series of mountain ranges. The county is in the anthracite coal region and has suffered with the decline in that industry, losing 14 percent of the population in the past 10 years.

Pottsville, the county seat, has experienced greater recovery and economic improvement than the other areas in the district because of a broader economic base provided by diversified industry and development. Tamaqua lies 17 miles northeast of Pottsville and is almost wholly dependent on the coal industry. Its population has declined 20 percent in the past 10 years.

Because of the distance between the banks and the mountainous terrain there was little competition between the banks. They had each experienced fair earnings and the operating economies resulting from the consolidation would improve earnings.

Description of Each Consolidation, Merger and Purchase and Sale Transaction Approved by the Comptroller of the Currency, May 13-Dec. 31, 1960—Continued

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
No. 23—The Citizens Bank and Trust Company of Bloomington, Ind., with.....	\$9,195,298	1	-----
and The First National Bank of Bloomington, Ind. (1888), which had.....	18,048,826	1	-----
consolidated Sept. 30, 1960, under charter of the latter bank (1888), and under the title "Citizens First National Bank of Bloomington." The consolidated bank at date of consolidation had.....	27,265,342	-----	1

Summary of Report by Attorney General

The Attorney General has reported to the Comptroller of the Currency that the proposed consolidation of The First National Bank of Bloomington, Bloomington, Ind., and the Citizens Bank and Trust Company of Bloomington, Bloomington, Ind., would have seriously adverse competitive effects and would increase a tendency to monopoly in banking in Bloomington, Ind.

Bloomington has only four banks. The proposed consolidation is between the two largest banks in Bloomington. Thus, the competition and potential competition between the two largest banks would be eliminated. The resulting bank would greatly preponderate over the remaining two banks in Bloomington, plus two other banks in Ellettsville and Nashville, Ind. (which are claimed to compete with the Bloomington banks), in deposits, loans, resources, and capital accounts. The resulting bank would have more than 55 percent of the totals in each of these categories. The remaining banks would find it substantially more difficult to compete, and might be forced to follow the consolidation route marked by the largest banks. The tendency to monopoly in banking in Bloomington would thus be increased.

This proposed merger would have substantial adverse competitive effects and raises serious questions under the antitrust laws.

Basis for Comptroller's Approval

Prior to the enactment of Public Law 86-463 on May 13, 1960, the Comptroller of the Currency had considered this proposed consolidation and had concluded that it should be approved. Reconsideration of the consolidation under the provisions of Public Law 86-463 led to no change in the conclusion that it would be in the public interest.

The consolidating banks were affiliated through the same persons holding the controlling interest in each. Therefore, the competition between the two institutions had been somewhat limited, and the ability of the two remaining banks in Bloomington to compete would not be materially lessened as a result of the consolidation. Moreover, Bloomington with a population of 31,000, had outgrown its banking facilities and had no bank large enough to adequately serve its needs.

Some business originating in Bloomington thus goes to the Indianapolis banks. The consolidated bank would be far better able to serve the convenience and needs of the community, while three banks in a community of this size give ample competitive choice.

This consolidation would resolve for the Citizens Bank and Trust Company a problem created by lack of successor management and the illness of its managing officer.

Description of Each Consolidation, Merger and Purchase and Sale Transaction Approved by the Comptroller of the Currency, May 13-Dec. 31, 1960—Continued

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
No. 24—The Highland Bank, Fort Thomas, Ky., with.....	\$2,901,588	1	-----
was purchased Sept. 30, 1960, by The Newport National Bank, Newport, Ky. (4765), which had.....	12,799,000	2	-----
After the purchase was effected the receiving bank had....	15,363,000	-----	3

Summary of Report by Attorney General

The Attorney General has reported to the Comptroller of the Currency that the proposed merger of Newport National Bank, Newport, Ky., and Highland Bank, Fort Thomas, Ky., would eliminate a small competing bank in Campbell County in northern Kentucky, and increase the already first place position of Newport National Bank to a degree in banking in that county.

Newport Bank and Highland Bank are located 3 miles apart. The loan portfolios and deposit structures of the two banks are similar, and service charges and interest rates are the same. Highland Bank is favorably located with respect to the trend of population growth in Campbell County. Acquisition would put Newport in this location. However, banks in Campbell County face a certain amount of competition from much larger institutions located across the Ohio River in Cincinnati, Ohio. Thus, while the merger may have some effect on competition it does not appear that the effect will be substantial.

Basis for Comptroller's Approval

The consolidated bank would be better able to serve the convenience and needs of Fort Thomas, and there were no adverse factors.

Description of Each Consolidation, Merger and Purchase and Sale Transaction Approved by the Comptroller of the Currency, May 13-Dec. 31, 1960—Continued

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
No. 25—The Hillsboro Guaranty Savings Bank, Hillsboro, N.H., with.....	\$3,053,359	1	-----
was purchased Sept. 30, 1960, by The First National Bank of Hillsborough, Hillsboro, N.H. (1688), which had.....	1,408,021	1	-----
After the purchase was effected the receiving bank had...	4,078,138	-----	1

Summary of Report by Attorney General

The Hillsboro Guaranty Savings Bank and First National Bank of Hillsborough are both owned by the same individuals and occupy the same premises. First National is the only commercial bank and Guaranty Savings the only savings bank serving a trade area of approximately 6,700 persons in and around Hillsboro, N.H. The present owners have contracted to sell their banking interests and the purchasers, who have required a merger of the banks as a condition to the sale, have indicated that the resulting bank will offer complete banking services to the area. One new service to be offered is that of installment credit.

In view of the lack of competition between the Hillsboro Guaranty Savings Bank and the First National Bank of Hillsborough, it does not appear that a merger, through the purchase of the assets and assumption of liabilities of Hillsboro Guaranty Savings Bank by the First National Bank, will have any appreciable effect upon competition.

Basis for Comptroller's Approval

The two banks were both controlled by the same individuals and occupied the same quarters. Prospective purchasers of the two banks desired that they be merged and it seemed desirable that this be done.

Description of Each Consolidation, Merger and Purchase and Sale Transaction Approved by the Comptroller of the Currency, May 13-Dec. 31, 1960—Continued

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
No. 26—Merchants & Farmers Bank of Statesville, Inc., Statesville, N.C., with.....	\$15,947,460	4	-----
and North Carolina National Bank, Charlotte, N.C. (13761), which had.....	455,540,803	42	-----
merged Oct. 7, 1960, under charter and title of the latter bank (13761). The merged bank at date of merger had...	469,990,442	-----	46

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Summary of Report by Attorney General

North Carolina National Bank, the second largest bank in the State, operates 41 offices across the State. It has total assets of more than \$457 million, total loans of \$226,591,000, total deposits of \$405,856,000, and total capital accounts of \$37,698,000.

Merchants and Farmers Bank operates 4 offices in and near Statesville, an area of 20,000 population. It has total assets of \$15,170,000, total loans of \$8,346,000, total deposits of \$13,709,000, and capital accounts of \$1,303,000.

In the area in which North Carolina National operates, it is a strong competitive factor. It has grown in recent years by acquisition and merger, and does business on a regional and national scale. The following table indicates the dominant position now held by North Carolina National throughout the state.

Percentages of IPC Deposits and loans held by merging banks in service areas

Service area	IPC deposits	IPC loans
	Percent	Percent
Charlotte.....	47.5	48.5
Greensboro.....	69.0	75.3
Raleigh.....	19.5	20.4
Durham.....	9.7	7.8
Wilmington.....	15.4	18.8
High Point.....	23.7	29.3
Burlington.....	31.5	38.8
Tarboro.....	42.1	68.7
Statesville.....	40.7	40.8

Its proposed entry into another service area in the State would have an adverse effect on competition in banking in North Carolina.

Basis for Comptroller's Approval

North Carolina National Bank operates a number of branches throughout the State of North Carolina. It is the second largest bank in North Carolina, Wachovia Bank and Trust Company being the largest. It had less than 15 percent of the State's total banking resources and less than 7 percent of the total banking offices. By this merger it would acquire offices in a service area in which it had no existing offices. Thus, there would be no lessening of competition by this merger. Furthermore, the acquisition by the North Carolina National Bank of the Statesville bank would not be significant so far as statewide, regional or national competition is concerned.

All the banking factors were favorable.

Description of Each Consolidation, Merger and Purchase and Sale Transaction Approved by the Comptroller of the Currency, May 13-Dec. 31, 1960—Continued

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
No. 27—The Peoples National Bank of Somerset, Pa. (13900), with	\$5,524,704	1	-----
and United States National Bank in Johnstown, Pa. (13781), which had	52,105,005	3	-----
consolidated Oct. 15, 1960, under charter and title of the latter bank (13781). The consolidated bank at date of consolidation had-----	57,597,912	-----	4

Summary of Report by Attorney General

United States National Bank in Johnstown and The Peoples National Bank of Somerset are located in contiguous counties in Pennsylvania. Based upon the type of services rendered and the classes of clientele served, these banks would appear to be, to a degree at least, actual as well as potential competitors.

By virtue of the consolidation if it takes place, U.S. National will become the largest banking institution in Somerset (if its total resources are considered); will have about 62 percent of the \$87.4 million of commercial banking resources in the whole Somerset area; and about 31 percent of the commercial banking resources in the entire Johnstown-Somerset area. By the consolidation U.S. National would increase substantially its already dominant position in these broader geographical areas.

Basis for Comptroller's Approval

Johnstown and Somerset are in southwestern Pennsylvania about 30 miles apart. There was no significant competition between the consolidating banks. The consolidation would have no effect upon competition in Johnstown and very little if any effect upon competition in Somerset, while bringing to Somerset the advantages of expanded credit and banking facilities.

Description of Each Consolidation, Merger and Purchase and Sale Transaction Approved by the Comptroller of the Currency, May 13-Dec. 31, 1960—Continued

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
No. 28—National Bank of Commerce of Gastonia, N.C. (14291), with	\$16,385,747	3	-----
and First Union National Bank of North Carolina, Charlotte, N.C. (9164), which had	166,263,388	28	-----
merged Oct. 18, 1960, under charter and title of the latter bank (9164). The merged bank at date of merger had--	181,780,981	-----	31

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Summary of Report by Attorney General

First Union National Bank of North Carolina, with head office in Charlotte, and about 28 branches throughout the State, proposes to acquire National Bank of Commerce of Gastonia, operating 3 offices, all in Gastonia. First Union is the fourth largest bank in the State, and has had considerable growth due to acquisitions in recent years. National Bank of Commerce is the smaller of the two banks in Gastonia. It has also grown at a good rate in recent years by internal expansion and not by acquisition.

The proposed acquisition would provide First Union with three branches in the only large city between Charlotte and Kings Mountain, where First Union recently acquired the only bank in that city.

The proposed acquisition would appear to have adverse effects on competition in banking in North Carolina.

Basis for Comptroller's Approval

Gastonia and Charlotte, N.C., lie 21 miles apart, but their suburbs practically join one another. They are both industrial areas expanding with the growth of the economy of the Piedmont area. Each city has increased 50 percent in population in the past 10 years. The First Union National Bank had no branches in Gastonia and little if any significant competition between the two banks existed or would be eliminated. Gastonia would benefit from the expanded service and increased credit potential of the combined bank.

Description of Each Consolidation, Merger and Purchase and Sale Transaction Approved by the Comptroller of the Currency, May 13-Dec. 31, 1960—Continued

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
No. 29—First National Bank of Lewiston and Auburn, Lewiston, Maine (330), with	\$26,269,134	3	-----
and the Manufacturers National Bank of Lewiston, Maine (2280) which had	23,437,488	1	-----
consolidated Oct. 28, 1960, under charter of the latter bank (2280), and under the title "First-Manufacturers National Bank of Lewiston and Auburn." The consolidated bank at date of consolidation had	49,706,622	-----	4

Summary of Report by Attorney General

The proposed merger of the Manufacturers National Bank of Lewiston and First National Bank of Lewiston and Auburn would constitute a merger of the two largest of the four commercial banks in Auburn and Lewiston (the smaller banks being only branches of larger statewide banks). The merger would have the effect of reducing the number of commercial banks in Lewiston and Auburn from four to three; would eliminate the substantial competition between such banks and increase the concentration of banking facilities in that area.

Basis for Comptroller's Approval

Prior to 1955 there were four commercial banks in Lewiston. At that time Depositors Trust Company of Augusta, Maine, acquired the Lewiston Trust Company. At the date of the merger that bank's total number of branches was 24. In 1960 the Casco Bank and Trust Company, Portland, Maine, acquired the First Auburn Trust Company bringing the total of its branches to 17. While the consolidating banks were in direct competition with one another their most substantial competition came from the branches of the above State banks. The Manufacturers National Bank of Lewiston had no branches and First National Bank of Lewiston and Auburn had a branch in Lewiston and one in downtown Auburn. As a result of the consolidation the consolidated institution will be able to compete more effectively with the other larger banks above mentioned, having many branches and extensive territorial coverage, through increased credit potential, greater resources and facilities and more complete services.

Description of Each Consolidation, Merger and Purchase and Sale Transaction Approved by the Comptroller of the Currency, May 13—Dec. 31, 1960—Continued

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
No. 30.—State Bank & Trust Company, Brunswick, Ga., with	\$1,463,817	1	-----
and American National Bank of Brunswick, Ga. (14483), which had	14,071,011	2	-----
merged Oct. 28, 1960, under charter and title of the latter bank (14483). The merged bank at date of merger had...	15,479,830	-----	3

Summary of Report by Attorney General

The merger of State Bank & Trust Company of Brunswick, into American National Bank of Brunswick, north of Brunswick, Ga., will result in a reduction of the competition that has heretofore existed between the two banks.

State Bank had as of June 30, 1960, assets of \$2,005,557, deposits of \$1,682,364 and loans and discounts of \$703,101.

State Bank had net operating income in the past year of \$3,817.04. It has not been able to offer a wide range of banking services due to its limited capital resources. Under these circumstances it does not appear that the merger of the two banks will have a substantial adverse effect on competition.

Basis for Comptroller's Approval

State Bank and Trust Company of Brunswick had been recently organized and was located in the northern section of Brunswick. It had experienced little growth and was handicapped by a low credit potential. While the merging banks were in direct competition, in view of their respective sizes it was concluded that the merger would not have an appreciable effect on competition in the area.

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Description of Each Consolidation, Merger and Purchase and Sale Transaction Approved by the Comptroller of the Currency, May 13-Dec. 31, 1960—Continued

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
No. 31—The Dowagiac National Bank, Dowagiac, Mich. (10073), with	\$5,197,869	1	-----
was purchased Oct. 29, 1960, by First National Bank of Niles, Mich. (13753), which had	22,808,000	3	-----
After the purchase was effected the receiving bank had	27,111,000	-----	4

Summary of Report by Attorney General

The combined banks would have a large percentage of the commercial banking resources in the relevant geographic area, approximately 61.9 percent of loans and 60.6 percent of deposits. However, because of the limited population of Dowagiac, Mich. (6,500), the selling bank's only site of operation, the proposed consolidation would not appear to have a substantial adverse effect on competition or contribute to a tendency to monopoly and would make available to this community banking services not heretofore available.

Basis for Comptroller's Approval

The First National Bank of Niles with its larger resources and more aggressive management could offer expanded banking service to the small community of Dowagiac.

Description of Each Consolidation, Merger and Purchase and Sale Transaction Approved by the Comptroller of the Currency, May 13-Dec. 31, 1960—Continued

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
No. 32—Newburgh State Bank, Newburgh, Ind., with	\$1,803,760	1	-----
and Boonville National Bank, Boonville, Ind. (14218), which had	5,960,728	1	-----
consolidated Oct. 31, 1960, under charter of the latter bank (14218), and title "Warrick National Bank of Boonville." The consolidated bank at date of consolidation had	7,764,488	-----	2

Summary of Report by Attorney General

Since Newburgh State Bank is the only bank in that town, and since there appears to be little competition between Newburgh State and Boonville National, the competitive banking situation in Newburgh will not be materially changed if Newburgh State consolidates

with Boonville National. Nor does it appear that Boonville National's competitive position vis-a-vis the other bank in Boonville and the other banks in the county will be significantly altered to the detriment of competition. While the consolidation will eliminate Newburgh State Bank as an independent competitive factor in the banking business in Warrick County, this does not appear to be too significant in the context of the banking resources available to the county from banks located in the county and in Evansville and in view of the fact that Newburgh has a population of 1,422 and Boonville a population of 6,109.

Basis for Comptroller's Approval

The increased industrialization occurring in the Newburgh area required the expanded services and increased credit potential which the consolidated bank could offer but which could not be met by the Newburgh State Bank. Management policies of the Newburgh State Bank were being determined by a representative of its holding company affiliate who was without banking experience. While Newburgh is within the trade area of Boonville National Bank, the relative size of the banks, the distances between them, and the proximity to Evansville, indicate that direct competition was very small.

Description of Each Consolidation, Merger and Purchase and Sale Transaction Approved by the Comptroller of the Currency, May 13-Dec. 31, 1960—Continued

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
No. 33—The Peoples National Bank of Bedford, Va. (11328), with	\$9, 506, 280	1	-----
and The First National Exchange Bank of Roanoke, Va. (2737), which had	117, 783, 927	5	-----
merged Oct. 31, 1960, under charter and title of the latter bank (2737). The merged bank at date of merger had...	126, 926, 004	-----	6

Summary of Report by Attorney General

While present competition between the merging banks is small, an increase may be expected. First National is the largest bank in southwest Virginia and has double the IPC deposits and more than double the loans and discounts of the next largest bank competing in the combined service areas of the resulting bank. The merger would increase First National's share of this market's IPC deposits by 3 percent (from 28.02 to 31.00 percent) and loans and discounts by 2 percent (from 30.57 to 32.56 percent). The effect would be to adversely affect competition by eliminating actual and, more important, potential competition between the two banks, and increasing First National's dominance in southwest Virginia, particularly in the area west of Lynchburg.

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Basis for Comptroller's Approval

Bedford lies 29 miles east of Roanoke. This area has experienced an expansion of industry and population for the past 10 years which is continuing. Expanded services and credit potential were needed in Bedford and throughout the intervening area between Bedford and Roanoke. Because of the distance between the merging banks, there was little if any direct competition between them.

With regard to competition within the southwestern area of Virginia, the Peoples National Bank of Bedford was not large enough to be a material factor in regional competition, and the increase in size of First National Exchange Bank would be too small to be significant.

Description of Each Consolidation, Merger and Purchase and Sale Transaction Approved by the Comptroller of the Currency, May 13-Dec. 31, 1960—Continued

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
No. 34—The Citizens National Bank of Hollidaysburg, Pa. (6874), with	\$2,950,760	1	-----
and The First National Bank of Altoona, Pa. (247), which had	27,703,046	5	-----
merged Oct. 31, 1960, under charter and title of the latter bank (247). The merged bank at date of merger had	30,653,806	-----	6

Summary of Report by Attorney General

On the facts the merging banks may be potential, if not actual, competitors, however the extent of such competition would not appear to be too great. Its elimination by merger would not appear to be too significant from a competitive standpoint since Citizens National had deposits of only \$2.4 million, and the area is not considered to be one of tremendous potential.

The proposed merger will introduce into Hollidaysburg, Altoona National, a substantially larger bank than the lone remaining commercial bank in that community and would thus create an environment wherein Hollidaysburg Trust may have greater difficulty competing. It is noted that Altoona Central Bank and Trust, the largest commercial bank in Blair County, is the result of a recent merger of Altoona Central and Altoona Trust and the proposed merger may have been prompted by the earlier consolidation. While both would constitute steps in the direction of commercial banking concentration in the Blair County market area, an area somewhat remote from the favorable competitive influence of banks in a larger metropolitan area, a trend toward monopoly occasioned by the proposed merger alone does not appear to be pronounced.

Basis for Comptroller's Approval

By this merger the management of the resulting bank would be improved, better banking service would be made available in Hollidaysburg, and there would be no adverse effect upon competition.

Description of Each Consolidation, Merger and Purchase and Sale Transaction Approved by the Comptroller of the Currency, May 13-Dec. 31, 1960—Continued

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
No. 35—The National Bank of Catasauqua, Pa. (1411), with—	\$21,758,687	1	-----
and The First National Bank of Allentown, Pa. (373),	108,318,498	4	-----
which had-----			
consolidated Nov. 4, 1960, under charter and title of the			
later bank (373). The consolidated bank at date of	130,077,185	-----	5
consolidation had-----			

Summary of Report by Attorney General

The field of competition for the consolidated bank is probably primarily local in character and any direct substantial competitive effect on the commercial banks outside of Allentown such as in Bethlehem or Northampton would appear to be unlikely in view of the size of Catasauqua National. The applicants state that Catasauqua National is presently in limited competition with Coplay National Bank, Cement National Bank of Northampton and the Egypt-Schnecksville Bank; however, the competition would not appear to be substantial. Thus, the adverse competitive effects which would result from the proposed consolidation stem from the increase in the dominant position of First National in the Allentown trade area and Catasauqua National's elimination as an independent entity.

The consolidated bank's share of the total deposits in the trade area would be about 45 percent, a position of substantial dominance. In the city of Allentown its position would be even more dominant since after the consolidation it may have as much as 65 percent. Thus the consolidation will result in adding to the already dominant position of First National in Allentown and the trade area surrounding Allentown with the probable adverse competitive effects.

Basis for Comptroller's Approval

The Lehigh Valley in which these 2 banks were located is an integrated industrial area with a population approximating 500,000. It has three cities, Allentown, Bethlehem and Easton and numerous small towns in the suburban areas. Catasauqua is in effect a suburb of Allentown. However, the First National Bank of Allentown operated no branches in Catasauqua. The consolidation of these two banks would eliminate one of eight competing banks in the area if Bethlehem were not included within the competitive area, and one of ten banks including Bethlehem in the competitive area. The combined institution would have approximately 31 percent of the total deposits in the service area including Bethlehem.

It is clear that there would be no important adverse effect upon competition.

✓ All the banking factors were favorable, and it was concluded that this consolidation would be in the public interest.

Description of Each Consolidation, Merger and Purchase and Sale Transaction Approved by the Comptroller of the Currency, May 13-Dec. 31, 1960—Continued

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
No. 36—Commonwealth Trust Company, Union City, N.J., with	\$55,056,989	5	-----
and Hudson County National Bank, Jersey City, N.J. (1182), which had	120,332,114	8	-----
consolidated Nov. 4, 1960, under charter and title of the latter bank (1182). The consolidated bank at date of consolidation had	173,997,577	-----	13

Summary of Report by Attorney General

On the basis of the information furnished in the application papers it would appear that various offices of the consolidating banks are located sufficiently close together to provide substantial competition between them and that such competition will be eliminated by the consolidation. Further, the consolidation will increase the position of Hudson County National from fourth to second place among commercial banks in the competitive banking area and considerably ahead of the third and fourth place contenders, but not sufficient to tend towards a monopoly. In addition, the consolidation will increase the dominance of the four large Jersey City banks in the general competitive area to almost 80 percent of the commercial bank business therein. Finally, it is to be noted that Hudson County National presently controls Commonwealth Trust through affiliated holdings, which may mean that competition has already been eliminated and the above-described increased position has already been achieved. Certain facts, however, indicate that Commonwealth Trust has remained independent and competitive despite this control.

Basis for Comptroller's Approval

The Hudson County National Bank of Jersey City, N.J., was the fourth largest bank in Hudson County. The Commonwealth Trust Company was the sixth in size in Hudson County. Hudson County National Bank operated no offices in Union City, and Commonwealth Trust Company operated no offices in Jersey City. The consolidated bank through its increased size would be able to render more adequate banking service to both cities. Through this consolidation adequacy of capital structure would be improved and management would be strengthened. The banks had been previously affiliated as Hudson County National Bank was the largest stockholder, and together with its own largest stockholder, owned a majority interest in Commonwealth Trust Company.

Description of Each Consolidation, Merger and Purchase and Sale Transaction Approved by the Comptroller of the Currency, May 13-Dec. 31, 1960—Continued

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
No. 37—Colonial Trust Company, New York, N.Y., with	\$80,844,933	5	-----
The Queens National Bank of New York, Springfield Gardens, N.Y. (13149), with	28,946,704	3	-----
and The Meadow Brook National Bank of Nassau County, West Hempstead, N.Y. (7703), which had	445,560,670	44	-----
consolidated Nov. 10, 1960, under the charter of the last-named bank (7703), and title "The Meadow Brook National Bank." The consolidated bank at date of consolidation had	556,414,377	-----	52

Summary of Report by Attorney General

Meadow Brook National Bank is the second largest bank in Nassau County, operating 44 branches throughout this area, and accounting for approximately 25 percent of the area's commercial bank deposits. The bank's business is primarily "retail" in nature. Meadow Brook has been a party to 14 mergers since 1950. Colonial Trust Company operates three banking offices in Manhattan, one in Brooklyn and one in Queens. It is one of the smallest New York City banks, accounting for only 0.3 percent of total New York City commercial bank deposits. Colonial's business is primarily "wholesale" in nature.

There is little presently existing competition between the two banks and the consolidation should not adversely affect their smaller competitors. Although the consolidation would eliminate Colonial as an independent competitive factor, this would appear to be offset by the increased competition which the consolidated bank could be expected to offer to the presently existing New York City banks. For the foregoing reasons we do not believe that the consolidation of Meadow Brook and Colonial Trust would have substantial adverse competitive effects.

Queens National Bank operates five branches within its primary service area within the southeastern portion of Queens, immediately adjoining Nassau County. In most sections of this service area Queens National operates the only commercial banking offices. Queens National's business is primarily "retail" in nature and is similar to that of Meadow Brook.

The consolidation of Meadow Brook and Queens would eliminate a small amount of existing competition between the two institutions and would also eliminate potential competition since one of Colonial's branches is located in Queens National's service area. Queens National has been a successful competitor and has sharply increased its business and earnings in recent years. Its existence as an independent competitive factor would of course be eliminated by the proposed consolidation. This situation differs from the proposed consolidation with Colonial which would permit Meadow Brook to enter a service ("wholesale" banking) and a geographic (Manhattan) area which is presently dominated by much larger competitors. In

contrast, the proposed consolidation with Queens National would merely enlarge the geographic area in which Meadow Brook is already a dominant factor.

For the foregoing reasons we believe that the consolidation of Meadow Brook and Queens National would have adverse competitive effects.

Basis for Comptroller's Approval

Recent legislation in New York State brought Nassau and Westchester Counties within the banking area of the City of New York by permitting the establishment of branches of New York City banks in those counties and vice versa. This was a consolidation of a bank in Nassau County with two banks in New York City, one in Manhattan and one in Queens, the latter being by far the smallest of the three. As a result of the consolidation the continuing institution would have its main office in Queens with branch offices in Manhattan, Queens, and Nassau. The consolidated bank would have a foreign department, a corporate trust department, expanded credit potential, expanded services, and the ability to compete more effectively with the larger New York City banks.

The primary competitive areas of the three banks did not overlap except for one office of Colonial Trust Company which was $2\frac{1}{2}$ miles from an office of Queens National Bank of New York. Therefore, direct competition between the banks was very slight. The consolidation would not significantly affect the competitive situation either in New York City or in Nassau County. There was little if any competition between Meadow Brook and Queens and thus no significant competition was eliminated. Obviously the geographic area in which the consolidated bank operated would be expanded over that in which Meadow Brook had previously operated, but to the advantage of the banking public.

Description of Each Consolidation, Merger and Purchase and Sale Transaction Approved by the Comptroller of the Currency, May 13-Dec. 31, 1960—Continued

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
No. 38—Woodbury Trust Company, Woodbury, N.J., with...	\$6,801,401	2	-----
and The First National Bank and Trust Company of Woodbury, N.J. (1199), which had.....	13,978,170	1	-----
consolidated Nov. 10, 1960, under charter of the latter bank (1199), and title "First County National Bank and Trust Company, Woodbury." The consolidated bank at date of consolidation had.....	20,759,030	-----	3

Summary of Report by Attorney General

It would appear that substantial competition with respect to deposits and loans would be eliminated between the two banks if the proposed consolidation should be approved. It would also appear that the dominant position of First National over the other banks in

the area would be increased somewhat by the consolidation to almost 40 percent of deposits and to 36 percent of loans. However, most of these competing banks, and more specifically First National, undoubtedly receive considerable competition from Philadelphia and Camden banks in both their commercial and trust businesses. These two cities are some 10 miles away from Woodbury.

At this time the Department does not have sufficient information to determine to what extent the Philadelphia and Camden banks are actually competing in the Woodbury banking areas. We are merely pointing out this competitive factor as one which might offset the obvious lessening of competition and increased dominance effected by such a consolidation with respect to the local area.

Basis for Comptroller's Approval

It was anticipated that this consolidation would result in an improvement in condition, management, and future earnings prospects of the consolidated bank over those of the constituent banks.

Within a radius of 5 miles there were 11 other banking offices including a branch of a Camden, N.J., bank. In addition, Woodbury is in the competitive area of both Philadelphia, Pa., and Camden, N.J.

Description of Each Consolidation, Merger and Purchase and Sale Transaction Approved by the Comptroller of the Currency, May 13—Dec. 31, 1960—Continued

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
No. 39—Lincoln Bank and Trust Company, Louisville, Ky., with -----	\$87,372,987	6	-----
and The First National Bank of Louisville, Ky. (109), which had -----	173,890,953	18	-----
merged Nov. 11, 1960, under charter of the latter bank (109), and title "First National Lincoln Bank of Louisville." The merged bank at date of merger had -----	261,226,998	-----	24

Summary of Report by Attorney General

The Attorney General has reported to the Comptroller of the Currency that the proposed merger of the Lincoln Bank and Trust Company, Louisville, Ky., and the First National Bank of Louisville, Louisville, Ky., would have seriously adverse competitive effects and would substantially reduce competition and foster a tendency to monopoly in banking in Louisville, Ky.

First National Bank is the second largest of the nine banks in Louisville, having, with its trust affiliate, about 21.7 percent of the city's banking assets. The present leading bank in Louisville has about 32.2 percent. Merger of First National Bank with Lincoln Bank would produce a bank substantially equivalent to the present leader having 32.1 percent of the city's banking resources. The 2 leading banks would then have 64.3 percent of Louisville's bank assets and half of the city's 60 banking offices. The two banks appear

to be in substantial competition with each other, both in location of offices and in services offered. Each of the six offices of Lincoln Bank is between several blocks and 1.5 miles from an office of First National Bank, and two offices of the total operated by the two banks will probably be closed if the merger is effected. The deposit and loan services of the two institutions are likewise very similar in character, as are the trust services offered by Lincoln Bank and the trust affiliate of First National Bank, Kentucky Trust Company. There are a number of common borrowers and there have been numerous occasions over the years in which lending activities have been on a competitive basis.

There is a continuing merger trend in the Louisville area. Since 1950 First National Bank has made three acquisitions, the largest bank in the city has acquired two banks and the third largest bank has acquired two. There is presently pending an application by the largest bank for consent to acquire a competitor, the combined assets resulting from this proposed merger being over a third of the city's total. The report of the Attorney General on this merger concludes that it also would have a seriously adverse effect on competition. Should both proposed mergers be allowed, about two-thirds of Louisville's banking assets would be held by the two largest of the seven remaining banks.

It therefore appears as a reasonable probability that, were this proposed merger between First National Bank and Lincoln Bank to be approved, the concentration in Louisville banking would be substantially increased, and that there would be a seriously adverse effect on competition and a tendency toward monopoly.

Basis for Comptroller's Approval

All the banking factors involved in this merger were favorable. The merged bank would be adequately capitalized, well-managed, and would have improved future earnings prospects.

There was no basis for a conclusion that the adverse effect upon competition flowing from the merger would reach significant proportions, nor that the merger would result in any tendency toward monopoly.

By this consolidation there was eliminated 1 of 21 competitors in Louisville and the surrounding Metropolitan Area; and there resulted an increase in size of one competitor from approximately 19 to 28 percent of total resources among commercial banks. The competitor eliminated had less than 10 percent of the total banking resources in the area. After the merger the public would continue to be served by an adequate number of commercial banks well able to compete with each other and to serve the commercial banking needs of the Louisville area. There was considerable competition also for deposits from 17 savings and loan associations having resources in excess of \$400 million.

Under Public Law 86-463 we are required to consider the effect upon competition, so that there was necessarily involved in this case a consideration of regional competition. In this respect the Louis-

ville banks are in competition with banks in Nashville, Cincinnati, and Indianapolis, all of which have banks larger than any in Louisville. The increased size of the merged bank would enable it to better compete for its share of regional business and thus would have a beneficial effect upon regional competition.

It was clear that there would be no tendency toward monopoly.

In *Transamerica Corp. v. Board of Governors* (C.A.3, 1953), 206 F. 2d 163, 169, the Court, in dealing with the question of what constitutes a tendency toward monopoly stated:

"A monopoly involves the power to raise prices or to exclude competition when the monopolist desires to do so. Obviously, under section 7 it was not necessary for the Board to find that Transamerica has actually achieved monopoly power but merely that the stock acquisitions under attack have brought it measurably closer to that end."

To a like effect see the report of the Attorney General's National Committee to Study the Antitrust Laws, p. 124.

Certainly this merger did not move the merged bank "measurably closer" to the monopoly power of being able to raise prices or to exclude competition when and if it should desire to do so.

The merged institution would be better able to serve the convenience and needs of the City of Louisville and the State of Kentucky. Louisville is the financial center of Kentucky and is a large city in which the banks have failed to keep pace with the growth of their customers. The Metropolitan Area of Louisville has a population in excess of 700,000, and includes Jefferson County, Ky., as well as New Albany and Jeffersonville, Ind. It is a growing industrial area and needs some large banks to adequately service its needs. Larger banks are also needed to more adequately service the banking needs of large industries expanding into the State of Kentucky.

Description of Each Consolidation, Merger and Purchase and Sale Transaction Approved by the Comptroller of the Currency, May 13-Dec. 31, 1960—Continued

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
No. 40—The Geneva Savings and Trust Company, Geneva, Ohio, with.....	\$10,214,824	2	-----
and The National Bank of Ashtabula, Ohio (5075), which had.....	9,447,914	2	-----
consolidated Nov. 30, 1960, under charter of the latter bank (5075), and under the title "The Northeastern Ohio National Bank of Ashtabula, Ohio." The consolidated bank at date of consolidation had.....	19,811,693	-----	4

Summary of Report by Attorney General

The consolidation of The National Bank of Ashtabula and The Geneva Savings and Trust Company, both in Ashtabula County, Ohio, would reduce competition in commercial banking in Ashtabula

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County, since the banks provide similar banking services within overlapping geographical service areas. Each bank now has about 12 per cent of total assets of commercial banks located in the county. The proposed consolidation would also probably preclude potential increased competition between the two banks in view of the fact that the general area is becoming more tightly knit.

Basis for Comptroller's Approval

The consolidation of these two banks would have the effect of creating a combined institution with strengthened management.

Geneva is 10 miles west of Ashtabula and while the service areas of the consolidating banks overlapped slightly it appeared that the direct competition had been very slight. The consolidated bank would remain only the second largest bank in Ashtabula and there would remain eight other banking institutions in the area.

Description of Each Consolidation, Merger and Purchase and Sale Transaction Approved by the Comptroller of the Currency, May 13-Dec. 31, 1960—Continued

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
No. 41—Kaspar American State Bank, Chicago, Ill., with.....	\$5, 659, 552	1	-----
and Central National Bank in Chicago, Ill. (14362),			
which had.....	106, 068, 276	1	-----
merged Nov. 30, 1960, under charter and title of the latter			
bank (14362). The merged bank at date of merger had..	111, 727, 828	-----	1

Summary of Report by Attorney General

The Kaspar American State Bank, Chicago, Ill., proposes to merge with the Central National Bank in Chicago, Chicago, Ill. The Central National Bank in Chicago had, as of June 30, 1960, total deposits of \$94,871,049, and total loans and discounts of \$58,240,476. The Kaspar American State Bank as of that time had total deposits of \$6,155,793, with total loans and discounts of \$658,432.

The Kaspar American Bank presently has outstanding liabilities of \$382,175, or deferred certificates issued for deposit liabilities at the time of its reorganization during the early 1930's. It has paid no dividends since this reorganization, has had net earnings during the 5-year period ending December 31, 1959, of only \$28,854, and is currently reflecting an operating loss. In view of this fact and, since there are presently four other banks serving the same section of Chicago, it does not appear that the proposed merger, if consummated, would have a substantial adverse effect on competition.

Basis for Comptroller's Approval

Kaspar American State Bank was located in a depressed area with declining business, and it had no future growth potential. Its earnings had been extremely poor. Further, it had liabilities arising out of deferred certificates issued in times of depression for deposit liabilities, in an amount exceeding its surplus and undivided profits. The merged bank proposes to increase its capital by approximately \$350,000, and the capital structure of the merged bank will be adequate.

Description of Each Consolidation, Merger and Purchase and Sale Transaction Approved by the Comptroller of the Currency, May 13—Dec. 31, 1960—Continued

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
No. 42—Studio City Bank, Studio City, Los Angeles, Calif., with	\$5,954,582	1	
and City National Bank of Beverly Hills, Calif. (14695), which had	107,389,969	9	
merged Nov. 30, 1960, under charter and title of the latter bank (14695). The merged bank at date of merger had...	113,344,550		10

Summary of Report by Attorney General

City National Bank of Beverly Hills, Beverly Hills, Calif., with deposits of \$86,378,673 and loans of \$56,542,761 proposes to acquire Studio City Bank, Los Angeles, Calif., with deposits of \$5,526,279 and loans of \$2,678,970.

Studio City is a growing area of Los Angeles. At present both the Bank of America, with deposits of over \$10 billion and loans of over \$6 billion, and Security-First National Bank, with deposits of over \$3 billion and loans of over \$1½ billion, have branches in Studio City competitive to the merging bank. The charter bank currently has no branch in the area.

The merger will bring to Studio City a large bank with trust facilities which may be better able to compete with the branches of the giant banks than is the present local bank. Competition may be enhanced rather than restricted by the merger.

It does not appear that the merger will have a substantial adverse effect on competition or further any tendency toward monopoly.

Basis for Comptroller's Approval

The merger would bring to Studio City, which is already served by branches of very large banks, a bank substantially larger than the Studio City Bank, which would be better able to supply the banking needs of a growing community so as to compete more effectively with the large bank branches.

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Description of Each Consolidation, Merger and Purchase and Sale Transaction Approved by the Comptroller of the Currency, May 13-Dec. 31, 1960—Continued

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
No. 43—The Salem National Bank, Salem, N.Y. (7588), with... and The Manufacturers National Bank of Troy, N.Y. (721), which had.....	\$2, 325, 171	1	-----
merged Nov. 30, 1960, under charter and title of the latter bank (721). The merged bank at date of merger had....	62, 760, 824	8	-----
	65, 085, 455	-----	9

Summary of Report by Attorney General

The Salem National Bank, Salem, N.Y., is a small rural bank with deposits of \$1,957,878 and loans of \$921,246. The Manufacturers National Bank of Troy, Troy, N.Y., which proposes to acquire it has no nearby office, its principal office being 46 miles southwest of Salem. Manufacturers National is one of the Marine Midland banks. Marine Midland Corporation controls banking assets of approximately \$2.4 billion and has deposits of approximately \$2.1 billion.

The merger will bring to Salem a modern bank with trust facilities, not heretofore available.

Because of distance between the charter and merging bank, no direct competition will be eliminated by the merger.

Because of the comparatively small size of the Salem National Bank, its merger with the Manufacturers National Bank of Troy alone will not substantially increase the latter bank's advantage over its smaller competitors.

Although the merger will add another bank to the growing Marine Midland chain, it does not appear that this transaction alone will have a substantial adverse effect on competition.

Basis for Comptroller's Approval

No successor management was available for the Salem bank. Salem would benefit from increased credit potential and expanded services.

Description of Each Consolidation, Merger and Purchase and Sale Transaction Approved by the Comptroller of the Currency, May 13-Dec. 31, 1960—Continued

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
No. 44—The Mount Kisco National Bank and Trust Company, Mount Kisco, N.Y. (5026), with	\$26,055,852	1	-----
and National Bank of Westchester, White Plains, N.Y. (10525), which had	208,623,293	21	-----
consolidated Dec. 2, 1960, under charter and title of the latter bank (10525). The consolidated bank at date of consolidation had	234,679,144	-----	22

Summary of Report by Attorney General

The banks competing in the service area of the merging bank, expanding it to reasonable limits in northern Westchester County, appear to be The Mount Kisco National Bank and Trust Company, National Bank of Westchester, and County Trust Company.

As of August 31, 1960, the merging bank had deposits of \$23,039,000 and loans of \$8,567,000. The charter bank had total deposits of \$179,201,000 and loans of \$92,939,000, and County Trust Company had total deposits of \$437,348,241.89 and loans and discounts of \$133,037,076.69. Both National Bank of Westchester and County Trust Company are large banks with numerous offices in Westchester County, N.Y. In the area affected by the proposed merger the former has one branch office, the latter three branch offices, and the merging bank, one branch with an additional branch applied for.

The application for consolidation shows the history of the charter bank to be principally one of growth by consolidation with existing local banks, some of whom were competitors, rather than by establishing new offices in new or competitive territories.

If the proposed consolidation or merger is permitted, it will result in the elimination of the one independent bank in its service area and increase the tendency to monopoly in the growing communities in the northern portion of Westchester County.

Basis for Comptroller's Approval

The president of The Mount Kisco National Bank and Trust Company was 75 years of age and thus there existed a management problem. Earnings of the bank were low. The earnings of National Bank of Westchester were average and its management competent.

National Bank of Westchester had an office 3 miles north of Mount Kisco but in view of the local competition of County Trust Company and the distance from the head office of National Bank of Westchester and the relative size of the two banks it was concluded that the direct competition between them was not material. The branch of the consolidated bank besides bringing expanded services and credit potential to Mount Kisco will be in a better position to compete

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with the County Trust Company branch there. With the enactment of the New York Omnibus Banking Law Westchester County has been opened to branches of New York City banks.

Description of Each Consolidation, Merger and Purchase and Sale Transaction Approved by the Comptroller of the Currency, May 13-Dec. 31, 1960—Continued

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
No. 45—Exchange National Bank in Marietta, Pa. (14276), with	\$1,340,165	1	-----
and The First National Bank of Marietta, Pa. (25), which had	1,300,394	1	-----
consolidated Dec. 2, 1960, under charter and title of the latter bank (25). The consolidated bank at date of consolidation had	2,640,559	-----	1

Summary of Report by Attorney General

The consolidating banks are stated to be two of the smallest banks in Lancaster County, Pa. The proposed consolidation would not appear to have any substantial effect on competition in view of the fact that the service area includes only 3,500 persons.

Basis for Comptroller's Approval

The earnings of Exchange National Bank in Marietta had been unsatisfactory and its active managing officer had resigned without provision for adequate successor management. While the consolidating banks were the only banks operating in Marietta, seven banks located in the surrounding communities will offer competition to the consolidated bank.

Description of Each Consolidation, Merger and Purchase and Sale Transaction Approved by the Comptroller of the Currency, May 13-Dec. 31, 1960—Continued

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
No. 46—Peoples Bank of Claypool, Ind., with	\$1,566,530	1	-----
and First National Bank of Warsaw, Ind. (14382) which had	12,199,601	2	-----
consolidated Dec. 15, 1960, under charter and title of the latter bank (14382). The consolidated bank at date of consolidation had	13,766,130	-----	3

Summary of Report by Attorney General

In view of the relatively small size of the banking business conducted by Peoples Bank, it does not appear that the consolidation in question will materially strengthen First National's competitive position in

Warsaw or Kosciusko County as a whole. And while Peoples Bank will be eliminated as an independent competitive factor, the competition eliminated does not appear substantial in the context of the available banking resources in the county and the size of the geographic area affected.

Basis for Comptroller's Approval

This consolidation would bring larger credit potential and more complete services to Claypool with no adverse effect upon competition.

Description of Each Consolidation, Merger and Purchase and Sale Transaction Approved by the Comptroller of the Currency, May 13—Dec. 31, 1960—Continued

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
No. 47—Bank of Middletown, Ky., with.....	\$4,131,938	1	-----
and Liberty National Bank and Trust Company of Louisville, Ky. (14320), which had.....	127,457,589	17	-----
merged Dec. 16, 1960, under charter and title of the latter bank (14320). The merged bank at date of merger had.....	131,589,527	-----	18

Summary of Report by Attorney General

The Department of Justice has reported to the Comptroller of the Currency that the proposed merger of Liberty National Bank and Trust Company, Louisville, Ky., and Bank of Middletown, Middletown, Ky., would have a detrimental effect on competition in the suburban area east of Louisville.

Liberty National Bank is the third largest bank in Louisville, having about 15 percent of the city's banking resources. It is the second largest bank in terms of branches, having 15 offices with 2 others authorized. The Bank of Middletown is located about 11 miles east of the heart of Louisville. While it is the only bank in this suburb, there are two Liberty National branches within 3½ miles and a third has been approved which would be about 4 miles away. The suburban area of Louisville is primarily residential and agricultural. The structures of the deposit and loan accounts of the two banks are similar and are characteristic of this type of community; both have loans on farm real estate, residential property, business and other property, installment loans on automobiles and other installment loans.

In part, due to a series of mergers among banks in Jefferson County, in which the cities of Louisville and Middletown are located, during the past decade, 80 percent of the banking assets in such county have been concentrated in the three largest banks.

If the merger were to be effected, potential depositors and borrowers in the suburban area 5 to 12 miles east of Louisville would therefore have one less choice of a bank with which to do business. The suburban Louisville area has shown a history of rapid economic

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growth, almost doubling in population in the past decade and such growth is expected to continue. The Bank of Middletown should benefit from such growth and appears to have the potential of becoming an even more vigorous competitor of the big Louisville banks.

There is a strong merger trend in the Louisville area. Since 1950 the leading bank in the county has made two acquisitions; the second largest bank has made four acquisitions; and the third largest, Liberty National, has made two acquisitions. At present, the four largest banks in the county have about 90 percent of the area's banking assets and the six smallest banks share the remaining 10 percent. This concentration has been brought about to a considerable extent by mergers and acquisitions. Although acquisition of any of the seven smallest banks, such as Bank of Middletown, would not have a great effect on the percentages presently held by the leaders, these smaller banks remain as independent economic entities whose continued existence would appear to be desirable from a competitive standpoint and if Jefferson County banking is not to be consolidated into competition among three or four banks.

Basis for Comptroller's Approval

Middletown is 12 miles from the head office of Liberty National Bank and Trust Company and 3½ miles from its nearest branch. The Bank of Middletown because of management and asset problems was being operated by an officer on loan from Liberty National Bank. There was very little competition between the two banks and the merger would thus have no adverse effect in this respect. Neither would the merger have any effect upon competition among the Louisville banks.

The merger would bring to Middletown expanded services, increased credit potential, and satisfactory management.

Description of Each Consolidation, Merger and Purchase and Sale Transaction Approved by the Comptroller of the Currency, May 13—Dec. 31, 1960—Continued

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
No. 48—St. James Savings Bank of Baltimore City, Baltimore, Md., with	\$16,055,841	3	-----
was purchased Dec. 16, 1960, by The First National Bank of Baltimore, Md. (1413), which had	344,189,000	18	-----
After the purchase was effected the receiving bank had	359,438,000	-----	21

Summary of Report by Attorney General

The First National Bank of Baltimore, Baltimore, Md., proposes to purchase the assets and assume the liabilities of St. James Savings Bank, Baltimore, Md. First National is a commercial bank with deposits of \$304 million. St. James is a savings bank with deposits

of \$14,152,000. Since competition between a commercial bank and a savings bank is quite limited, the proposal would not appear to have a substantial adverse effect on competition in banking in the service area.

Basis for Comptroller's Approval

The St. James Savings Bank of Baltimore City had limited growth potential, but had outstanding management personnel which the First National Bank of Baltimore desired to employ. There would be no appreciable effect upon competition.

Description of Each Consolidation, Merger and Purchase and Sale Transaction Approved by the Comptroller of the Currency, May 13—Dec. 31, 1960—Continued

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
No. 49—Citizens Bank of Kirkland, Wash., with.....	\$2,566,424	1	-----
and Peoples National Bank of Washington in Seattle, Wash. (14394), which had.....	231,093,533	27	-----
merged Dec. 21, 1960, under charter and title of the latter bank (14394). The merged bank at date of merger had.....	233,489,471	-----	28

Summary of Report by Attorney General

The Department of Justice has reported to the Comptroller of the Currency that the proposed merger of the Peoples National Bank of Washington in Seattle, Seattle, Wash., and the Citizens Bank of Kirkland, Kirkland, Wash., would not have any substantial adverse effects on competition.

The Peoples National Bank of Washington operates 27 banking offices in the State of Washington, 13 of which are located in Seattle. The bank had total assets of approximately \$220 million, deposits of over \$200 million, and outstanding loans and discounts of slightly over \$100 million as of August 24, 1960.

The Citizens Bank of Kirkland was organized in 1954 and operates a single banking office in Kirkland on the eastern shore of Lake Washington, across the Lake from northeastern Seattle. As of August 24, 1960, the bank had total assets of slightly less than \$2.7 million, deposits of approximately \$2.4 million, and outstanding loans and discounts of almost \$1.3 million.

The Peoples National Bank does not operate any banking offices within the primary service area of the Citizens Bank of Kirkland or within a 10-mile radius of Kirkland. It does not appear that there is any substantial actual or potential competition between the Citizens Bank of Kirkland and any of the Seattle offices of the Peoples National Bank of Washington on the western side of the Lake.

If the merger is effectuated, the Peoples National Bank of Washington will acquire a small bank in a fast-growing suburban area to the east of Seattle on the opposite side of Lake Washington where it is not presently represented and with which it presently competes, if at all,

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only to a limited extent. There will be no increase in concentration in the Kirkland area or in the surrounding communities on the eastern side of Lake Washington. The increase in concentration in the greater Seattle area will be small and the effects on competition in Seattle and the surrounding suburban communities will not be substantial.

Basis for Comptroller's Approval

The merger brought to the suburban community of Kirkland expanded facilities, services, including a trust department, and lending powers. All the banking factors were favorable. Due to the size of the merging banks and the distance between their offices it did not appear that they were in direct competition. Further, the merger did not alter the position which Peoples National Bank of Washington in Seattle held in its banking area.

Description of Each Consolidation, Merger and Purchase and Sale Transaction Approved by the Comptroller of the Currency, May 13-Dec. 31, 1960—Continued

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
No. 50.—Anacostia National Bank of Washington, D.C. (14550), with			
and The National Bank of Washington, D.C. (3425), which had	\$28,993,792	4	-----
consolidated Dec. 30, 1960, under charter and title of the latter bank (3425). The consolidated bank at date of consolidation had	290,593,792	12	-----
	318,173,785	-----	16

Summary of Report by Attorney General

The proposed acquisition of the Anacostia National Bank of Washington by The National Bank of Washington will mark the third acquisition in 6 years by The National Bank of other Washington, D.C., banks. Previous acquisitions have substantially increased the size of the National Bank, so that it now ranks as the third largest bank in the entire Metropolitan Washington, D.C., area.

The consolidation will eliminate competition between the 2 banks involved, reduce to 11 the number of banks operating inside the District of Columbia, and eliminate the only independent bank in that part of the District lying east of the Potomac and Anacostia Rivers. It will increase the number of locations operated by the National Bank from 12 to 19.

The consolidation will still further concentrate the commercial banking business in the area held by the three largest banks (about 75 percent as of December 1959) and may tend to increase pressures for further bank consolidations and acquisitions in the Washington, D.C., area.

Basis for Comptroller's Approval

The community of Anacostia is a portion of the District of Columbia lying east of the Anacostia and Potomac Rivers and has the character of a suburban area. Due to its somewhat isolated position Anacostia National Bank of Washington did not come into direct competition with The National Bank of Washington, although Anacostia is in the latter's general banking area. The National Bank of Washington was the third largest bank in the District and the resulting bank's position remains unchanged. The resulting bank has 17.7 percent of the District of Columbia's deposits. The consolidation brought to the Anacostia area expanded services, trust services and a greater credit potential to aid in the development of this growing area.

Description of Each Consolidation, Merger and Purchase and Sale Transaction Approved by the Comptroller of the Currency, May 13-Dec. 31, 1960—Continued

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
No. 51—Peoples Bank and Trust Company, Hammonton, N.J., with	\$12,264,519	2	-----
and The Boardwalk National Bank of Atlantic City, N.J. (8800), which had	116,030,175	16	-----
merged Dec. 30, 1960, under charter and title of the latter bank (8800). The merged bank at date of merger had	128,294,695	-----	18

Summary of Report by Attorney General

It would appear that substantial competition with respect to deposits and loans would be eliminated between the two banks if the proposed consolidation should be approved. The close connection presently existing between the two banks may have already reduced that competition. It would also appear that the already dominant position of Boardwalk National over the other banks in the service area of the combined banks would be increased to some 50 percent of all deposits and to almost 54 percent of loans and the position of dominance of Boardwalk National in the service area of the merging bank would be even more pronounced. In this particular, it is important to note that Boardwalk National is almost three times larger in terms of its resources and deposits than the second largest bank in the area and is six times larger than the number three bank. All remaining competitors, while substantial and significant in their respective local municipalities, nevertheless appear to be too small to compete with the growing power of Boardwalk National.

If approved, the proposed merger will be the fourth in a series of mergers starting in 1955. Thus, the tendency of Boardwalk National toward achieving a monopoly position in commercial banking in the appropriate banking service area will be considerably strengthened by this merger.

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Basis for Comptroller's Approval

The Boardwalk National Bank of Atlantic City was located in a resort city subject to seasonal and cyclical fluctuations. Peoples Bank and Trust Company was located in Hammonton which is in the south central part of New Jersey, 31 miles northeast of Atlantic City. It is primarily an agricultural area with some light industry. The Boardwalk National Bank of Atlantic City desired to diversify the character of its business and also to apply its resources to the development of the immediate interior.

The nearest branch of The Boardwalk National Bank of Atlantic City to Hammonton was 14 miles away. The two banks were closely connected through overlapping ownership. In view of the size of the bank, the common ownership, the distance between offices and the communities served by the two banks, it appeared that competition between the merging institutions was very slight.

It was believed that diversification by the Boardwalk National Bank and its expansion of area of operations would strengthen the bank and the banking system.

Description of Each Consolidation, Merger and Purchase and Sale Transaction Approved by the Comptroller of the Currency, May 13-Dec. 31, 1960—Continued

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
No. 52—The First National Bank of Winston-Salem, N.C. (14147), with	\$26,960,073	3	-----
and North Carolina National Bank, Charlotte, N.C. (13761), which had	499,793,147	48	-----
merged Dec. 30, 1960, under charter and title of the latter bank (13761). The merged bank at date of merger had	525,023,551	-----	51

Summary of Report by Attorney General

North Carolina National Bank, the second largest bank in the State, operates 45 offices across the State and has 3 more under construction. It has total assets of \$493,336,000, total loans and discounts of \$244,347,000, total deposits of \$440,299,000, and total capital accounts of \$39,613,000.

The First National Bank of Winston-Salem operates three permanent offices and two seasonal offices in the tobacco markets in that city. This bank has had an excellent earnings record and steady growth. Its major lending activity, despite its comparatively small size as compared with the State's leading banks, is in commercial and industrial loans. It has total assets of \$26,843,000, total loans and discounts of \$14,042,000, total deposits of \$23,524,000, and total capital accounts of \$2,347,000.

The merger would be another step in a program of growth by acquisition which has marked North Carolina National and its predecessor companies in the past few years, as well as other large banks

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in North Carolina. Since North Carolina National was formed by merger earlier this year, it has already made one acquisition, adding four offices and \$13,709,000 in deposits.

Basis for Comptroller's Approval

North Carolina National Bank is the product of the merger of Security National Bank of Greensboro, N.C., and American-Commercial Bank, Charlotte, N.C. Its main office is in Charlotte, N.C., and it had no offices in Winston-Salem. Winston-Salem is located 75 miles from Charlotte and the nearest branch of North Carolina National Bank is in High Point, 18 miles from Winston-Salem.

Because of Statewide branch banking in North Carolina there exist large banks operating on a Statewide basis. Wachovia Bank & Trust Company with its main office in Winston-Salem is the largest bank and North Carolina National is the second largest. This merger would enable the North Carolina Bank to establish for the first time branches in Winston-Salem. No direct competition would be eliminated.

Description of Each Consolidation, Merger and Purchase and Sale Transaction Approved by the Comptroller of the Currency, May 13-Dec. 31, 1960—Continued

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
No. 53—The Lorain Banking Company, Lorain, Ohio, with... and The National Bank of Lorain, Ohio (14290), which had... consolidated Dec. 31, 1960, under charter of the latter bank... (14290), and title "The Lorain National Bank." The... consolidated bank at date of consolidation had.....	\$27,410,336 12,723,637 40,133,973	5 1 -----	----- ----- 6

Summary of Report by Attorney General

The consolidation of the National Bank of Lorain and The Lorain Banking Company, both in Lorain, Ohio, would reduce competition in commercial banking in Lorain by reducing the number of banks with their head offices in Lorain from four to three, and combining two banks which are now substantial factors in the same competitive area. The proposed consolidation would also give the merged bank approximately 50 percent of the total assets and deposits of the banks with head offices in Lorain. Furthermore, it would also permanently foreclose future potential competition between two healthy banks.

Basis for Comptroller's Approval

Lorain is situated on Lake Erie, 27 miles west of Cleveland, Ohio, and is an industrial community with a population of 68,000. The area has experienced considerable growth in the past decade and further growth and industrial development is anticipated. An enlarged banking unit with greater credit potential appeared to be in the public interest to serve the expanding needs of this community.

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Adequate banking competition would continue in Lorain. There would remain there three banks plus a branch of the very large Cleveland Trust Company.

Description of Each Consolidation, Merger and Purchase and Sale Transaction Approved by the Comptroller of the Currency, May 13-Dec. 31, 1960—Continued

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
No. 54—The Huguenot National Bank of New Paltz, N.Y. (1186), with-----	\$5,502,547	1	-----
and The State of New York National Bank, Kingston, N.Y. (955), which had-----	18,444,915	3	-----
consolidated Dec. 31, 1960, under charter and title of the latter bank (955). The consolidated bank at date of consolidation had-----	23,947,461	-----	4

Summary of Report by Attorney General

The State of New York National Bank is at the present time the second largest of the three commercial banks in the Kingston area. The Huguenot National Bank of New Paltz is the only bank in the community. Because of the fact that these banks are located in different trade areas, no presently existing competition would apparently be eliminated by their consolidation. Furthermore, the consolidation would not appear to substantially increase any advantages of the State of New York National Bank over its competitors, nor would it further any tendency toward monopoly. For these reasons, it is our conclusion that this consolidation would have no substantial adverse effect on competition.

Basis for Comptroller's Approval

The consolidation of these two banks would result in improved management. The competitive areas of the consolidating banks did not overlap and in view of the relative size of both banks and the distance between them, direct competition appeared to be very slight. The expanded resources of the consolidated bank brought greater credit potential and services to the New Paltz area, which is growing rapidly because of the New York State Thruway.

Description of Each Consolidation, Merger and Purchase and Sale Transaction Approved by the Comptroller of the Currency, May 13-Dec. 31, 1960—Continued

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
No. 55—New England National Bank of Boston, Mass. (14915), with			
and The Merchants National Bank of Boston, Mass. (475), which had	\$78,915,820	2	-----
consolidated Dec. 31, 1960, under charter of the latter bank (475), and title "New England Merchants National Bank of Boston." The consolidated bank at date of consolidation had	273,495,548	6	-----
	352,411,368	-----	8

Summary of Report by Attorney General

The Merchants National Bank of Boston, Boston, Mass., and the New England National Bank of Boston, Boston Mass., propose to consolidate their banking services. It would appear that if this consolidation is effected substantial competition for deposits and loans will be eliminated as between the two banks. Furthermore, competition for fiduciary accounts will also be foreclosed.

Nevertheless, the resulting bank will still remain in fourth position within the banking service area considerably behind three other large Boston banks and may be in a better position to compete with the larger banks.

Basis for Comptroller's Approval

The banking factors were all favorable.

This consolidation combined the fourth and seventh largest banks in Boston. These two banks were in direct competition with each other, but the competitive area included the Greater Boston Metropolitan area with a population of 2,500,000. The combined bank would have less than 10 percent of the deposits in the Boston banks even excluding the savings banks. It would remain less than one-fifth the size of the First National Bank of Boston, but by the consolidation would be enabled to better compete with the larger banks.

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Description of Each Consolidation, Merger and Purchase and Sale Transaction Approved by the Comptroller of the Currency, May 13-Dec. 31, 1960—Continued

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
No. 56—The National Bank of Wrentham, Mass. (1085), with and South Shore National Bank of Quincy, Mass. (14798), which had.....	\$1, 804, 187	1	-----
merged Dec. 31, 1960, under charter and title of the latter bank (14798). The merged bank at date of merger had.....	57, 221, 628	11	-----
	59, 025, 815	-----	12

Summary of Report by Attorney General

The National Bank of Wrentham is a small bank operating within a limited service area located at a considerable distance from the area serviced by South Shore National Bank, and is not in any substantial competition with that bank. Therefore as between the two banks no substantial, if any, competition will be eliminated by the merger. Nor will the strength of the applicant bank in its own service area be significantly increased by the addition of the merging bank since Norfolk County Trust seems to have a clearly dominant position in Norfolk County.

Basis for Comptroller's Approval

The managing officer of the Wrentham Bank had reached retirement age with no provision for succession. The merger introduced into Wrentham expanded services, and a sounder and more aggressive bank management. Due to the distance between the merging banks, their service areas did not overlap and there was no competition between them.

ANNUAL REPORT OF THE COMPTROLLER OF THE CURRENCY

STATUS OF NATIONAL BANKING SYSTEM

The 4,520 banks supervised by the Comptroller of the Currency had total assets of \$151.6 billion at the end of 1961. This represents 47.0 percent of the assets in the commercial and savings banks of the Nation, and 54.3 percent of commercial banking assets. Commercial banks numbering 8,898 which are supervised by State banking authorities held assets of \$127.9 billion, and 515 State-chartered and supervised mutual savings banks had assets of \$42.8 billion. For all commercial and mutual savings banks, assets were \$322.3 billion, an increase of \$23.4 billion for the year as shown in the following table:

All operating banks—continental United States and other areas

[Dollars in millions]

Type of bank	Members of both the Federal Reserve System and Federal Deposit Insurance Corporation		Members of Federal Deposit Insurance Corporation only		Not members of Federal Reserve or Federal Deposit Insurance Corporation	
	Number	Total assets	Number	Total assets	Number	Total assets
National banks.....	¹ 4,517	\$151,423	¹ 3	\$196	-----	-----
State commercial banks.....	² 1,595	83,673	² 7,001	42,082	⁴ 302	\$2,129
Mutual savings banks.....	³ 1	16	³ 329	37,049	⁴ 185	5,768
Total.....	6,113	235,112	7,333	79,327	487	7,897

Recapitulation

	Number	Branches	Total assets	Increase for 1961
National banks.....	¹ 4,520	5,856	\$151,619	\$11,623
State commercial banks.....	8,898	5,327	127,884	9,521
Mutual savings banks.....	515	544	42,833	2,259
Head offices.....	13,933	11,727	322,336	23,403
Branches.....	11,727	-----	-----	-----
Total banking offices.....	25,660	-----	-----	-----

¹ Supervised by Comptroller of the Currency. (Includes 7 nonnational banks in the District of Columbia, 4 member and 3 nonmember insured banks with 31 branches.)

² Supervised by State banking departments and the Federal Reserve System. (Includes 1 member nondeposit trust company.)

³ Supervised by State banking departments and Federal Deposit Insurance Corporation.

⁴ Supervised by State banking departments only.

The complexity of our society, the size of the large corporations necessary to our standard of living and economic growth, the increasing cost of government caused in large measure by needs of national defense, and now of space exploration, require a national banking system capable of providing adequate financing to support our economy, our industry, and our nation.¹

We are of the opinion that the growth of our national banking system has not been up to potential, both in relation to size comparative to other financial institutions and with respect to its contributions to the economic growth of this nation. There are several reasons for this. The fact that savings and loan institutions have achieved more rapid growth than national banks, as illustrated in the chart below, is attributed to the fact that they have been in a position to offer more attractive savings interest rates because of their favored tax status and lower liquidity requirements.

For far too long the States have been in a position to impede the progress of the national banking system. In no other industry of which we are aware are there imposed such restrictions on growth and expansion as in banking. It is ironic that although as early in our national life as 1790, there was recognized the need for a national bank to serve the fiscal and monetary needs of the Nation,² and as early as 1819, it was decided in a landmark decision³ that the States could not constitutionally interfere with national banks, yet as late as 1962 we find the growth of the national banking system being seriously retarded by the States.⁴

We have recently solicited the aid of every national bank in identifying, appraising, and developing methods to eliminate restrictions hampering the performance of our national banking system. We are undertaking a comprehensive review of all laws and administrative rulings to determine which should be eliminated or modified. We have appointed an advisory committee to assist us in this task. We envision that completion of this task will see more realistic laws enacted with a view to permitting our national banking system to serve properly the financial needs of our present-day economy.

Growth of Financial Institutions

Commercial bank assets increased \$21.1 billion during 1961, as compared to \$12.9 billion in 1960 and \$5.3 billion in 1959. During the past decade the average annual growth of commercial bank assets was \$9.9 billion per year. The growth of financial institutions during the past 10-year period was at a rapid rate, but in those organizations which have been in a position to offer more attractive savings interest rates because of their favored tax status and lower liquidity requirements, the growth was dynamic. Relative growth by classes during the past 10-year period is presented in the following table.

¹ Decision of Comptroller of the Currency James J. Saxon on the application to merge Bank of Livonia, Livonia, Mich., and the National Bank of Detroit, Detroit, Mich.

² Alexander Hamilton, *Report on a National Bank*, *Annals of Congress*, vol. 2, p. 2098.

³ *McCulloch v. Maryland* (1819), 4 Wheat. 316.

⁴ Same as 1.

Financial institutions

(Total assets)

[Dollars in millions]

	Dec. 31, 1951	Dec. 30, 1961	Percent of increase
Commercial banks.....	\$180, 424	\$279, 503	54. 9
Mutual savings banks.....	23, 439	42, 833	82. 7
Savings and loan associations.....	19, 164	82, 096	328. 4
Federal and State chartered credit unions.....	1, 198	¹ 5, 658	372. 3

¹ Data as of Dec. 31, 1960.*Status of National Banks*

The number of operating national banks was reduced by 17 during 1961. This compares with reductions of 12 in 1960, 43 in 1959, 42 in 1958, 32 in 1957, and 41 in 1956. Although the number of banks in the national banking system has continued to decrease, the upward trend in total assets prevails. Their total assets, after deduction of \$1.7 billion of reserves for bad debts, and other valuation reserves were \$150.8 billion at the end of 1961, a gain of \$11.5 billion. The national banking system absorbed 52 State banks in 1961 through consolidations, mergers, purchases, and conversions for a gain in assets of \$854.2 million, while 17 national banks with \$268.1 million of assets went into the State banking systems by the same routes. A net gain of \$586.1 million in assets accrued from these sources for the national banking system.

Based upon management competence, experience and continuity, quality of assets, earning capacity and retention, and capital funds and reserves, the national banking system continues in excellent condition.

Deposits

At the end of 1961 total deposits of all national banks were \$135.5 billion, an increase of \$10.6 billion over the prior year.

The total deposits of national banks and the average effective interest rate paid on time and savings deposits are set forth below for the years 1957 through 1961.

[Dollars in millions]

Total deposits	Dec. 31, 1957	Dec. 31, 1958	Dec. 31, 1959	Dec. 31, 1960	Dec. 31, 1961
Demand.....	\$77, 881. 0	\$81, 351. 8	\$82, 703. 1	\$84, 754. 0	\$89, 965. 5
Time and savings*.....	31, 555. 3	35, 734. 3	36, 934. 6	40, 156. 8	45, 545. 1
Total.....	109, 436. 3	117, 086. 1	119, 637. 7	124, 910. 8	135, 510. 6
Interest paid*.....	636. 0	762. 3	866. 7	978. 7	1, 158. 5
Average rate (percent).....	2. 02	2. 13	2. 35	2. 44	2. 54

Loans

The national banking system again reported a moderate increase in loans and discounts. As of December 30, 1961, and before deduction of valuation reserves, the loan portfolios of all national banks aggregated \$68.7 billion, a gain of \$3.7 billion over the previous year end. This increase during 1961 represents a growth rate of 5.76 percent and may be contrasted with an increase in total assets of 8.29 percent and an increase in total deposits of 8.48 percent during the same period.

All major categories experienced increases during 1961. It is noted that single-payment loans for personal use and loans for purchasing and carrying securities reflected the highest rates of increase. Conventional mortgage loans on nonfarm real estate (included in the schedule below under "Real Estate Loans"), which increased \$1,002 million, and loans for commercial and industrial purposes, which increased \$906.5 million, reflected the largest dollar gains. Decreases were revealed in real estate loans insured or guaranteed by the Veterans' Administration (down \$157.6 million) and in two categories of installment consumer loans.

The following table indicates the dollar amounts and percentages of increase or decrease in the major elements comprising loans and discounts of national banks.

[In thousands of dollars]

	1960	1961	Percentage change
Real estate loans.....	15, 534, 206	16, 547, 006	6. 5
Loans to financial institutions.....	4, 279, 954	4, 616, 737	7. 9
Loans for purchasing or carrying securities.....	2, 114, 874	2, 375, 371	12. 3
Loans to farmers (excluding loans secured by real estate).....	2, 748, 346	3, 081, 359	12. 1
Commercial and industrial loans (excluding loans secured by real estate).....	23, 979, 387	24, 885, 922	3. 8
Installment consumer loans to individuals for--			
Autos (including purchased paper).....	5, 000, 920	5, 058, 655	1. 2
Other retail consumer goods (including purchased paper).....	1, 629, 528	1, 608, 970	-1. 3
Home improvement.....	1, 586, 474	1, 579, 172	- . 5
Personal expenditures.....	2, 300, 118	2, 405, 115	4. 6
Total installment consumer loans.....	10, 517, 040	10, 651, 912	1. 3
Single-payment loans for personal expenditures.....	4, 192, 548	4, 800, 530	14. 5
All other loans.....	1, 633, 850	1, 789, 089	9. 5
Total loans and discounts (gross).....	65, 000, 205	68, 747, 926	5. 8

Liquidity

The national banking system diverted a sufficient amount of deposit increases realized during 1961 to primary and secondary reserves so that basic liquidity on December 30, 1961, was comparable with that for the preceding year end. The following tables provide a comparison of balance sheet factors affecting the basic and short-term

liquidity position of all national banks for a 10-year period. These computations are presented only as an indicator of trends within the national banking system as a whole. Their application as a standard to a specific bank should be approached with caution.

Basic liquidity of the national banking system

[In millions of dollars]

	Cash and balances with other banks	U.S. Gov- ernment obligations	Less bills payable and re- discounts	Net	Deposits	Percent of coverage
1952.....	26,399.4	35,936.4	75.9	62,259.9	99,257.8	62.73
1953.....	26,545.5	35,588.8	14.9	62,119.4	100,947.2	61.54
1954.....	25,721.9	39,507.0	11.1	65,217.8	106,145.8	61.44
1955.....	25,763.4	33,690.8	107.8	59,346.4	104,218.0	56.94
1956.....	27,082.5	31,680.1	18.7	58,743.9	107,494.8	54.65
1957.....	26,865.1	31,338.1	38.3	58,164.9	109,436.3	53.15
1958.....	26,864.8	35,824.8	43.0	62,646.6	117,086.1	53.50
1959.....	27,464.2	31,761.0	340.4	58,884.8	119,637.7	49.22
1960.....	28,674.5	32,711.7	110.6	61,275.6	124,910.9	49.06
1961.....	31,078.4	36,087.7	224.6	66,941.5	135,510.6	49.39

Short-term liquidity of the national banking system

[In millions of dollars]

	Treasury bills	Treasury certificates of indebted- ness	Cash and balances with other banks	Total	Deposits	Percent of coverage
1952.....	4,486.1	3,073.1	26,399.4	33,958.6	99,257.8	34.21
1953.....	2,575.9	5,810.9	26,545.5	34,932.3	100,947.2	34.60
1954.....	2,964.1	2,993.0	25,721.9	31,621.0	106,145.8	29.79
1955.....	2,014.5	1,265.5	25,763.4	29,043.4	104,218.0	27.87
1956.....	2,808.1	1,051.0	27,082.5	30,941.6	107,494.8	28.78
1957.....	2,491.8	2,478.7	26,865.1	31,835.6	109,436.3	29.09
1958.....	3,122.6	3,633.1	26,864.8	33,620.5	117,086.1	28.71
1959.....	3,006.1	1,202.3	27,464.2	31,672.6	119,637.7	26.47
1960.....	3,932.2	1,395.8	28,674.5	34,002.5	124,910.9	27.22
1961.....	5,889.3	1,143.5	31,078.4	38,111.2	135,510.6	28.12

Investment Accounts

At the end of 1961 securities investment accounts of national banks totaled \$48.7 billion, compared to \$43.5 billion at the end of 1960. All of the investment categories shown in the "Recapitulation by maturities" table reflected increases. U.S. bonds, which increased \$3.4 billion, represented 65% of all new purchases.

As the "Maturity position of U.S. bonds" table reveals, the maturities of U.S. bonds in 1961 reflected a continuation of the trend toward liquid, short term issues. Bonds due in 5 years or less represented 87 percent of the total, as compared to 77 percent in 1960 and 72 percent in 1959.

As is indicated in the table "Results of bond activity," substantial net profits were realized on security transactions in the national banking system.

REPORT OF THE COMPTROLLER OF THE CURRENCY

Recapitulation by maturities

(U.S. bonds as of Dec. 30, 1961, municipal and other bonds as of most recent examination reports—adjusted to the year end)

[In millions of dollars]

	U.S. bonds	General obligation municipal bonds	Special revenue municipal authority and cor- porate bonds	Total
Up to 1 year.....	12,845	1,472	912	15,229
Over 1, not over 5 years.....	18,605	3,506	995	23,106
Over 5, not over 10 years.....	3,380	3,002	548	6,930
Over 10 years.....	1,258	1,705	506	3,469
Total.....	36,088	9,685	2,961	48,734

¹ Includes \$238 million of nonmarketable U.S. bonds.² Includes \$128 million of U.S. guaranteed bonds (FHA debentures and merchant marine bonds).³ Includes \$1,745 million of general obligations of States and \$996 million of housing authority obligations.⁴ Includes \$1,392 million of special revenue municipal obligations and \$1,193 million of Federal corporate (not guaranteed) bonds.*Maturity position of U.S. bonds*

[In millions of dollars]

	U.S. bonds				
	Dec. 31, 1957	Dec. 31, 1958	Dec. 31, 1959	Dec. 31, 1960	Dec. 30, 1961
Up to 1 year.....	7,965	8,718	8,209	8,860	12,845
Over 1, not over 5 years.....	15,959	17,949	16,460	19,044	18,605
Over 5, not over 10 years.....	4,710	6,632	5,579	3,402	3,380
Over 10 years.....	2,702	2,522	1,476	1,406	1,258
Total.....	31,336	35,821	31,724	32,712	36,088

Results of bond activity

[In millions of dollars]

Year	Profits	Recoveries	Losses	Net profit	Net loss
1955.....	35.9	15.8	152.8	-----	101.1
1956.....	11.4	13.0	239.0	-----	214.6
1957.....	31.1	5.8	151.2	-----	114.3
1958.....	353.1	12.4	67.5	298.0	-----
1959.....	24.8	18.3	483.5	-----	440.4
1960.....	171.8	21.2	154.4	38.6	-----
1961.....	243.2	10.6	51.2	202.6	-----

Capital Structure

During 1961, capital programs were undertaken by 182 national banks, which resulted in shareholders furnishing \$172 million in additional funds. During the same period 472 national banks declared stock dividends having a par value of \$166 million. During the 10-year period from January 1, 1952, to December 31, 1961, 2,016 national banks augmented their capital structures \$1,490 million through the sale of additional common stock.

As of December 31, 1961, the capital, surplus, undivided profits and reserves of all national banks totaled \$11.9 billion, and their reserves for bad debts and other valuation reserves amounted to \$1.7 billion, making aggregate capital funds and reserves of \$13.6 billion. This represents 10 percent of deposit liabilities and 9 percent of gross assets.

Reports of examination reveal that, with the exception of isolated cases, the capital position of the national banking system is satisfactory when measured against the capacity and performance of management, liquidity, the judicious and competitive employment of funds, history and profitability of operations, character of banking services, and the growth prospects in the economic and general banking environment.

Earnings, Expenses and Net Additions to Reserves

National banks paid \$3,788 million in salaries and wages, taxes, and interest on deposits in 1961, compared to \$3,380 million for the same purposes in 1960. Salaries and wages amounted to \$1,799 million, of which \$1,047 million went to 283,303 employees, \$521 million was paid to 52,414 officers, \$203 million represented fringe benefits, and fees to directors accounted for \$28 million. National banks paid Federal income taxes of \$734 million and State income taxes of \$41 million during the current year. In comparison, they paid \$705 million and \$36 million, respectively, in 1960. Interest paid on savings and other time deposits rose from \$979 million in 1960 to \$1,159 million in 1961. This represented an average rate of 2.54% on total time deposits.

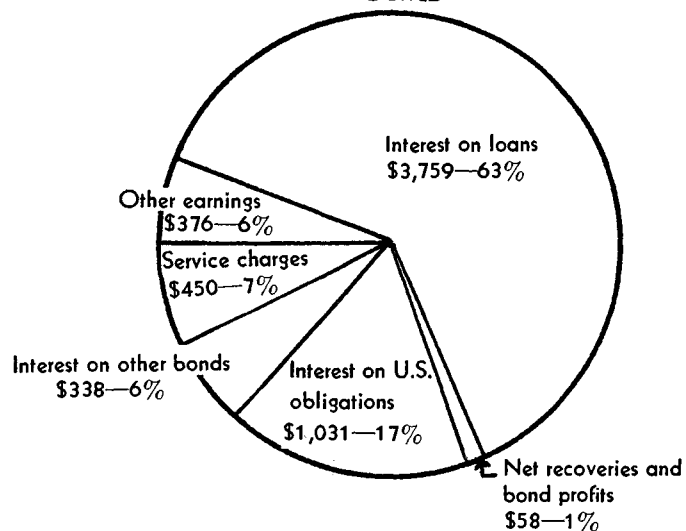
The sources and disposition of income for national banks is shown by the following illustration.

NATIONAL BANKS—1961

SOURCE AND DISPOSITION OF THE INCOME DOLLAR

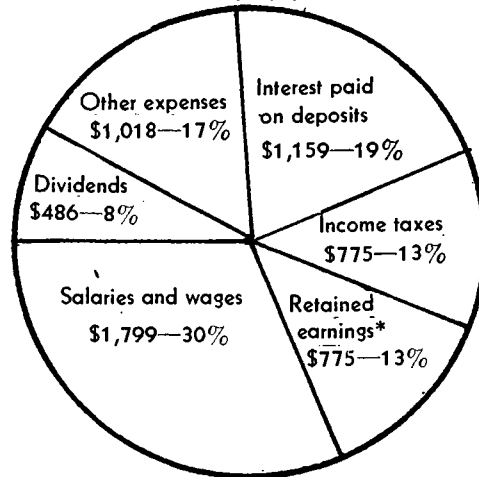
(In millions of dollars and percent of one dollar)

SOURCE



Earnings from current operations	\$5,954
Net recoveries on loans, bonds, etc.	58
Total source	6,012

DISPOSITION



*Reserve for bad debts (tax free)	\$103
Valuation reserve—Loans	24
Valuation reserve—Bonds	92
Retained earnings	556
	<u>775</u>

Expenses, taxes on net income and dividends	5,237
Total disposition	6,012

Net current earnings in 1961 decreased from the 1960 figure of \$2,046 million to \$1,979 million. The \$199 million rise in gross income was more than offset by increased wages and higher rates of interest paid on an enlarged volume of time money.

Non-recurring income exceeded losses on loans, bonds and other assets and produced a net addition to profits of \$58 million. Income taxes of \$775 million amounted to 40 percent of taxable income. Net profits after taxes and before dividends were \$1,042 million. This amount does not include \$219 million of both taxable and nontaxable earnings which were transferred to bad debt and other valuation reserves. The sum of such net profits and net additions to reserves is equivalent to 10.6 percent of capital accounts. Shareholders received cash dividends of \$486 million representing a return of 4.1% on total capital structure at year end. Net retained earnings including net additions to reserves, amounted to \$775 million.

Set forth below is a 5-year schedule of earnings, expenses, dividends, etc., per \$100 (1) of assets and (2) capital funds.

Earnings, expenses, etc., of national banks for the years ended Dec. 31, 1957, 1958, 1959, 1960, and 1961

[In dollars. *Indicates amounts in millions]

	1957	1958	1959	1960	1961
*Total assets at close of year.....	120,523	128,797	132,636	139,261	150,809
*Total capital accounts at close of year.....	9,093	9,669	10,302	11,098	11,875
*Gross earnings.....	4,284	4,539	5,183	5,755	5,955
Per \$100 of assets.....	3.55	3.52	3.91	4.13	3.95
Per \$100 of capital funds.....	47.11	46.94	50.31	51.86	50.15
*Gross expenses.....	2,707	2,970	3,338	3,709	3,976
Per \$100 of assets.....	2.25	2.30	2.52	2.66	2.64
Per \$100 of capital funds.....	29.77	30.71	32.40	33.42	33.48
*Net earnings from operations.....	1,577	1,569	1,845	2,046	1,979
Per \$100 of assets.....	1.31	1.22	1.39	1.47	1.31
Per \$100 of capital funds.....	17.34	16.23	17.91	18.44	16.67
*Net asset losses or recoveries (including bond profits, etc.) ¹	-180	+224	-494	-104	+58
Per \$100 of assets.....	-.15	+.17	-.37	-.07	+.04
Per \$100 of capital funds.....	-1.98	+2.31	-4.80	-.94	+.49
*Taxes (income).....	545	690	506	741	776
Per \$100 of assets.....	.45	.54	.38	.53	.51
Per \$100 of capital funds.....	5.99	7.14	4.91	6.68	6.54
*Net profits before dividends.....	852	1,103	845	1,201	1,261
Per \$100 of assets.....	.71	.85	.64	.86	.84
Per \$100 of capital funds.....	9.37	11.40	8.20	10.82	10.62
*Cash dividends.....	364	393	423	451	496
Per \$100 of assets.....	.30	.30	.32	.32	.32
Per \$100 of capital funds.....	4.00	4.06	4.11	4.06	4.09
*Retained earnings.....	\$ 488	\$ 710	\$ 422	\$ 750	\$ 775
Per \$100 of assets.....	.40	.55	.32	.54	.52
Per \$100 of capital funds.....	5.37	7.34	4.10	6.76	6.53

¹ Exclusive of transfers to and from reserve for bad debts and other valuation reserves on loans and securities, but including net losses charged to these reserves.

² Includes funds transferred to reserve for bad debts and valuation reserves, less the amount of assets charged off against such reserve accounts. Includes \$121 million in 1957, \$213 million in 1958, \$44 million in 1959, \$155 million in 1960, and \$219 million in 1961 transferred to effect a net increase in reserves for bad debts and valuation reserves. (Taxes would have absorbed a portion of these amounts had the transfers not been made.)

Bad Debt Reserves

Bad debt reserves aggregated \$1,332 million at the close of 1961 in the 2,966 national banks which were then using the reserve method for income tax purposes. These banks held loans aggregating \$65.2 billion and the bad debt reserve accounts equalled 2 percent thereof.

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These loans represented 94.9 percent of the loans in all national banks.

There was a net increase of \$114 million in bad debt reserve accounts during the year. This increase was accomplished by transfers of \$212 million, recoveries of \$44 million, and additions due to mergers and absorptions of \$11 million, less losses of \$147 million and withdrawals of \$6 million.

Branch Banking

The 690 applications received from national banks to establish de novo branches during 1961 continues to reflect an awareness by national banks of their responsibility to provide convenient and needed facilities for the public. It also is indicative of a further shift of population to suburban areas of large metropolitan centers. The 580 branches opened in 1961 exceeded the unprecedented 561 established in 1960. To meet traffic congestion and parking problems national banks provided drive-in facilities in conjunction with 186 of the newly opened branches. It is of particular interest that de novo branches were established in fifty communities previously without local banking services.

The following table represents the disposition of these applications:

	Number	Percentage
Approved (primary approvals of applications for permission to establish branches).....	295	43
Rejected.....	71	10
Withdrawn.....	38	6
In process of investigation and study.....	286	41
Total.....	690	100

In addition, applications were submitted during 1961 by national banks for permission to merge, consolidate, or purchase assets and assume liabilities of other banks which, if completed, would result in an expansion of branch offices by 179. Action taken during the year resulted in approval to establish 129 branches in this category. Pending cases, if approved, would add 47 branches to the national system.

From 1960 and years prior, a total of 813 branch applications were carried forward into 1961; of these, 627 were approved, 63 rejected, 56 withdrawn, and 67 remained pending as of December 31, 1961. In total, there were 1,682 branch cases to account for as of year end. The following summarizes the disposition of those applications:

	Number	Percentage
Approved (primary approvals of applications for permission to establish branches).....	1,051	62
Rejected.....	135	8
Withdrawn.....	96	6
In process of investigation and study.....	400	24
Total.....	1,682	100

In 1961 certificates of authorization for the establishment of 573 branches of national banks and 1 branch of a District of Columbia nonnational bank were issued, including 11 which had not yet opened for business as of December 31, 1961. Certificates of authorization were issued for the establishment of 17 branches in 1960 which did not open until 1961. The net result was the opening of 580 branches during the year. At year end there were 5,856 branches being operated by 983 of the 4,513 national banks and 6 nonnational banks in the District of Columbia, reconciled as follows:

State	Branches in operation Dec. 31, 1960	Branches opened for business during 1961	Existing branches discontinued or consolidated during 1961	Branches in operation Dec. 31, 1961
Alabama.....	70	7	1	76
Alaska.....	25	2	-----	27
Arizona.....	125	11	-----	136
Arkansas.....	16	6	-----	22
California.....	1,236	85	8	1,313
Connecticut.....	98	13	-----	111
District of Columbia.....	160	3	-----	163
Georgia.....	56	13	-----	69
Hawaii.....	28	2	-----	30
Idaho.....	67	1	-----	68
Indiana.....	175	13	1	187
Iowa.....	8	2	-----	10
Kansas.....	13	4	-----	17
Kentucky.....	76	11	-----	87
Louisiana.....	92	5	-----	97
Maine.....	46	4	1	49
Maryland.....	80	36	2	114
Massachusetts.....	206	27	7	226
Michigan.....	207	34	4	237
Minnesota.....	16	-----	-----	6
Mississippi.....	23	5	-----	28
Missouri.....	6	4	-----	10
Nebraska.....	19	4	-----	13
Nevada.....	20	3	-----	23
New Hampshire.....	12	-----	1	1
New Jersey.....	251	28	6	273
New Mexico.....	29	4	-----	33
New York.....	467	63	3	527
North Carolina.....	129	23	10	142
North Dakota.....	1	-----	-----	1
Ohio.....	304	43	1	346
Oklahoma.....	15	6	1	20
Oregon.....	160	7	-----	167
Pennsylvania.....	458	53	2	509
Rhode Island.....	49	-----	-----	49
South Carolina.....	97	9	1	105
South Dakota.....	28	-----	-----	28
Tennessee.....	126	13	-----	139
Utah.....	41	1	-----	42
Vermont.....	17	2	-----	19
Virginia.....	131	18	1	148
Washington.....	253	13	-----	266
Wisconsin.....	19	1	-----	20
Virgin Islands.....	1	1	-----	2
Total.....	5,326	580	50	5,856

¹ Includes 30 branches in operation by 6 nonnational banks in the District of Columbia under the supervision of the Comptroller of the Currency on Dec. 31, 1960, and 31 such branches on Dec. 31, 1961.

² Established prior to enactment of McFadden Act, Feb. 25, 1927.

³ Includes 1 branch established prior to enactment of McFadden Act, Feb. 25, 1927.

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Branches authorized to open during 1961 were distributed among areas with varying population density and were sponsored by banks of varying size, as follows:

In unincorporated areas.....	27
In cities with population less than 5,000.....	148
In cities with population from 5,000 to 25,000.....	153
In cities with population from 25,000 to 50,000.....	72
In cities with population over 50,000.....	174
Total.....	574

By banks with less than \$10MM total resources.....	72
By banks with total resources of \$10MM to \$25MM.....	96
By banks with total resources over \$25MM.....	406
Total.....	574

In addition to reflecting the number of all banking units in relation to population and total banking resources, the following tabulation briefly summarizes the current status of branch banking statutes of States, the District of Columbia, and possessions of the United States:

State	Number of all banks	Number of all branches	Total banking units as of Dec. 31, 1961	Number of all banking units in relation to population: 1 per—	Total banking resources (in millions of dollars)
States permitting statewide branch bank- ing:					
Alaska.....	14	29	43	5,500	231
Arizona.....	12	192	204	7,000	1,616
California.....	122	1,750	1,872	8,900	29,850
Connecticut ¹	67	218	285	9,300	2,895
Delaware.....	20	53	73	6,400	846
District of Columbia.....	11	63	74	10,300	1,803
Hawaii.....	12	85	97	6,900	877
Idaho ¹	32	87	119	5,800	746
Louisiana ¹	192	184	376	8,900	3,459
Maine ¹	47	136	183	5,500	789
Maryland.....	132	251	383	8,500	2,956
Nevada.....	7	39	46	6,600	540
North Carolina.....	171	546	717	6,500	3,646
Oregon ¹	49	205	254	7,200	2,395
Rhode Island.....	9	89	98	8,900	1,084
South Carolina.....	144	159	303	8,000	1,250
Utah ¹	50	73	123	7,600	1,164
Vermont.....	53	37	90	4,400	473
Washington ¹	89	298	387	7,600	3,265
Total.....	1,233	4,494	5,727	8,000	59,885
States permitting branch banking within limited areas:					
Alabama.....	238	90	328	10,200	2,440
Arkansas ²	237	54	291	6,200	1,559
Georgia.....	403	117	520	7,700	3,498
Indiana.....	442	336	778	6,100	5,596
Iowa ²	672	190	862	3,200	3,687
Kansas ²	590	29	619	3,600	2,873
Kentucky.....	351	163	514	6,000	2,896
Massachusetts.....	167	406	573	9,200	6,764
Michigan.....	373	614	987	8,100	10,282
Mississippi.....	193	144	337	6,700	1,574
Missouri ²	626	35	661	6,700	7,223
Nebraska ²	425	16	441	3,300	1,987
New Jersey.....	247	466	713	8,900	8,575
New Mexico.....	57	60	117	8,500	837
New York.....	386	1,473	1,859	9,300	57,450
North Dakota ²	156	29	185	3,500	857
Ohio.....	576	693	1,269	7,900	13,234
Oklahoma ²	388	27	415	5,700	3,227

See footnotes at end of table.

State	Number of all banks	Number of all branches	Total banking units as of Dec. 31, 1961	Number of all banking units in relation to population: 1 per—	Total banking resources (in millions of dollars)
States permitting branch banking within limited areas—Continued					
Pennsylvania.....	676	865	1,541	7,500	17,121
South Dakota.....	174	62	236	3,000	884
Tennessee.....	296	230	526	6,900	3,984
Virginia.....	302	300	602	6,800	3,955
Wisconsin.....	565	159	724	5,600	5,426
Total.....	8,540	6,558	15,098	7,000	165,929
States prohibiting branch banking, or with no laws regarding branch banking:					
Colorado.....	194	1	195	9,200	2,548
Florida.....	322	—	322	16,600	5,792
Illinois.....	976	—	976	10,600	21,142
Minnesota.....	689	6	695	5,000	4,973
Montana.....	123	—	123	5,600	945
New Hampshire ³	74	2	76	8,300	510
Texas.....	1,018	12	1,030	9,600	14,792
West Virginia.....	181	—	181	10,200	1,523
Wyoming ³	55	—	55	6,200	499
Total.....	3,632	21	3,653	9,400	52,724
Total United States.....	13,405	11,073	24,478	7,600	278,538
Possessions:					
Canal Zone ⁴	—	—	—	—	20
Guam ⁴	—	—	—	—	34
Puerto Rico ⁴	11	108	119	20,300	862
American Samoa.....	1	—	1	20,000	6
Virgin Islands ⁴	1	2	3	11,300	43
Total possessions.....	13	110	123	21,000	965
Total United States and possessions.....	13,418	11,183	24,601	7,600	279,503

¹ These states, while permitting statewide branching in general, subject state banks to various conditions such as the requirement of take over, consent and home office protection.

² State laws permit offices with limited powers only.

³ State laws silent regarding branch banking.

⁴ Figures represent foreign branches of banks in United States.

⁵ Figures include foreign branches of banks in United States.

NOTE.—Above figures do not include 515 mutual savings banks operating 544 branches with total resources of \$42,833 million.

Applications To Organize National Banks

The 89 applications to organize national banks received during 1961 represents a sharp increase over applications received during the preceding year. In addition, eight applications were received between January 1, 1961, and December 31, 1961, for consent to convert from State to national charter.

As of January 1, 1961, 49 applications to establish new banks and 3 applications for conversion to national charter were pending. As of December 31, 1961, there was a total of 149 applications to establish national banks. They are accounted for as follows:

Charters issued.....	34
Approved (preliminary).....	24
Applications rejected.....	25
Applications withdrawn.....	11
Applications pending as of Dec. 31, 1961.....	55
Total.....	149

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The following shows the distribution by States of the 34 charters issued, including the dollar total of capital accounts involved:

[Dollars in thousands]

State	Number opened	Primary	Conversion	Total capital structure
Arkansas.....	1		1	\$401
California.....	1	1		3,450
Colorado.....	2		2	1,752
Florida.....	2	2		1,980
Illinois.....	5	5		2,150
Indiana.....	1	1		350
Iowa.....	2	2		450
Kansas.....	2	2		750
Maryland.....	2	1	1	2,912
Michigan.....	3		3	16,939
Minnesota.....	1	1		600
New Jersey.....	1	1		500
New York.....	2	1	1	2,050
Oklahoma.....	1	1		500
South Carolina.....	1	1		350
Texas.....	5	5		2,710
Wisconsin.....	2	2		800
Total.....	34	26	8	38,614

Bank Consolidations, Mergers, and Sales

During 1961, the Comptroller approved 72 consolidations, mergers, or cash absorptions, as compared to 87 in 1960. In 1961, 72 national banks absorbed 28 national and 44 State banks. Sixteen national banks and 47 State banks were absorbed by other State banks, as compared to 49 such absorptions the previous year.

Consolidations, mergers, purchases—1961

Number of banks	Type	Total resources (in millions of dollars)
22	National banks consolidated or merged with and into 22 national banks.....	684
37	State banks consolidated or merged with and into 37 national banks.....	519
6	National banks purchased by 6 national banks.....	39
7	State banks purchased by 7 national banks.....	20
72	Approved by the Comptroller of the Currency.....	1,262
3	National banks purchased by 3 State banks.....	17
13	National banks consolidated or merged with and into 13 State banks.....	249
47	State banks merged, consolidated, or purchased by other State banks.....	3,000
63	Approved by State banking departments.....	3,266
135	Total banks absorbed.....	4,528

Conversions

	Number	Resources (in millions of dollars)	Capital structure (in millions of dollars)
State banks converted into national banks.....	8	315	30.0—converted into 8 national banks.
National banks converted into State banks.....	1	2	.2—converted into 1 State bank.
Total.....	9	317	30.2. ¹

¹ Reserves included in capital structure.

Shareholders of the banks which consolidated or merged with 59 national banks received cash and stock representing a premium of

\$31,437,225 based on the book value of assets contributed to the consolidation. This premium averaged 2.06% of aggregate deposits acquired. Based upon estimated fair value of assets contributed, these shareholders received a premium of \$34,270,761 or an average of 2.24% of the aggregate deposits acquired by the continuing banks. The difference is accounted for through adjustments made to arrive at a fair appraisal value for fixed assets (bank premises, furniture, and fixtures), bond appreciation or depreciation, allowances for pension fund adjustments, excess reserves for taxes, etc.

The shareholders of 6 national banks and 7 State banks, which were purchased by 13 national banks, received \$7,193,000 in cash or stocks, or \$1,452,414 in excess of the selling banks' aggregate capital structures. This amounted, on the average, to 2.72 percent of the selling banks' deposits.

In the period from January 1, 1950, through December 31, 1961, the Comptroller's office approved the acquisition by national banks of 468 national banks and 504 State banks through consolidation, merger, or sale. After approval by their respective State banking departments, State-chartered banks absorbed 281 national banks. In addition, 517 State-chartered banks consolidated or merged with or were purchased by other State-chartered institutions. The following table shows the number of banks which have been absorbed since 1950 and their total resources:

Data on consolidations, mergers, purchases and sales, and conversions—1950 through Dec. 31, 1961

Number of banks	Type	Total resources (in millions of dollars)
192	National banks consolidated with and into national banks.....	4,322
110	National banks merged with other national banks.....	2,540
166	National banks purchased by other national banks.....	1,505
468	Total.....	8,367
180	State-chartered banks consolidated with and into national banks.....	4,068
110	State-chartered banks merged with national banks.....	1,228
214	State-chartered banks purchased by national banks.....	1,395
504	Total.....	6,691
1	District of Columbia nonnational bank consolidated with and into District of Columbia national bank.....	55
1	District of Columbia national bank purchased by District of Columbia nonnational bank.....	75
2	District of Columbia nonnational banks purchased by District of Columbia nonnational banks.....	86
4	Total.....	216
976	Approved by Comptroller of the Currency.....	15,274
181	National banks consolidated or merged with State-chartered banks.....	9,854
100	National banks purchased by State-chartered banks.....	931
517	State-chartered banks, merged, consolidated, or purchased by other State-chartered banks.....	11,384
798	Approved by State banking departments.....	22,169
1,774	Total for absorbed banks.....	37,443

CONVERSIONS—1950 THROUGH DEC. 31, 1961

32	National banks converted into State-chartered banks.....	209
80	State-chartered banks converted into national banks.....	1,261

Fiduciary Activities of National Banks

As of December 30, 1961, 1,763 national banks, or 39.1 percent, were authorized by the Board of Governors of the Federal Reserve System to exercise trust powers. In addition, three nonnational banks located in the District of Columbia were exercising trust powers. National banks with trust powers but not exercising them numbered 239, or 13.6 percent of those with trust powers. Of this group, 28 were granted powers during 1961, and it is presumed that they will become active in 1962.

During the year 1961, 50 national banks were added to the list of those with trust powers, and 10 received supplemental powers. The trust powers of 23 national banks were terminated, 18 by consolidation or merger, 4 by liquidation, and 1 by surrender of powers.

There is no uniform system for carrying values of trust department assets among corporate fiduciaries. Essentially there are two systems employed which are (1) cost for assets purchased with appraised values for assets received in kind, and (2) unit value. Unit value systems carry bonds at \$1 per \$1,000 and stock at \$1 per share, or sometimes par value is used. A combination of both systems is usually found in any trust department, and figures taken from trust ledgers have little meaning in relation to the actual value of the property held. The unit value system has the advantage of permitting assets to be set up immediately at a permanent carrying figure for audit purposes, but usually requires the keeping of another set of books for tax purposes.

The trust figures as to dollar value which appear in this report and its appendix, except for figures on employee welfare and pension benefit plans for which national banks are trustees, are valuable primarily for comparative purposes from year to year. It is believed that to require national banks to furnish market values as of any given date would place a substantial and unjustified burden upon the banks.

Of the total liabilities for accounts held by trust departments of national banks as of December 30, 1961, 36.5 percent were in living and court accounts, and 59.9 percent in agency-type accounts, and 3.7 percent in all other liabilities. Gross earnings for 1961 were \$218,765,000, which is an increase of \$18,166,000 over the previous year and an all-time high.

At the end of 1961 there were 300 common trust funds operated under section 17(c) of Regulation F in 199 national banks. These funds showed a total ledger value of \$948,737,610. Three nonnational banks in the District of Columbia operated four such funds with total ledger value of \$14,065,796.

Tables 22 and 23 of the appendix show for the fourth time the market value of securities held in employee benefit accounts for which national banks are trustees. Most of the valuations were made during the year 1961, but a few 1960 and 1962 valuations have been used. Agency accounts held by the banks which are not the trustee of any such plan are not included in the agency figure. The figures submitted cover 811 national banks and 3 nonnational banks, located in the District of Columbia, which is an increase of 5.4 percent during the

year. The increase since the previous report is 11.7 and 24.9 percent in the number of plans and market value where the bank is trustee and has investment authority. For plans where the bank is trustee with no investment responsibility, the increase is 7.2 and 11.1 percent, respectively.

Litigation

In January 1961 the Camden Trust Co., Camden, N.J., brought an action in the U.S. District Court for the District of Columbia, seeking a declaratory judgment and an injunction to prevent the Comptroller from issuing a certificate of authority for the establishment and operation of a new national bank in Delaware Township, N.J., to be known as Delaware Valley National Bank of Delaware Township. It was contended that the new bank would be in effect a branch of the Haddonfield National Bank, Haddonfield, N.J., which could not legally be established. The Comptroller had granted preliminary approval to the application, subject to certain conditions. Motions by the Comptroller and the new bank for summary judgment were granted and the action dismissed on August 16, 1961. The judgment was affirmed by the U.S. Court of Appeals for the District of Columbia on January 18, 1962, *Camden Trust Co. v. Gidney*, 301 F. (2d) 521. Petition to the U.S. Supreme Court for a writ of certiorari was denied on May 21, 1962, 369 U.S. 886.

In January 1961 the Bank of Dearborn, Dearborn, Mich., brought an action in the U.S. District Court for the District of Columbia against the Comptroller, seeking a declaratory judgment and an injunction to require the Comptroller to revoke the authority of the National Bank of Detroit, Detroit, Mich., to operate a branch bank in Dearborn Township, Wayne County, Mich., on the grounds that the establishment of the branch was illegal. The issue was the existence of an unincorporated village. In December 1960, the Bank of Dearborn had brought a similar action in the U.S. District Court for the Eastern District of Michigan against the National Bank of Detroit. Both suits were brought to protect the position of the Bank of Dearborn pending review by the Michigan Supreme Court of a similar action in a Michigan State court brought by that bank against the State banking commissioner and the Michigan bank. Both were dismissed by stipulation in May 1962, after the principal case was decided adversely to the Bank of Dearborn.

In May 1961, the State of Colorado, on behalf of the Center State Bank, Denver, Colo., and the Banking Board for the State of Colorado, brought an action in the U.S. District Court for the District of Colorado seeking a declaratory judgment and an injunction to prevent the Comptroller from issuing a certificate of authority for the establishment and operation of a new national bank in the town of Glendale, Arapahoe County, Colo. It was contended that the new bank would be, in effect, a branch of the Cherry Creek Bank, Denver, Colo., which could not under Colorado law legally be established. No action had been taken by the Comptroller on the application. The action was dismissed without prejudice in Colorado because of lack of jurisdiction over the Comptroller and a new action brought in the U.S. District Court for the District of Columbia based on the same allegations.

The latter action was voluntarily dismissed, without prejudice, by the plaintiffs in January 1962. The same issues were raised in the Greeley, Colo., case described below. Later, after a public hearing the Comptroller issued a certificate of authority to the the new bank in Glendale.

In May 1961, the complaint and action in the case of *Community National Bank of Pontiac v. Gidney* in the U.S. District Court for the Eastern District of Michigan were dismissed. The case involved a branch of the Manufacturers National Bank of Detroit, which had been established with the authority of the Comptroller in an unincorporated village in Michigan. After a trial, the district court concluded that while in its judgement the area was not sufficiently developed to constitute an unincorporated village, there was sufficient evidence to the contrary that the Comptroller could reasonably have found otherwise. Accordingly, the court held that the Comptroller's decision must be sustained. An appeal to the Court of Appeals for the Sixth Circuit has not yet been decided.

In July 1961, the State of Colorado, on behalf of the Weld County Bank, Greeley, Colo., and the Banking Board for the State of Colorado, brought an action in the U.S. District Court for the District of Columbia seeking a declaratory judgment and an injunction to prevent the Comptroller from issuing a certificate of authority for the establishment and operation of a new national bank in Greeley, Colo., to be known as Cache National Bank. It was contended that the new bank would be, in effect, a branch of the Greeley National Bank, Greeley, Colo., which could not legally be established. The Comptroller had granted preliminary approval of the application. The Cache National Bank was permitted to intervene as a defendant. On motion of the defendants, the complaint and action were dismissed on the merits on January 24, 1962.

Three merger transactions approved by the Comptroller of the Currency became the subject of antitrust actions brought by the Department of Justice against the merging banks. In each of these cases the Comptroller had considered the merger under the provisions of section 18(c) of the Federal Deposit Insurance Act (12 U.S.C. 1828(c)), and in the light of the statutory criteria contained therein, had concluded that the merger would be in the public interest. The antitrust cases did not involve a direct review of the Comptroller's decisions that the mergers would be in the public interest, but solely whether the mergers would be in violation of any applicable antitrust laws.

Nevertheless, in the first of these cases, *United States v. The Philadelphia National Bank and Girard Trust Corn Exchange Bank*, 201 F. Supp. 348, the Court commented upon the anomalous situation in which the Attorney General "challenged in the court the findings of" an official of another executive department, as follows:

As before stated, this is the first action tried after the passage of the Bank Merger Act of 1960. The controversy inherent in the case between coordinate branches of the Executive Department of Government is to be regretted. Congress, in passing the Bank Merger Act, deliberately fixed the responsibility of approving or disapproving proposed mergers of national banks in the Comptroller of the Currency. This responsibility was fixed despite vigorous protests of individual bankers and the Department of Justice. The Comptroller of the Currency then, by Act of Congress, was of necessity required to consider the reports

of the Federal Reserve Board, the Federal Deposit Insurance Corporation, and the Attorney General, with respect to the competitive factors involved. All three of these Departments of Government reported that in the opinion of their experts, the consummation of the proposed merger would adversely affect competition in the Philadelphia area. The Federal Deposit Insurance Corporation concluded that the merger would not be adverse in the regional, national, and international field of competition. With these reports available to him, and after considering them, the Comptroller, in pursuance of his statutory duty, reviewed them and despite their content, approved the merger as not involving undue concentration of banking power, not tending toward a monopoly, not destructive of competition in the commercial banking field, and definitely in the public interest. The Court, after a full trial, agrees completely with the conclusions of the Comptroller of the Currency.

This is one of the few instances in which one Department of the Government, after having been consulted and its advice not being followed, has challenged in the court the findings of a coordinate Department of the Executive Branch of the Government on the basis of disagreements between Departments of our Government. And what is the expertise of these three dissenting coordinate branches of the Executive Department that prompted this challenge? The Courts have uniformly held that once Congress has reposed its confidence in the expertise of a particular Department, the Courts should not substitute its judgment in the place and stead of the Department involved. The Government has asked this Court, without the production of a single shred of evidence, and on the basis of reports no more illuminating than that of the Comptroller of the Currency, to give legal effect to the conclusions of the dissidents, rather than the Department charged with the responsibility.

This Court fails to see how any court, without some factual basis being laid therefor, could accede to any such request 201 F. Supp. 348, 370-371.

This case has been appealed to the U.S. Supreme Court. The merger has not been consummated pending the litigation.

The second case, *United States v. First National Bank & Trust Company, Security Trust Company, and First Security National Bank & Trust Company of Lexington*, has been tried in the U.S. District Court for the Eastern District of Kentucky.¹ This action was brought after the merger was consummated.

The third case, *United States v. Continental Illinois National Bank & Trust Company of Chicago and City National Bank & Trust Company of Chicago*, is awaiting trial. The merger was consummated after the court had denied a motion for a preliminary injunction pending the outcome of the litigation. In the course of its order denying the injunction, the court stated: "any restraining order would nullify the finding of the Comptroller of the Currency that the merger is in public interest without affording the banks an opportunity to litigate it."

National Banks Placed in Receivership

During the year ended December 31, 1961, the Federal Deposit Insurance Corporation was appointed by the Comptroller of the Currency as receiver of two insolvent national banks—the First National Bank of Maud, Maud, Okla., and the Sheldon National Bank, Sheldon, Iowa. Both of these receiverships resulted from large defalcations in excess of the normal surety bond protection and exceeding the amounts of the total capital structures of each bank. During a routine examination of the Sheldon National Bank, Sheldon, Iowa, a shortage was discovered by the examiner, shortly followed by the admission by a bank official of responsibility for a total shortage in excess of \$2 million. Operation of the bank was immediately

¹ Decided on July 27, 1962 in favor of the banks.

suspended by resolution of the board of directors as of the close of business January 16, 1961, with appointment by the Comptroller of the Currency of the Federal Deposit Insurance Corporation as receiver of the bank on January 17, 1961. Similarly, during a routine examination of the First National Bank of Maud, Maud, Okla., the examiner discovered on December 19, 1961, a substantial shortage, followed by the admission by two bank officials of the responsibility for such shortage. The Comptroller of the Currency thereupon declared the bank insolvent and appointed the Federal Deposit Insurance Corporation as receiver as of December 19, 1961.

Examinations Conducted

The National Bank Act requires that each national bank be examined at least twice each year in order that the Comptroller may be currently informed of its condition and require such corrections as are deemed necessary with a view to maintaining each bank in sound condition. However, the Comptroller is authorized to waive an examination with respect to any particular bank not more frequently than once in a 2-year period. In addition to the regular examinations, special examinations are conducted of banks when it is considered necessary. Also, the District Code authorizes the Comptroller to examine each nonnational bank and trust company in the District of Columbia.

During the year ended December 31, 1961, 6,542 examinations of banks, 7,774 examinations of branches, 1,540 examinations of trust departments and trust branches, and 72 examinations of affiliates were conducted. One State bank was examined in connection with consolidations and mergers with, or purchase by, national banks, and five State banks were examined in connection with conversions to national banks. Investigations were conducted in connection with applications for 66 new charters and 553 new branches.

Organization and Staff

Mr. James J. Saxon was appointed Comptroller of the Currency on November 16, 1961, to succeed Mr. Ray M. Gidney, resigned. Mr. Saxon left The First National Bank of Chicago, Chicago, Ill., to accept the appointment. On January 6, 1961, Assistant Chief National Bank Examiner R. L. Miller retired and National Bank Examiner William B. Camp was promoted to succeed him. Assistant Chief National Bank Examiner F. Parker West retired on September 1, 1961, and he was succeeded by National Bank Examiner C. L. DeRemer. On October 16, 1961, National Bank Examiner Joseph G. Lutz was promoted to the position of Assistant Chief National Bank Examiner in the Washington office.

On December 1, 1961 the Comptroller announced the creation of a new position of Administrative Assistant to the Comptroller of the Currency. Mr. Arnold E. Larsen, an Assistant Chief National Bank

Examiner in the Washington office since May, 1957, was appointed to this position.

The total personnel of the Office of the Comptroller of the Currency on December 31, 1961, consisted of 1,210 persons, 196 of whom were employed in the Washington office, including 34 in the Federal Reserve Issue and Redemption Division, the operating expense of which is borne by the Federal Reserve banks. The total number employed in the Washington office increased by two during the year. The number in the field service increased by 18 during the year 1961 to a total of 1,014.

More than 88 percent of the personnel consisted of the national bank examining staff, which at the year end numbered 269 examiners and 625 assistant examiners. During the year 16 national bank examiners left the service by resignation, retirement, and death, and 3 were promoted to Assistant Chief National Bank Examiner in the Washington office. Also during the year 22 assistant examiners were promoted to examiner, resulting in a net increase of 3 national bank examiners. Of the staff of assistant examiners, 119 left that status during the year by resignation, retirement, promotion to examiner, etc., and 133 assistant examiners were added to the staff, a net increase of 14.

The educational program for national bank examiners and assistants, mentioned in previous reports, continued during the year, and at the year end 505 examiners and assistants had completed the courses given in the interagency school established jointly in 1952 by the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, and the Federal Deposit Insurance Corporation. Courses at the Graduate Schools of Banking at Rutgers University, the University of Wisconsin, the University of Washington, the University of Louisiana, the University of Colorado, Southern Methodist University, and the National Trust School at Northwestern University had been completed by 92 examining staff members at the year end, and 20 were still enrolled in courses at these schools. Extension courses given by the American Institute of Banking had been completed by 322 members of the examining staff at the year end, and 281 were still enrolled in these courses.

Expenses of the Bureau

The total cost of bank supervision for the current year was \$12,104,-582.69, or \$734,782.05 more than the total cost for the year 1960. Increases in salaries amounted to \$464,168.23. An increase of \$162,-085.24 occurred in per diem costs for the year 1961. Increases in additional expense categories aggregated \$141,321.63. The decreases in other cost items amounted to \$32,793.05.

Funds used in payment of the bank supervision costs are derived from assessments against the banks supervised. All costs of operating the division which handles the currency issue and redemption functions are paid by the Federal Reserve banks.

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A summary statement of the operating expenses of the Bureau for the year ended December 31, 1961, follows:

	Bank super- vision	Currency issue and redemption	Total
Salaries.....	\$8,568,214.17	\$178,064.33	\$8,746,278.50
Per diem.....	1,813,455.06	0	1,813,455.06
Transportation.....	663,046.26	0	663,046.26
Supplies.....	30,704.62	707.74	31,412.36
Printing, books and periodicals.....	83,832.28	526.87	84,359.15
Rent.....	159,860.64	0	159,860.64
Furniture and fixtures.....	29,070.73	0	29,070.73
Communications.....	73,781.80	558.54	74,340.34
Fixed charges.....	0	17,232.23	17,232.23
Maintenance.....	0	177.76	177.76
Treasurer's Federal Reserve note audit expense.....	0	14,620.00	14,620.00
Employer's FICA, health benefit, and group insurance con- tributions.....	96,846.21	2,206.67	99,052.88
Employer's civil service retirement contributions.....	548,839.49	11,487.37	560,326.86
Miscellaneous.....	36,981.43	7,162.53	44,093.96
Total.....	12,104,582.69	232,744.04	12,337,326.73

Automation

The interest of national banks in automation was illustrated in a recent survey completed by this Office. Of the 4,500 banks covered, more than 1 in 4 reported some type of automatic data-processing equipment now in use, with many more disclosing plans for conversion to such equipment in the near future.

Also, cooperative ventures among banks in the ADP field are increasing. Contracts with service bureaus or larger banks are the most common of the several methods employed, although many banks are already using or contemplating the feasibility of central automatic data-processing centers owned and operated by a group of banks.

As expected, the charts detailed below indicate that electronic book-keeping machines are widely used and the larger institutions have the work volume to justify the expense of their own sorter-readers and computers.

The services chart shows that national banks are utilizing their automatic data-processing equipment where the need is the greatest. The chart illustrates that services requiring the processing of a large volume of items such as regular and special checking accounts, consumer installment credit, and regular savings accounts are among the first converted to automatic data processing, with trust departments of the larger banks not far behind.

Automatic data-processing equipment in use

(Types of equipment used by number of banks by deposit groups)

[Deposits (millions)]

Type	Under 5	5-10	10-30	30-100	over 100	Total
Electronic bookkeeping machines.....	152	285	350	176	94	1,057
Punched-card installations.....	3	5	8	40	109	165
Magnetic ink sorter readers.....	4	24	36	39	52	155
Electronic computers.....	0	3	3	11	46	63
Total.....	159	317	397	266	301	1,440

Number of institutions whose automatic data processing is conducted outside the banking premises through—

	<i>Number</i>
Joint ownership and operated by a group of banks.....	13
Ownership by a clearing house, bankers association, etc.....	1
Contract with a service bureau or larger bank.....	28

Total.....42

Number of banks included in survey.....4,500

Number of banks not having automation.....3,318

Automatic data-processing equipment contemplated

Type	Under 5	5-10	10-30	30-100	over 100	Total
Electronic bookkeeping machines.....	13	18	38	16	8	93
Punched-card installations.....	0	0	12	6	8	26
Magnetic ink sorter readers.....	3	10	11	9	33	66
Electronic computers.....	0	3	11	23	53	90
Total.....	16	31	72	54	102	275

Services performed

(Types of services by number of banks by deposit groups)

[Deposits (millions)]

Type of accounts serviced	Under 5	5-10	10-30	30-100	over 100	Total
Deposits.....	256	465	619	329	265	1,934
Loans.....	11	4	4	40	154	213
Trust.....	0	0	0	19	122	141
Total.....	267	469	623	388	541	2,288

A comparison of the assets and liabilities of the banks in the national banking system as of December 31, 1960, April 12, June 30, September 27, and December 30, 1961, reported pursuant to calls for condition statements by the Comptroller of the Currency, is shown in the following table.

Assets and liabilities of national banks on dates indicated

[In thousands of dollars]

	Dec. 31, 1960 (4,530 banks)	Apr. 12, 1961 (4,523 banks)	June 30, 1961 (4,524 banks)	Sept. 27, 1961 (4,523 banks)	Dec. 30, 1961 (4,613 banks)
ASSETS					
Loans and discounts, including overdrafts.....	63,603,668	63,595,879	63,439,852	65,126,699	67,308,734
U.S. Government securities, direct obligations.....	32,615,321	32,228,779	33,397,413	35,613,945	35,959,763
Obligations guaranteed by U.S. Government.....	96,402	122,019	124,680	124,167	127,915
Obligations of States and political subdivisions.....	9,408,711	9,927,654	10,123,742	10,630,990	11,077,350
Other bonds, notes, and debentures.....	1,407,576	1,325,874	1,419,736	1,590,467	1,569,230
Corporate stocks, including stocks of Federal Reserve banks.....	324,184	333,660	337,241	340,572	359,281
<i>Total loans and securities.....</i>	<i>107,545,868</i>	<i>107,533,865</i>	<i>108,342,664</i>	<i>113,486,840</i>	<i>116,402,873</i>
Cash, balances with other banks, and cash items in process of collection.....	28,674,506	25,440,116	25,274,240	24,489,635	31,078,445
Bank premises owned, furniture and fixtures.....	1,685,524	1,749,325	1,774,055	1,807,908	1,849,848
Real estate owned other than bank premises.....	51,164	54,303	53,978	58,226	61,365
Investments and other assets indirectly representing bank premises or other real estate.....	173,611	185,369	187,073	191,515	191,196
Customers' liability on acceptances.....	463,691	446,326	441,638	459,098	479,808
Other assets.....	666,509	691,541	725,347	750,041	746,117
Total assets.....	139,260,867	136,100,845	137,298,995	141,183,263	150,809,552
LIABILITIES					
Demand deposits of individuals, partnerships, and corporations.....	63,131,263	61,274,612	59,212,875	60,131,865	67,138,117
Time and savings deposits of individuals, partnerships, and corporations.....	36,761,292	38,922,341	40,338,073	41,379,308	42,034,484
Deposits of U.S. Government and postal savings.....	3,456,544	1,576,344	3,756,972	4,843,695	3,527,015
Deposits of States and political subdivisions.....	9,297,327	9,187,440	9,762,861	9,164,153	10,270,143
Deposits of banks.....	10,439,491	8,611,099	7,848,020	8,252,977	10,463,584
Other deposits (certified and officers' checks, etc.).....	1,824,934	1,492,826	1,566,137	1,399,562	2,077,274
Total deposits.....	124,910,851	121,064,662	122,484,938	125,171,560	135,510,617
<i>Demand deposits.....</i>	<i>84,764,064</i>	<i>78,970,875</i>	<i>78,891,839</i>	<i>80,512,872</i>	<i>89,965,459</i>
<i>Time and savings deposits.....</i>	<i>40,156,797</i>	<i>42,093,787</i>	<i>43,598,039</i>	<i>44,658,688</i>	<i>45,645,168</i>
Rediscounts and other liabilities for borrowed money.....	110,590	686,157	355,466	1,085,863	224,615
Mortgages or other liens on bank premises and other real estate.....	3,189	3,158	3,338	3,447	3,773
Acceptances outstanding.....	474,565	454,133	448,976	467,225	489,640
Other liabilities.....	2,663,334	2,546,550	2,567,224	2,776,551	2,705,101
Total liabilities.....	128,162,529	124,754,660	125,859,942	129,504,646	138,933,746

CAPITAL ACCOUNTS					
Capital stock (see memoranda below).....	3,342,850	3,459,094	3,478,403	3,510,219	3,577,244
Surplus.....	5,446,143	5,572,040	5,620,169	5,655,738	5,695,779
Undivided profits.....	2,030,052	2,047,520	2,071,321	2,237,432	2,080,103
Reserves and retirement account for preferred stock.....	279,283	267,531	269,160	275,228	282,180
Total capital accounts.....	11,098,338	11,346,185	11,439,053	11,678,617	11,875,306
Total liabilities and capital accounts.....	139,260,867	136,100,845	137,298,995	141,183,263	150,809,052
MEMORANDA					
Par value of capital stock:					
Common stock.....	3,341,320	3,457,622	3,477,080	3,506,951	3,573,976
Preferred stock.....	1,530	1,472	1,323	3,268	3,268
Total.....	3,342,850	3,459,094	3,478,403	3,510,219	3,577,244
Retirable value of preferred capital stock.....	1,712	1,636	1,487	3,432	3,432
Assets pledged or assigned to secure liabilities and for other purposes (including notes and bills rediscounted and securities sold with agreement to repurchase).....	17,409,980	17,397,923	18,344,989	19,855,506	19,714,026

TRENDS IN BANKING

The following table shows the changes that have occurred in recent years in the relationships of the major asset and liability accounts of national banks to the aggregate of assets and liabilities.

Distribution of assets and liabilities of national banks, Dec. 31, 1958-61

	1958	1959	1960	1961
ASSETS				
Securities:	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>
U.S. Government, direct and guaranteed.....	27.81	23.95	23.49	23.93
Obligations of States and political subdivisions.....	6.87	6.81	6.76	7.34
Stock of Federal Reserve banks.....	.18	.19	.19	.19
Other bonds and securities.....	1.47	1.21	1.05	1.09
Total securities.....	36.33	32.16	31.49	32.55
Loans and discounts.....	40.99	45.21	45.74	44.63
Cash and balances with other banks, excluding reserves.....	12.21	12.23	12.95	13.43
Reserve with Reserve banks.....	8.65	8.48	7.64	7.18
Bank premises, furniture, and fixtures.....	1.03	1.11	1.21	1.23
Other real estate owned.....	.03	.03	.04	.04
All other assets.....	.76	.78	.93	.94
Total assets.....	100.00	100.00	100.00	100.00
LIABILITIES				
Deposits:				
Demand of individuals, partnerships, and corporations.....	47.97	47.12	45.33	44.52
Time of individuals, partnerships, and corporations.....	25.32	25.92	26.40	27.87
U.S. Government.....	1.99	2.21	2.48	2.34
States and political subdivisions.....	6.54	6.39	6.67	6.81
Banks.....	7.62	7.13	7.50	6.94
Other deposits (including postal savings).....	1.46	1.43	1.32	1.38
Total deposits.....	90.90	90.20	89.70	89.86
Demand deposits.....	63.16	62.35	60.86	59.66
Time deposits.....	27.74	27.85	28.84	30.20
Other liabilities.....	1.50	2.03	2.33	2.27
Capital funds:				
Capital stock.....	2.29	2.39	2.40	2.37
Surplus.....	3.67	3.82	3.91	3.93
Undivided profits and reserves.....	1.55	1.56	1.66	1.57
Total capital funds.....	7.51	7.77	7.97	7.87
Total liabilities and capital funds.....	100.00	100.00	100.00	100.00

INCOME, EXPENSES, AND DIVIDENDS OF NATIONAL BANKS FOR YEAR ENDED DECEMBER 31, 1961

Summaries of the income, expenses, and dividends of national banks for the years ended December 31, 1960 and 1961, are shown in the following table.

Income, expenses, and dividends of national banks for years ended Dec. 31, 1960 and 1961

(In millions of dollars)

	1961	1960	Change since 1960
Number of banks ¹	4,513	4,530	-17
Capital stock (par value) ²	3,466.2	3,259.3	+206.9
Capital accounts ³	11,470.9	10,695.5	+775.4
Current operating revenue:			
Interest and dividends on—			
U.S. Government obligations.....	1,030.7	941.7	+89.0
Other securities.....	338.2	307.7	+30.5
Interest and discount on loans.....	3,759.4	3,662.5	+96.9
Service charges on deposit accounts.....	351.5	327.7	+23.8
Other current operating revenue.....	564.4	516.0	+48.4
Total.....	6,044.2	5,755.6	+288.6

See footnotes at end of table.

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Income, expenses, and dividends of national banks for years ended Dec. 31, 1960 and 1961—Continued

[In millions of dollars]

	1961	1960	Change since 1960
Current operating expenses:			
Salaries, wages, and fees.....	1,595.7	1,496.4	+99.3
Interest on time and savings deposits.....	1,158.5	978.7	+179.8
Other current operating expenses.....	1,310.9	1,234.2	+76.7
Total.....	4,065.1	3,709.3	+355.8
Net current operating earnings.....	1,979.1	2,046.3	-67.2
Recoveries, transfers from valuation reserves, and profits:			
On securities:			
Profits on securities sold or redeemed.....	243.2	171.8	+71.4
Recoveries.....	5.1	7.5	-2.4
Transfers from valuation reserves.....	56.4	33.3	+23.1
On loans:			
Recoveries.....	7.9	8.6	-.7
Transfers from valuation reserves.....	29.3	38.0	-8.7
All other.....	29.7	50.5	-20.8
Total.....	371.6	309.7	+61.9
Losses, chargeoffs, and transfers to valuation reserves:			
On securities:			
Losses and chargeoffs.....	39.4	122.1	-82.7
Transfers to valuation reserves.....	154.3	102.0	+52.3
On loans:			
Losses and chargeoffs.....	16.7	16.3	+.4
Transfers to valuation reserves.....	260.4	264.9	-4.5
All other.....	62.0	63.0	-1.0
Total.....	532.8	568.3	-35.5
Net income before related taxes.....	1,817.9	1,787.7	+30.2
Taxes on net income:			
Federal.....	734.6	704.8	+29.8
State.....	41.1	36.5	+4.6
Total.....	775.7	741.3	+34.4
Net income before dividends.....	1,042.2	1,046.4	-4.2
Cash dividends declared:			
On common stock.....	486.0	450.8	+35.2
On preferred stock.....	.1	.1	.0
Total.....	486.1	450.9	+35.2
Memoranda items:			
Recoveries credited to valuation reserves (not included in recoveries above):			
On securities.....	5.6	13.7	-8.1
On loans.....	44.5	42.9	+1.6
Losses charged to valuation reserves (not included in losses above):			
On securities.....	11.8	32.2	-20.4
On loans.....	148.1	38.0	+110.1
Stock dividends (increases in capital).....	165.6	100.7	+64.9
Ratios:	Percent	Percent	Percent
Expenses to gross income.....	66.76	64.45	+2.31
Net income before dividends to capital accounts.....	9.09	9.78	-.69
Cash dividends to capital stock.....	14.02	13.84	+.18
Cash dividends to capital accounts.....	4.24	4.22	+.02

¹ Number at end of period. Remaining figures include earnings, expenses, etc., of those banks which were in operation a part of the year but were inactive at the close of the year.

² Figures are averages of amounts reported for the June and December call dates in the current year and the December call date in the previous year.

STRUCTURAL CHANGES IN THE NATIONAL BANKING SYSTEM

The authorized capital stock of the 4,513 national banks in existence on December 31, 1961, consisted of common capital stock aggregating \$3,574,828,169, a net increase during the year of \$232,554,877, and preferred capital stock of \$3,268,300, a net increase of \$1,738,930. These figures include one bank recently chartered but not yet open for business and one bank in the process of going into voluntary liquidation. The figures exclude two banks which furnished reports of condition in response to the call, although they had merged or consolidated with two State banks, effective as of the year end.

In addition to 52 applications with proposed common capital stock of \$17,025,000 carried over from the previous year, 97 applications were received to organize national banks and to convert State banks into national banking associations with proposed capital stock of \$34,317,250. Of these applications, 44 with proposed capital stock of \$20,366,000 were approved; 25 with proposed capital stock of \$6,400,000 were rejected; and the remainder had been abandoned or were still pending on December 31. From the applications carried over from the previous year and those approved during 1961, 34 national banking associations with common capital stock of \$14,651,000 and preferred capital stock of \$2 million were authorized to commence business. Of the charters issued, eight with common capital stock of \$6,306,000 and preferred capital stock of \$2 million resulted from the conversions of State banks.

Changes in the number and capital stock of national banks during the year ended December 31, 1961, are shown in the following summary.

Organization, capital stock changes, and national banks closed as reported during the year ended Dec. 31, 1961

	Number of banks	Capital stock	
		Common	Preferred
Increases:			
Banks newly organized:			
Primary organizations.....	26	\$8,345,000	-----
Reorganizations.....	-----	-----	-----
Conversions of State banks.....	8	6,306,000	\$2,000,000
Capital stock—common:			
182 cases by statutory sale.....	-----	35,120,901	-----
472 cases by statutory stock dividend.....	-----	165,452,948	-----
1 case by stock dividend under articles of association.....	-----	25,000	-----
1 case by conversion of preferred stock.....	-----	111,600	-----
25 cases by statutory consolidation.....	-----	14,477,940	-----
25 cases by statutory merger.....	-----	10,427,970	-----
Total increases.....	34	240,267,359	2,000,000
Decreases:			
Banks ceasing operations:			
Voluntary liquidations:			
Succeeded by national banks.....	6	895,000	-----
Succeeded by State banks.....	3	400,000	-----
No successor.....	1	50,000	-----
Statutory consolidations.....	10	-----	-----
Statutory mergers.....	12	-----	-----
Conversion into State bank.....	1	50,000	-----
Merged or consolidated with State banks (Public Law 706).....	13	6,101,200	-----
Receiverships.....	2	75,000	-----
Capital stock:			
Preferred:			
1 case by conversion into common stock.....	-----	-----	148,800
4 cases by retirement.....	-----	-----	112,270
Common:			
2 cases by statutory reduction.....	-----	33,782	-----
1 case by statutory consolidation.....	-----	25,000	-----
1 case by statutory merger.....	-----	82,500	-----
Total decreases.....	48	7,712,482	261,070
Net change.....	-14	232,554,877	1,738,930
Charters in force Dec. 31, 1960, and authorized capital stock.....	4,527	3,342,273,292	1,529,370
Charters in force Dec. 31, 1961, and authorized capital stock.....	4,513	3,574,828,169	3,268,300

NATIONAL BANK NOTES OUTSTANDING

There were, as of December 31, 1961, \$53,776,697.50 of national bank notes outstanding.

ASSETS AND LIABILITIES OF ALL BANKS IN THE UNITED STATES AND POSSESSIONS

The total assets of all classes of active banks in the United States and possessions on December 30, 1961, amounted to \$322,336 million, an increase of \$23,403 million since December 31, 1960.

The total deposits at the end of 1961 amounted to \$287,991 million, an increase of \$21,106 million over 1960. Included in the latter aggregate are deposits of individuals, partnerships, and corporations of \$240,388 million, an increase of \$19,634 million in the year. Deposits of the U.S. Government, including postal savings deposits, were \$6,271 million, an increase of \$29 million; deposits of States and political subdivisions amounting to \$17,843 million showed an increase of \$1,473 million, and deposits of banks of \$18,410 million were \$489 million less than in 1960.

Loans and discounts amounted to \$154,843 million in December 1961 after deducting reserves of \$2,846 million for possible future losses. The net loans were \$9,588 million over the amount reported as of the end of 1960. Commercial and industrial loans of \$45,538 million were \$2,075 million more than the 1960 figure; real estate loans of \$59,587 million were up \$3,846 million, and all other loans of \$52,564 million increased \$3,923 million.

The banks held obligations of the U.S. Government, direct and guaranteed, of \$72,822 million in December 1961, an increase of \$5,479 million in the year. Obligations of States and political subdivisions held amounted to \$21,064 million, an increase of \$2,783 million, and other securities held amounted to \$8,655 million, an increase of \$262 million. The total of all securities held at the end of 1961 was \$102,541 million, and represented 32 percent of the banks' total assets. At the end of the previous year the ratio was 31 percent.

Cash and balances with other banks, including reserve balances, in 1961 were \$57,487 million, an increase of \$4,382 million since the previous year end.

Total capital accounts were \$26,296 million, compared to \$24,603 million at the end of 1960, an increase of 7 percent.

A statement of the assets and liabilities of all classes of active banks at the end of December 1960 and 1961 follows.

REPORT OF THE COMPTROLLER OF THE CURRENCY

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Assets and liabilities of all banks in the United States and possessions, 1960 and 1961

[In millions of dollars]

	Dec. 30, 1961	Dec. 31, 1960	Change since 1960
Number of banks.....	13,933	13,971	-38
ASSETS			
Real estate loans.....	59,587	55,741	+3,846
Loans to financial institutions:			
Domestic commercial and foreign banks.....	1,046	971	+75
Other.....	7,329	7,131	+198
Loans to brokers and dealers in securities and other loans for the purpose of purchasing or carrying securities.....	6,213	5,127	+1,086
Loans to farmers directly guaranteed by the Commodity Credit Corporation.....	934	687	+247
Other loans to farmers.....	5,329	5,003	+326
Commercial and industrial loans (including open-market paper).....	45,538	43,463	+2,075
Other loans to individuals.....	28,277	26,781	+1,496
All other loans (including overdrafts).....	3,436	2,941	+495
Total gross loans.....	157,689	147,845	+9,844
Less valuation reserves.....	2,846	2,590	+256
Net loans.....	154,843	145,255	+9,588
U.S. Government obligations, direct and guaranteed.....	72,822	67,343	+5,479
Obligations of States and political subdivisions.....	21,064	18,281	+2,783
Other bonds, notes, and debentures.....	7,081	6,937	+144
Corporate stocks, including stocks of Federal Reserve banks.....	1,574	1,456	+118
Total securities.....	102,541	94,017	+8,524
Currency and coin.....	3,865	3,513	+352
Balances with other banks, including reserve balance, and cash items in process of collection.....	53,622	49,592	+4,030
Bank premises owned, furniture and fixtures.....	3,405	3,108	+297
Real estate owned other than bank premises.....	122	99	+23
Investments and other assets indirectly representing bank premises or other real estate.....	354	305	+49
Customers' liability on acceptances outstanding.....	1,676	1,428	+248
Other assets.....	1,908	1,616	+292
Total assets.....	322,336	298,933	+23,403
LIABILITIES			
Demand deposits of individuals, partnerships, and corporations.....	125,170	117,370	+7,800
Time and savings deposits of individuals, partnerships, and cor- porations.....	115,218	103,384	+11,834
U.S. Government and postal savings deposits.....	6,271	6,242	+29
Deposits of States and political subdivisions.....	17,843	16,370	+1,473
Deposits of banks.....	18,410	18,899	-489
Other deposits (certified and officers' checks, etc.).....	5,079	4,620	+459
Total deposits.....	287,991	266,885	+21,106
<i>Demand deposits.....</i>	<i>166,462</i>	<i>156,885</i>	<i>+9,659</i>
<i>Time and savings deposits.....</i>	<i>121,529</i>	<i>110,062</i>	<i>+11,467</i>
Rediscounts and other liabilities for borrowed money.....	494	184	+310
Acceptances executed by or for account of reporting banks and out- standing.....	1,715	1,473	+242
Other liabilities.....	5,840	5,788	+52
Total liabilities.....	296,040	274,330	+21,710
CAPITAL ACCOUNTS			
Common stock.....	6,700	6,284	+416
Capital notes and debentures.....	52	53	-1
Preferred stock.....	15	15	-----
Surplus.....	13,540	12,510	+1,030
Undivided profits.....	5,086	4,896	+190
Reserves and retirement account for preferred stock and capital notes and debentures.....	903	845	+58
Total capital accounts.....	26,296	24,603	+1,693
Total liabilities and capital accounts.....	322,336	298,933	+23,403

NOTE.—Figures for nonnational banks obtained from the Federal Deposit Insurance Corporation.

REPORTS FROM BANKS

National banks in the continental United States, Hawaii, and the Virgin Islands of the United States were, in accordance with the provisions of section 5211 of the Revised Statutes, called upon to submit four reports of condition during the year ended December 31, 1961. Reports were required as of April 12, June 30, September 27, and December 30. Summaries from all condition reports, by States, are published in pamphlet form. National banks were also required by statute to obtain reports, unless waived by the Comptroller, of their affiliates and holding company affiliates other than member banks as of the four dates for which condition reports of the banks were obtained and to submit such reports to the Comptroller.

Under the general powers conferred upon him by law, the Comptroller obtained from each national bank during the period indicated semiannual reports of income, expenses, and dividends; also reports of condition of foreign branches as of December 30, 1961.

National banking associations authorized to act in a fiduciary capacity were called upon to submit reports of their trust departments as of the close of business on December 30, 1961.

In accordance with the code of law for the District of Columbia, banks other than national in the District were required to make to the Comptroller condition reports and reports of income, expenses, and dividends identical with those obtained from national banks during the year.

Detailed figures from reports of condition and income and dividends will be found in the appendix of this report.

AFFILIATES AND HOLDING COMPANY AFFILIATES OF NATIONAL BANKS

The Federal statute requires each national bank to obtain and submit to the Comptroller periodically reports of its affiliates, as defined in sections 2 (b) and (c) of the Banking Act of 1933, as amended. However, section 21 of the Federal Reserve Act, as amended, provides in part that the Comptroller may waive the requirement for the submission of the report of an affiliate if in his judgment such a report is not necessary to disclose fully the relations between an affiliate and a bank and the effect thereof upon the affairs of the bank. Pursuant to this latter section the Comptroller's waiver of requirement for reports of affiliates provides principally that reports of affiliates (other than holding company affiliates) need not be submitted and published in a newspaper unless the affiliate is indebted to the national bank or the bank owns obligations of the affiliate and the aggregate of such indebtedness and/or investment is carried as an asset on the bank's books at a value in excess of \$5,000, or 1 percent of the bank's capital and surplus, whichever is the greater.

At the end of December 1961, 449 member national banks in the United States submitted 512 reports of affiliates. Included in these figures are 206 banks in 27 States and the District of Columbia which are members of 26 holding company groups. The number of banks in each holding company group varied from 1 to 58. The actual number of reporting affiliates and holding company affiliates was 332.

In addition, there was one nonnational bank in the District of Columbia which is a member of the Federal Reserve System that reported one affiliate to the Comptroller pursuant to the provisions of the code of law for the District of Columbia.

ISSUE AND REDEMPTION OF NOTES

There were 688 shipments of new Federal Reserve notes (513,912,000 notes—aggregate value \$5,570,720,000) made to the Federal Reserve agents and the Federal Reserve branch banks. In addition, there were 46 deliveries of such notes (12,688,000 notes—aggregate value \$216,000,000) made to the Treasurer of the United States.

There was a total of 4,669 lots of unfit Federal Reserve notes and Federal Reserve bank notes (526,852,830½ notes—aggregate value \$6,180,009,523.50) received for verification and certification for destruction.

There were 34 lots of national bank notes (86,517½ notes—aggregate value \$1,544,023.50) received for verification and certification for destruction.

There was a total of 278,004½ badly damaged Federal Reserve notes, Federal Reserve bank notes and national bank notes (aggregate value \$5,057,931) presented by the Treasurer of the United States for identification approval.

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**DESCRIPTION OF EACH CONSOLIDATION, MERGER, AND
PURCHASE AND SALE TRANSACTION APPROVED BY THE
COMPTROLLER OF THE CURRENCY DURING THE YEAR
1961**

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
Gardner Trust Company, Gardner, Mass., with-----	\$11,033,964	5	-----
and Worcester County National Bank, Worcester, Mass. (14850), which had-----	142,074,489	16	-----
consolidated Jan. 20, 1961, under charter and title of the latter bank (14850). The consolidated bank at date of consolidation had-----	153,136,765	-----	21

Summary of Report by Attorney General

Worcester County National Bank has 16 offices throughout Worcester County with total assets of \$149,036,000, deposits of \$128,161,000, and net current operating income for 1959 of \$2,311,154. Gardner Trust Company has 5 offices located in the northern portion of Worcester County with total assets of \$11,299,000, deposits of \$10,201,000 and net current operating income for 1959 of \$148,659.

Worcester County National Bank is the largest commercial bank in Worcester County with approximately 40% of all deposits, and is as large as the five next largest banks combined. Gardner Trust Company is the largest commercial bank in the northern portion of Worcester County, and appears to compete with offices of Worcester County Bank in that portion of the county. The acquisition of the \$11,299,000 total assets of Gardner Trust Company by the Worcester County National Bank will consolidate the position of the acquiring bank as the largest bank in the county, and also make it the largest in each individual section of the county. The merger will substantially affect competition adversely and may tend to create a monopoly.

Basis for Comptroller's Approval

This was a consolidation of banks located in cities about 28 miles apart. While both banks had branches, neither had a branch at a place where the other also had a branch. The consolidation would resolve a management succession problem for the Gardner bank, and would bring expanded services to the communities served by it. Worcester is about 40 miles each from Boston and Providence. Worcester County has 24 mutual savings banks with deposits in excess of \$630 million.

* * * * *

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
The Farmers & Citizens State Bank, Crestline, Ohio, with-----	\$1,960,677	1	-----
and The First National Bank of Bucyrus, Ohio (443), which had-----	4,487,187	1	-----
consolidated Jan. 31, 1961, under charter of the latter bank (443), and title "Crawford County National Bank, Bucyrus." The consolidated bank at date of consolida- tion had-----	6,447,864	-----	2

NOTE.—Approved in 1960 but consummated in 1961.

Summary of Report by Attorney General

The First National Bank of Bucyrus, Bucyrus, Ohio (First National) and The Farmers & Citizens State Bank, Crestline, Ohio (Farmers) propose to consolidate their banking businesses.

There is at present little, if any, existing competition between the two banks which transact business in two different towns of the same county. First National is the fourth largest bank in its service area and Farmers is the smaller of two banks in Crestline. First National has grown at a good rate during the last 10 years, while the growth of Farmers has been modest. After the proposed consolidation the resulting bank would be the fourth largest bank in its service area. It is not believed that the consolidation of First National with Farmers will have any substantial adverse competitive effects.

Basis for Comptroller's Approval

The resulting bank will provide more effective competition to the four larger banks in the service area and will bring a greater and needed credit potential and expanded services to the area. The combining of the two staffs will give the consolidated unit experienced officer personnel and will solve the management succession problem in The Farmers & Citizens State Bank.

* * * * *

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
Central Savings Bank & Trust Company, Orleans, Vt., with-----	\$2,112,149	1	-----
was purchased Jan. 31, 1961, by The Howard National Bank and Trust Company of Burlington, Vt. (1698), which had-----	36,936,000	4	-----
After the purchase was effected the receiving bank had-----	39,899,142	-----	5

NOTE.—Approved in 1960 but consummated in 1961.

Summary of Report by Attorney General

The Howard National Bank and Trust Company of Burlington, with offices in Burlington, Richmond, Winooski, Enosburg Falls and Barton, Vermont, has assets of \$36,936,000, deposits of \$31,763,000, and net current operating income for the period July 1, 1959, to June 30, 1960, of \$400,268. Central Savings Bank and Trust Company located in Orleans, Vermont, has assets of \$2,214,000, deposits of \$1,983,000, and net current operating income for the period July 1, 1959, to June 30, 1960, of \$35,760.

There are five banking offices, three of which are branches of larger banks the other two being single unit operations, servicing the trade area of approximately 25,000 population, the major industry of which is farming. Loan limitations appear to make it difficult for Central Savings Bank and Trust Company to service the larger accounts in the trade area, whereas the resulting bank will be able to offer improved and expanded service to the public. This will permit increased competition with the two branches of the Chittenden Trust Company located in North Troy and Newport, Vermont, approximately 22 and 10 miles from Orleans, respectively. It would appear, therefore, that there will not be a substantial lessening of competition in the trade area.

Basis for Comptroller's Approval

Orleans is located 80 miles from Burlington and the nearest branch of the Howard National Bank is located 6 miles from Orleans. Therefore, there was little direct competition between the two banks and the purchase will not change the relative position of the Howard Bank. The Orleans area will receive the expanded services and enjoy a greater credit potential as a result of the transaction.

* * * * *

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
The First National Bank in Bristol, Tenn. (13640), with.....	\$17,927,308	3	-----
and The First National Bank of Kingsport, Tenn. (10842),			
which had.....	40,438,632	4	-----
consolidated Feb. 8, 1961, under charter of the latter bank			
and title "The First National Bank of Sullivan County,"			
Kingsport, Tenn. The consolidated bank at date of			
consolidation had.....	58,525,732	-----	7

Summary of Report by Attorney General

First Kingsport was founded in 1916. First Bristol was set up in 1932 as a result of a reorganization. Neither has been involved in any previous consolidation or merger. Both are located in Sullivan County, Tennessee, in cities about 25 miles apart.

The existing local service areas do not appear to overlap to any appreciable degree. Each bank is a dominant or major factor in its

respective service area. First Kingsport faces only one competitor less than one-fourth its size. First Bristol competes with another bank about equal in size and two smaller banks.

First Kingsport has total deposits of nearly \$36,000,000 and loans of \$17,500,000. First Bristol's deposits total nearly \$16,000,000 and its loans are slightly over \$6,000,000. In the projected service area (Sullivan County, Tennessee, and the adjacent Bristol, Virginia, community) the resulting bank would control 42.5% of the deposits and 37% of the loans. These figures would be substantially higher if the statistics on four banks not strictly within the service area were excluded.

The consolidation would be directly disadvantageous to four smaller banks from a competitive standpoint and would tend toward monopolization. It would also foster a tendency toward further mergers and consolidations in the projected service area.

Basis for Comptroller's Approval

This was a consolidation of banks located in towns about 25 miles apart. It would have no significant effect upon the competitive situation in either place. The consolidated bank, however, would be better equipped to meet the growing industrial needs of the Kingsport area. There would also result from this consolidation an improvement in bank management.

* * * * * *

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
The National Bank of Argyle, N.Y. (13521), with.....	\$3,953,953	1	-----
and The Manufacturers National Bank of Troy, N.Y. (721).....	67,713,244	9	-----
which had.....			
merged Feb. 10, 1961, under charter and title of the latter.....	71,542,197	-----	10
bank (721). The merged bank at date of merger had.....			

Summary of Report by Attorney General

The charter bank is one of the eleven Marine Midland banks which totally have over 171 offices in New York State. The charter bank recently acquired The Salem National Bank located at Salem, New York, which is about 10 miles southeast of Argyle, New York, the location of the merging bank.

In our comments relating to that acquisition, we noted that the charter bank then had no nearby office to Salem. Its principal office was 46 miles to the southwest. It appeared, therefore, that although the merger would add another bank to the growing Marine Midland chain, that transaction standing alone, would not have a substantial adverse effect on competition.

Here, however, we have the charter bank proposing to eliminate another local bank within 10 miles of its new branch at Salem. The merging bank has deposits of \$3,400,732.35 and loans of \$2,068,205.92.

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The charter bank has deposits of \$58,375,039.90 and loans of \$36,768,318.30. Assets and deposits of all Marine Midland banks total approximately \$2.4 billion and \$2.1 billion, respectively.

An analysis of the loan accounts (as of June 15, 1960) of the merging bank indicates that it is primarily a local bank for farmers and local residents.

This merger would result in the elimination of a local bank as a competitor to the acquiring bank's Salem Branch and would tend toward a monopoly in that area of New York State.

Basis for Comptroller's Approval

The merger will result in a definite improvement in bank management in Argyle. There would be no effect on competition in either Argyle or Troy as a result of the merger, and the merged institution would provide better services in the Argyle area. The representation of Marine Midland Corporation is relatively small in the Fourth Banking District of New York, and it would be changed very little by this merger.

* * * * *

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
The First National Bank of Amsterdam, N.Y. (1307), with... and The National Commercial Bank and Trust Company of Albany, N.Y. (1301), which had..... merged Feb. 17, 1961, under charter and title of the latter bank (1301). The merged bank at date of merger had...	\$15, 581, 208	1	-----
	402, 561, 280	32	-----
	417, 914, 996	-----	33

NOTE.—Approved in 1960 but consummated in 1961.

Summary of Report by Attorney General

The proposed merger of The First National Bank of Amsterdam, Amsterdam, New York, into The National Commercial Bank and Trust Company of Albany, Albany, New York, would mean the disappearance of one of the two remaining independent banks in a service area of more than 61,000 population. Two large banks now operate one branch each in Amsterdam, and the acquiring bank has a branch 11 miles away, in addition to 30 other offices in Northeastern New York. Thus, the merger would eliminate, at least, a limited amount of potential competition between the two banks.

The acquiring bank has total resources of \$370,121,000 and has made 12 acquisitions since 1952. The acquired bank has total resources of \$15,397,000 and operates only one office in Amsterdam.

Basis for Comptroller's Approval

The First National Bank of Amsterdam's earnings were poor and the bank was faced with a management succession problem, both of which would be solved by the merger. Due to the fact that the banks were 30 miles apart and the nearest branch of the Albany bank was 11 miles

west of Amsterdam, competition between the merging banks appeared slight.

* * * * *

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
Coquille Valley Bank, Coquille, Oreg., with-----	\$2, 891, 385	1	-----
was purchased Feb. 17, 1961, by the United States			
National Bank of Portland, Oreg. (4514), which had----	884, 882, 000	76	-----
After the purchase was effected, the receiving bank had----	907, 825, 473		77

Summary of Report by Attorney General

The United States National Bank of Portland, Portland, Oregon (United States Bank), has requested permission to purchase the assets and to assume the liabilities of Coquille Valley Bank, Coquille, Oregon (Coquille Bank). It intends to operate the merged bank as a branch office in Coquille, Oregon.

Applicant is one of two large State-wide banking chains which together control about 80 percent of all commercial banking in the State of Oregon. Both State-wide chains have obtained their present positions in large part through mergers with and acquisitions of other banks. Since 1953 applicant has acquired some 21 branches through this means. It now proposes to add still another local bank to its extensive chain of banking offices, thus continuing the trend toward concentration of all banking in Oregon in the hands of two large banks.

Coquille Valley Bank competes directly with a branch office of applicant's principal State-wide competitor also located in Coquille, an independent bank located at Myrtle Point, some ten miles southeast of Coquille and, to a degree at least, with a branch office of the applicant bank located at Coos Bay, about 15 miles north of Coquille. Actual and potential competition between applicant and Coquille Bank will, of course, be eliminated by the acquisition. The acquisition may also endanger the ability of the remaining independent bank at Myrtle Point to effectively compete with an additional branch bank of a State-wide banking chain. It too may be forced to sell out to one or the other of the large banking chains.

Thus, it is believed that the proposed acquisition will have an adverse effect on competition and will tend to further the trend toward concentration of all commercial banking in the State of Oregon in the hands of two large banking chains.

Basis for Comptroller's Approval

This was the purchase by a large Portland bank of a small bank located in the logging community of Coquille, 250 miles from Portland. The nearest banking office of The United States National Bank is 17 miles from Coquille, so it appeared that the service areas of the two banks do not overlap. There is presently in Coquille a branch of The First National Bank of Oregon, which is a slightly larger institution

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than The United States National Bank. Thus, the branch of the continuing bank will be able to offer more effective competition to the branch of The First National Bank of Oregon and the acquisition will not materially affect the competitive position of the purchasing bank in its service area. The purchase will also resolve an impending management succession problem of the selling bank, which problem prompted the sale.

* * * * *

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
The State Bank of St. Johns, St. Johns, Mich., with-----	\$6,615,418	1	-----
and The St. Johns National Bank, St. Johns, Mich. (3378),			
which had-----	6,708,652	1	-----
consolidated Feb. 21, 1961, under charter of the latter bank			
(3378), and title "Clinton National Bank and Trust			
Company, St. Johns." The consolidated bank at date			
of consolidation had-----	13,324,070	-----	3

Summary of Report by Attorney General

The proposed consolidation is for the purpose of permitting two small banks in a small community (St. Johns, population 5,536) to unite forces in meeting the competition of numerous other banks operating nearby, three of which are much larger in size than the consolidating banks combined. Consolidation would apparently result in improved banking facilities for the community of St. Johns. Consolidation would not appear to have a substantial adverse effect on competition or tend to create a monopoly.

Basis for Comptroller's Approval

The State bank was faced with the need for enlarged banking quarters and both banks needed drive-in facilities. Further, the consolidated institution will be in a better position to compete more effectively with the much larger banks in the general area.

* * * * *

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
Cicero State Bank, Cicero, N.Y., with-----	\$9,484,260	2	-----
and The Merchants National Bank & Trust Company of			
Syracuse, N.Y. (1342), which had-----	93,604,470	10	-----
merged Feb. 28, 1961, under charter and title of the latter			
bank (1342). The merged bank at date of merger had--	103,075,925	-----	12

Summary of Report by Attorney General

The Merchants National Bank & Trust Company of Syracuse and the Cicero State Bank, Cicero, New York, are located within fourteen miles of each other in Onondaga County, New York. Both banks appear to compete, to a degree at least, with each other and with four much larger other commercial banks in the area. The competition between the merging banks as of this time does not appear to be substantial but might probably become more intensive in the future due to the population growth in the area. If the merger is approved, it will result in Merchants National Bank absorbing a small potential competitor.

Basis for Comptroller's Approval

This was a merger of the smallest of four commercial banks in Syracuse and a much smaller bank which was the only bank in Cicero, New York, about fourteen miles north of Syracuse. The merger would have no effect in Syracuse, but would bring to the Cicero area a larger bank and expanded services.

* * * * * *

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
Security Trust Company, Lexington, Ky., with.....	\$19,751,883	2	-----
and First National Bank and Trust Company of Lexington, Ky. (906), which had.....	61,419,801	4	-----
consolidated Mar. 1, 1961, under charter of the latter bank (906), and title "First Security National Bank and Trust Company of Lexington." The consolidated bank at date of consolidation had.....	81,171,684	-----	6

Summary of Report by Attorney General

This proposed consolidation will eliminate direct and substantial competition between the two banks with respect to demand and time deposits, loans and discounts, and trust accounts. It will substantially increase First National's already dominant position in the banking area to 52% of all deposits, 54% of all loans, and 53.6% of all assets, as among the commercial banks. In addition, it would give First National control over 94 percent of the dollar value of trust accounts in the area.

Lexington, Kentucky, is a healthy, rapidly growing agricultural, educational, and commercial center whose financial and commercial condition is quite capable of supporting vigorous competition among its existing banks on a profitable basis. This proposed consolidation, however, will not only eliminate a substantial factor in that competition but it will effect a situation which tends towards, and perhaps actually creates, monopoly banking power in the hands of the already dominant commercial bank. Such power is made all the more strong by the extraordinary control the new bank will have over trust ac-

counts, much of which involves controlling ownerships in many agricultural and commercial businesses in the area.

In view of the serious anticompetitive effects which this consolidation may have on the community and in response to a number of complaints made to the Department in connection with this matter, the Department has initiated an investigation to determine whether the proposed consolidation will create any violations of the antitrust laws.

Basis for Comptroller's Approval

The financial history and condition of each of the banks involved was excellent. Both had records of long and successful operation and both had high standing in the community. The adequacy of capital stock and future earning prospects were excellent. The general character of management which would be provided in the combined institution would be of high grade and strengthened by the consolidation. The convenience and needs of the community would be served better by the combined institutions than by their operation as separate entities.

The State of Kentucky in recent years has enjoyed very important industrial growth, and outstanding national companies have moved portions of their operations to the State. The industrial banking situation in Lexington has been affected in material degree by this fact. It is clear that Lexington is of growing importance in the industrial field, and the State of Kentucky is having a new birth of modern high-grade industrial development. This makes desirable and necessary the development of banks large enough and with sufficient strength of organization to attract and hold deposits of the larger companies which have come and will come to Kentucky.

All of the factors above mentioned were definitely favorable to approval of this consolidation.

As to the competitive factors, it was believed that the effect of the proposed consolidation on competition would not be unhealthy locally, and that as regards State and interstate relationships, it would be definitely beneficial. While the combined bank would be the largest institution in the city of Lexington, having 53 percent of deposits, the other four institutions have had good growth in recent years and should continue to hold their own and make progress after the consolidation.

Comments relative to the concentration of trust business in the two institutions must be viewed in the light of the fact that this represents the accumulation of many years in which the other banks took little or no part in this field, and that currently they are receiving substantial amounts of this type of business. Also it is of importance that a major portion of the new trust business developed in Fayette County in recent years has been handled by individual trustees.

Thus it appeared that the consolidation would not adversely affect competition and that the economic welfare of the Lexington community and the State of Kentucky would be served by its consummation.

Accordingly, it was found that the proposed transaction would be in the public interest.

* * * * *

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
The First National Bank and Trust Company of Ossining, N.Y. (471), with.....	\$12,228,644	2	-----
and First Westchester National Bank of New Rochelle, N.Y. (13955), which had.....	69,354,346	10	-----
consolidated Mar. 3, 1961, under charter and title of the latter bank (13955). The consolidated bank at date of consolidation had.....	81,174,061	-----	12

Summary of Report by Attorney General

The consolidation of First Westchester National Bank of New Rochelle and First National Bank and Trust Company of Ossining would not have a substantial adverse effect on competition in the areas served by these banks. Since the offices of the consolidating banks are located in different communities within Westchester County, and since the service areas of the two banks do not overlap, no presently existing competition would be eliminated by this consolidation. Furthermore, the resulting bank would remain much smaller than its largest competitors within Westchester County and would remain subject to competition from these larger banks.

Basis for Comptroller's Approval

This was a consolidation of two banks both located in Westchester County, but approximately 24 miles distant. The resulting bank would continue to be substantially smaller than other banks in Westchester County, but could better serve the needs of the Ossining community. The loan volume of the First National Bank and Trust Company of Ossining has been declining and its earnings were poor.

* * * * *

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
The Citizens National Bank of Bedford, Va. (10621), with.....	\$7,497,743	1	-----
and The First National Exchange Bank of Roanoke, Va. (2737), which had.....	118,892,002	6	-----
merged Mar. 7, 1961, under charter and title of the latter bank (2737). The merged bank at date of merger had.....	126,356,323	-----	7

Summary of Report by Attorney General

This merger whereby applicant seeks to acquire within six months the second of two banks in Bedford, Virginia, will bring monopoly banking to the city of Bedford, Virginia, a community with a population of 5,900 and a service area population of 15,000. It will further the dominance of First National in southwest Virginia, bringing it control in the resulting service area to 33.4% of IPC deposits and 34.3% of loans and discounts. Thus, the proposed merger will

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eliminate substantial competition, create monopoly banking in Bedford and further a tendency toward monopoly banking in Southwest Virginia.

Basis for Comptroller's Approval

At the time The First National Exchange Bank of Roanoke, Roanoke, Virginia, merged with The Peoples National Bank of Bedford, Bedford, Virginia, The Citizens National Bank of Bedford initiated merger discussions with The First National Exchange Bank of Roanoke because it felt that some of its problems could best be resolved through the merger route. It desired to merge with The First National Exchange Bank because of a long-continued association with that bank. Bedford is a small town of about 5,900 persons situated approximately halfway between Lynchburg and Roanoke. Banks in those two cities as well as other small surrounding communities compete for Bedford business. Interest was evidenced of desire on the part of others to establish a new bank in Bedford, and interest was evidenced of a desire on the part of other banks in the surrounding area to move into Bedford. Subsequent to this merger the Bank of Big Island, Inc. actually did establish a branch in Bedford.

* * * * *

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
Norwood Bank & Trust Company, Norwood, Mass., with-----	\$6, 117, 840	1	-----
and South Shore National Bank of Quincy, Mass. (14798), which had-----	58, 455, 266	12	-----
merged Mar. 17, 1961, under charter and title of the latter bank (14798). The merged bank at date of merger had--	64, 573, 106	-----	13

Summary of Report by Attorney General

The charter bank has its main office in Quincy, Massachusetts. It has 11 other branches. A branch at Braintree will be established when a shopping center is completed, about April 1, 1961.

The merging bank was established in 1917 as the Norwood Morris Plan Company and was authorized in 1948 to do business as the Norwood Bank and Banking Company and subsequently, on December 1, 1955, commenced business as the Norwood Bank & Trust Company. It had one branch which was discontinued in 1957.

The application for leave to merge gives the following figures concerning the size of the charter and merging banks:

	Charter bank	Merging bank
Total deposits-----	\$52, 411, 000	\$5, 157, 000
Loans and discounts-----	14, 958, 000	3, 432, 000

The application states the competitive situation in Norwood, a town of about 21,000 people, as follows:

In the Town of Norwood, itself, there is one other commercial banking facility: a branch of the Norfolk County Trust Company. There are three other branches of the Norfolk County Trust Company within three miles of the Norwood Bank

& Trust Company's location. Within five miles of this location, there are eight branches of the Norfolk County Trust Company and two offices of the Dedham Trust Company.

The application states the sizes of these competitive banks as follows:

	Total bank- ing offices	Estimated "IPC" deposits (D) and loans (L) of H.O. service area	
Norfolk County Trust Company	16	D-\$94, 411, 000	L-\$57, 595, 000
Dedham Trust Company	2	D-2, 340, 000	L-1, 722, 000

It appears that if the merger is authorized, the substitution of the charter bank, with deposits of over \$52,000,000 for the merging bank with deposits of about \$5,157,000, will create some competition for the Norfolk County Trust Company, a bank with deposits of over \$94,000,000, but will probably create serious competitive problems for the Dedham Trust Company with deposits of only \$2,340,000, the remaining independent bank in the area.

Basis for Comptroller's Approval

The limited resources and lending power of the Norwood bank were not sufficient to service the needs of its community. A large credit potential and expanded services will be available to the area through the branch of the continuing bank. Quincy and Norwood are 15 miles apart, and because of this distance and the size of the two banks there was little direct competition. The branch of the continuing bank will stimulate competition in the Norwood area and the merger will not materially affect the competitive position of the continuing bank in its service area.

* * * * * * *

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
Madrid Bank, Madrid, N.Y., with-----	\$1, 065, 625	1	-----
and The St. Lawrence County National Bank of Canton, N.Y. (8531), which had-----	9, 263, 933	2	-----
merged Mar. 24, 1961, under charter of the latter bank (8531), and title "St. Lawrence County National Bank of Canton, N.Y." The merged bank at date of merger had-----	10, 329, 558	-----	3

Summary of Report by Attorney General

The proposed merger of the St. Lawrence County National Bank of Canton and the Madrid Bank would have the following effects upon competition.

1. St. Lawrence County National Bank will become the largest bank in Lawrence County in terms of total deposits.

2. Northern New York Trust Company, which is under the control of a large bank holding company, will continue to control the largest percentage of loans in St. Lawrence County.

3. While some competition may be eliminated between the merging banks, it would not appear to be substantial.

4. The merger does not appear to result in a significant increase in concentration of banking power in St. Lawrence County.

Basis for Comptroller's Approval

This was a merger of a comparatively small bank with a substantially smaller bank, the two banks being located in small towns approximately thirteen miles apart. It was brought about primarily because of a management succession problem in the smaller bank.

* * * * * *

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
Georgetown State Bank, Georgetown, Ind., with.....	\$1, 188, 641	1	-----
and The Union National Bank of New Albany, Ind. (14047), which had.....	13, 375, 385	3	-----
merged Mar. 25, 1961, under charter and title of the latter bank (14047). The merged bank at date of merger had...	14, 564, 026	-----	4

Summary of Report by Attorney General

Union National Bank of New Albany, Indiana, with \$10,811,430 in deposits and \$5,195,886 in loans, is the largest of five banks located in the New Albany-Georgetown, Indiana, area. The merging bank, with deposits of \$890,323 and loans of \$504,575, is the smallest of such five banks.

A degree of competition between the two banks will be eliminated by the proposed merger but in view of the size of the merging bank this does not appear to be substantial.

The merger will increase the size of the acquiring bank in relation to other banks operating in its immediate service area, but in view of the degree of competition faced by such banks from much larger banks in Louisville, Kentucky, it would not appear that such increase in size will materially affect the ability of the smaller banks to compete in the area.

Basis for Comptroller's Approval

New Albany, Indiana, is across the Ohio River from Louisville, Kentucky. Georgetown is approximately 8 miles from New Albany and has a population of about 1,000. The Georgetown bank, handicapped by limited resources and loaning capacity, found it difficult to adequately serve its community. The banking factors were favorable and there was no adverse effect upon competition.

* * * * * *

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
Citizens Bank and Trust Company of Middletown, Pa., with.....	\$5, 308, 598	1	-----
and The Harrisburg National Bank, Harrisburg, Pa. (580), which had.....	48, 218, 110	4	-----
merged Mar. 30, 1961, under charter and title of the latter bank (580). The merged bank at date of merger had...	53, 526, 708	-----	5

Summary of Report by Attorney General

Harrisburg National Bank, together with its affiliate Harrisburg Trust Company, comprises the second largest banking organization in the Harrisburg, Pennsylvania, area, having attained this position in part through three mergers since July 1, 1955, the most recent in June, 1960. During this period, loans have increased 725 percent and deposits 111 percent. Citizens Bank and Trust Company of Middletown is the larger of the two banks operating in the borough of Middletown, approximately 11 miles south of Harrisburg.

The merger with Citizens Bank & Trust Company would not only eliminate substantial competition as between the two banks, and remove another independent bank from the area, but it would increase the power of Harrisburg National Bank (and Harrisburg Trust) over the remaining competition from its smaller rivals which, in turn, may lead to further mergers and consolidations.

Basis for Comptroller's Approval

This merger would bring to the Middletown area a greater credit potential and expanded banking services, while at the same time resolving the management problems of the Middletown bank. It would have no effect upon banking competition in Harrisburg.

* * * * * *

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
Coraopolis Trust Company, Coraopolis, Pa., with	\$13,309,579	1	-----
The Coraopolis National Bank, Coraopolis, Pa. (5069),			
with	5,743,168	1	-----
and The Union National Bank of Pittsburgh, Pa. (705),			
which had	146,257,842	8	-----
merged Mar. 31, 1961, under charter and title of the last-			
named bank (705). The merged bank at date of merger	163,953,296		10
had			

Summary of Report by Attorney General

Since one person owns 20 percent of the stock of Union National Bank of Pittsburgh and 13½ percent of the stock of the Coraopolis Trust Company, which in turn owns virtually all of the stock in Coraopolis National Bank, and since the same person is president and a director of all three banks, it is probable that these three institutions are not actually in competition with one another, and no real competition exists between the Coraopolis Banks. Therefore, the proposed merger would not appear to forecast a substantial lessening of present competition in the Coraopolis area northwest of Pittsburgh. However, it should be noted that interlocking relationships of the type which have existed among these banks appear to have potentially serious anticompetitive effects.

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The proposed merger will increase from two to three the number of large centralized banking institutions with which the four remaining small single-office banks serving that area would have to compete.

Basis for Comptroller's Approval

All of the stock of Coraopolis National Bank was owned by Coraopolis Trust Company, and the two banks had common officers and directors. The president of each of these banks was also the president of The Union National Bank of Pittsburgh, and this individual had substantial stock holdings in both Coraopolis Trust and The Union National Bank of Pittsburgh. The Coraopolis banks were not aggressive, and both had management succession problems. The merger will provide expanded services to the Coraopolis area, a suburban community approximately 12 miles from Pittsburgh.

* * * * *

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
Egypt-Schnecksville Bank, Egypt, Pa., with -----	\$8,806,613	2	-----
and The Merchants National Bank of Allentown, Pa. (6645), which had -----	67,738,416	5	-----
consolidated May 26, 1961, under charter and title of the latter bank (6645). The consolidated bank at date of consolidation had -----	76,545,028	-----	7

Summary of Report by Attorney General

If the proposed merger is approved the resulting bank's share of IPC deposits will be increased from 24.2 percent in each service area in question to 26.6 percent in the combined service area. Whereas Merchants held 26 percent of loans and discounts in the Allentown area and 25.37 percent of loans and discounts in the Egypt area, the resulting bank would have 28.1 percent of loans in the combined area.

Banking in and around Allentown is becoming increasingly concentrated. In the past year the National Bank of Catasauqua and Liberty Bank and Trust in Allentown have been acquired respectively by the largest bank in Allentown and the second largest bank in Bethlehem, Pennsylvania. If the consolidation now sought is approved there will be just three relatively large banking organizations with home offices in the combined service area, holding, for example, 15.5, 26.6, and 50.9 percent of IPC deposits. Contrastingly, two small banks competing on the fringe of this area, Coplay National Bank and Neffs National Bank, would together have only 3.7 percent of such deposits.

Basis for Comptroller's Approval

The communities served by the Egypt-Schnecksville Bank have grown considerably and because of its limited capital and resources

the bank was not able to accommodate all the needs of new businesses. The consolidated unit will offer to this area its increased services including a trust department. While the consolidated unit will remain the second largest bank in the Allentown-Bethlehem area, it will be only half the size of its larger competitor.

Name of bank and type of transaction		Total assets	Banking offices				
			In operation	To be operated			
The Peoples Bank and Trust Company, Dayton, Ohio, with		\$42,583,839	5	-----			
and The Merchants National Bank and Trust Company							
of Dayton, Ohio (1788), which had-----		37,259,056	5	-----			
consolidated June 2, 1961, under charter of the latter bank							
(1788), and title "The National Bank of Dayton." The							
consolidated bank at date of consolidation had-----		79,842,895	-----				10

Summary of Report by Attorney General

Peoples Bank and Trust Company, Dayton, Ohio, and The Merchants National Bank and Trust Company, Dayton, Ohio, propose to consolidate under the charter of Merchants National and with the title of The National Bank of Dayton.

As of December 31, 1960, Peoples Bank had 10 percent of total deposits and Merchants National had 9 percent among the four banks in Dayton. The largest bank had 58 percent and the second largest had 23 percent of total deposits. Percentages of total resources and of capital funds are approximately in the same ratios.

The two banks in the proposed consolidation have apparently assisted in the growth of small businesses only to lose the business in later years as the enterprise grew to have borrowing requirements in excess of the banks' lending limits or when specialized banking services offered by larger banks were required. Thus, while the merger would enable the banks involved to better compete with their larger rivals and to retain additional business, it would eliminate substantial competition between them.

Basis for Comptroller's Approval

Both banks are located in Dayton, Ohio, a highly industrialized metropolitan area. Each bank had assisted the growth of many small businessmen only to lose their business as the enterprises grew and required borrowing in excess of the banks' lending limits, or when specialized banking services were required. The consolidated unit will have the required depth of management and personnel as well as approximately double the present individual lending capacity of each of the consolidating banks. There are two substantially larger banks in the Dayton area, and the consolidated unit will be in a better position to offer more effective competition.

* * * * *

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
The Farmer & Citizens Bank, Tiro, Ohio, with.....	\$643,056	1	-----
and The Second National Bank of Bucyrus, Ohio (3274), which had.....	9,693,382	1	-----
merged June 17, 1961, under charter and title of the latter bank (3274). The merged bank at date of merger had....	10,336,438	-----	2

Summary of Report by Attorney General

The small size of the banks concerned and the banking problems facing merging bank and the limited effect, if any, upon competition would indicate that the effects of this merger on competition would not be adverse.

Basis for Comptroller's Approval

The merging banks are located in towns 15 miles apart, and in view of this distance and their relative size, it appeared that there was little direct competition between them. The continuing institution will assure the small Tiro community of the continuance of banking services and will be in a position to provide management for the Tiro branch.

* * * * *

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
Nanty Glo State Bank, Nanty Glo, Pa., with.....	\$3,284,033	1	-----
and the United States National Bank in Johnstown, Pa. (13781), which had.....	54,868,882	4	-----
merged June 17, 1961, under charter and title of the latter bank (13781). The merged bank at date of merger had....	58,152,916	-----	5

Summary of Report by Attorney General

United States National Bank is the largest bank in the area and the merger of Nanty Glo, while small, would increase its dominant position. Notwithstanding, Nanty Glo faces certain banking problems which could have a deleterious effect upon its future position. On balance, it would appear that there would be an adverse effect upon competition in the area, but not of grave importance.

Basis for Comptroller's Approval

Nanty Glo, which is located about 12 miles from Johnstown, has, as its principal industry, bituminous coal mining. The decline of the coal industry and the expected exhaustion of the present coal mine has had a serious effect on the area's economy. A branch of a large bank would be better able to withstand and adjust to the deteriorating economic condition and would be in a position to finance

a recovery program, if one should arise. While the United States National Bank in Johnstown is the largest bank in the area, it does not appear that its position would be materially changed or that the competitive position in the area will be changed as a result of the merger.

* * * * *

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
Bank of San Rafael, San Rafael, Calif., with-----	\$20, 571, 324	1	-----
First National Bank in San Rafael, Calif. (12640), with-----	43, 892, 228	9	-----
and Crocker-Anglo National Bank, San Francisco, Calif. (1741), which had-----	1, 916, 571, 601	102	-----
merged June 23, 1961, under charter and title of the last-named bank (1741). The merged bank at date of merger had-----	1, 977, 791, 421	-----	111

Summary of Report by Attorney General

The merger of these three banks would eliminate from the banking scene in Marin County, California, the last two independent banks. Only branches of large California banks would thereafter compete within the service area; moreover, the three largest banks would then control nearly 99 percent of IPC deposits and loans and discounts. It would be another step in the elimination of all local banks in California. It would lessen existing and potential competition in Marin County and would further increase concentration in commercial banking within the State.

Basis for Comptroller's Approval

California is a State having statewide branch banking and intensive competition between very large banks having far flung branch systems. The Crocker-Anglo National Bank of San Francisco has 102 offices and total assets of almost \$2 billion. This was a merger of that bank with two banks in San Rafael which were closely affiliated with each other. All of the capital stock of the First National Bank in San Rafael, except directors' qualifying shares, was held in trust for the benefit of the shareholders of the Bank of San Rafael. The directors and officers of the two banks were identical and they occupied the same head-office quarters. The Bank of San Rafael operated as a savings bank and the First National Bank in San Rafael operated as a commercial bank.

San Rafael is located in Marin County about 17 miles north and across the bay from San Francisco. The First National Bank in San Rafael operated seven branches in Marin County and one in Sonoma County. In this area there are a number of branches of very large banks, including nine branches of the Bank of America National Trust & Savings Association; 5 branches of the Wells Fargo Bank American Trust Co.; and one branch each of United California Bank, the Central Valley National Bank, and the Crocker-Anglo National Bank.

The branches of the Crocker-Anglo National Bank will bring to the customers of the merging banks a greater credit potential and expanded services. It was concluded that there would be no significant effect upon competition.

* * * * *

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
East Brady Office of Butler Savings and Trust Company, Butler, Pa., with.....	\$2, 686, 705	1	-----
was purchased June 24, 1961, by the Oil City National Bank, Oil City, Pa. (14274), which had.....	38, 133, 302	5	-----
After the purchase was effected the receiving bank had.....	40, 761, 454	-----	6

Summary of Report by Attorney General

The proposed assets acquisition of the East Brady Office of the Butler Savings and Trust Company by the Oil City National Bank is necessitated by the impending merger of the head office into the Commonwealth Trust Company of Pittsburgh. Under Pennsylvania banking law the merged bank would be prohibited from continuing to operate the East Brady Office. There appears to be no competition between the East Brady Office and the Oil City National Bank and its offices, nor is it believed that the existing competitive situation in the East Brady Office service area will be substantially affected.

Basis for Comptroller's Approval

This was an acquisition by the Oil City National Bank of Oil City, Pa., of the East Brady Office of Butler Savings and Trust Company of Butler, Pa. Butler Savings and Trust Company had entered into a merger agreement with Commonwealth Trust Company of Pittsburgh, and, because of State law restrictions, the merged bank would be unable to continue the operation of the East Brady Office. The acquisition of that office by the Oil City National Bank will insure the continuation of banking services in East Brady.

* * * * *

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
The Community Bank and Trust Company, New Haven, Conn., with.....	\$13, 603, 918	2	-----
and The Second National Bank of New Haven, Conn. (227), which had.....	60, 335, 520	5	-----
consolidated June 30, 1961, under charter and title of the latter bank (227). The consolidated bank at date of consolidation had.....	73, 973, 311	-----	7

Summary of Report by Attorney General

The proposed consolidation of Second National Bank of New Haven and Community Bank and Trust Company, New Haven, Connecticut, would result in the formation of a third large bank in an area in which seven banks would serve a population of about 350,000. Each of the three of the banks would be larger than the remaining four combined. While the proposed consolidation in banking in the greater New Haven area would enable the resulting bank to compete more effectively with the two larger institutions, the effect may mean a lessening of competition.

Basis for Comptrollers' Approval

The Second National Bank is a downtown commercial bank while The Community Bank is primarily a neighborhood bank with a large portion of its deposits consisting of savings deposits. It does not appear that these banks are in substantial competition. No banking offices will be closed as a result of the consolidation which will bring to the customers of The Community Bank expanded services. The consolidated bank will remain the third largest of six commercial banks in the area, and it will be better able to compete with the two larger banks.

*	*	*	*	*	*	*
Name of bank and type of transaction		Total assets	Banking offices			
			In operation	To be operated		
The Chesapeake Bank, Chesapeake, Ohio, with ----- was purchased June 30, 1961, by The First National Bank of Ironton, Ohio (98), which had ----- After the purchase was effected the receiving bank had...		\$2,765,422	1	-----		
		11,856,000	2	-----		
		13,996,035	-----	3		

Summary of Report by Attorney General

By this application, First National Bank of Ironton, Ohio, with total assets of \$11,856,000 and the largest bank located in Lawrence County, Ohio, proposes to purchase the assets and assume the liabilities of Chesapeake Bank, with assets of \$2,373,000 and one of two competing banks also located in Lawrence County, Ohio.

In 1959 First National indirectly, through a syndicate owned by directors of First National, purchased stock control of Chesapeake in part with funds supplied by First National for the stated purpose of selling Chesapeake to First National. This conduct, which is of questionable legality under the antitrust laws and contrary to what the bank is authorized to do directly, resulted, as a practical matter, in the elimination of Chesapeake as a significant factor in competition and increased the dominant position of First National to such a point that it has about 65 percent of "IPC" deposits and loans and discounts among banks located in Lawrence County, Ohio. This, of course, seriously endangers the ability of the sole competitor to effectively

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compete with First National and results in a tendency toward monopoly in banking, if monopoly has not in fact been achieved.

By this application, First National seeks the approval of a merger which was brought about by conduct which raises serious questions under the Sherman Act, and by conduct of its directors, which the bank itself is not permitted to engage in.

Basis for Comptroller's Approval

Chesapeake, Ohio, is on the Ohio River, 25 miles southeast of Ironton, Ohio, and is primarily a residential suburb of Huntington, W. Va., from which it is directly across the Ohio River. Ironton, on the other hand, also on the Ohio River, is only five miles from Ashland, Ky. The Chesapeake Bank was in competition with the banks in Huntington, and the Ironton bank was in competition with the banks in Ashland. This acquisition would have no effect upon competition.

Shortly after its organization, The Chesapeake Bank found itself in a long-term bond position from which it could not extricate itself. This, plus its limited capital and related lending power, made it unable to offer the community the required credit potential. The purchasing bank will be able to service the credit needs of the residential and commercial developments now in progress in the area.

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Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
The Bank of McKees Rocks, McKees Rocks, Pa., with-----	\$9,562,385	1	-----
and the Western Pennsylvania National Bank, McKees- port, Pa. (2222), which had-----	217,317,817	26	-----
consolidated June 30, 1961, under charter and title of the latter bank (2222). The consolidated bank at date of consolidation had-----	226,880,202	-----	27

Summary of Report by Attorney General

There would not appear to be any adverse effect upon competition stemming from this consolidation. The small size of consolidating bank, highly concentrated and competitive banking climate in this general area, and the advantages to the community from this consolidation support this view.

Basis for Comptroller's Approval

These banks are located in the Pittsburgh metropolitan area in communities which are 17 miles apart, so there appears to be little direct competition. While a slight increase will result in Western Pennsylvania's portion of the total deposits in the area, it will stimulate competition in McKees Rocks, which is served by the branches of two Pittsburgh banks, and the consolidated bank will offer a broader and more modern banking service, including trusts, to the McKees Rocks area.

* * * * *

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
The Farmers National Bank of Thompsontown, Pa. (10211), with -----	\$1, 642, 259	1	-----
and The Peoples National Bank of Mifflin, Pa. (9678), which had -----	2, 639, 233	1	-----
consolidated June 30, 1961, under charter of the latter bank (9678), and title "The Peoples-Farmers National Bank, Mifflin, Pa." The consolidated bank at date of consolidation had -----	4, 281, 493	-----	2

Summary of Report by Attorney General

The modest size of the two banks in their particular service areas, the additional services they would afford to the inhabitants, indicates that this consolidation would not adversely effect the competitive situation nor tend toward a monopoly.

Basis for Comptroller's Approval

The consolidating banks are located about 11 miles apart, with the Juniata River and the town of Mifflintown intervening. It would appear that little competition exists between them. The consolidated unit will be only slightly larger than its nearest competing banking institution. The consolidated bank will bring to the respective communities involved a greater credit potential, expanded services, and a strengthened financial institution.

* * * * *

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
The Sharon National Bank, Sharon, Conn. (13245), with -----	\$2, 727, 836	1	-----
and The First National Bank of New Milford, Conn. (1193), which had -----	8, 872, 673	3	-----
consolidated July 14, 1961, under charter of the latter bank (1193), and title "Litchfield County National Bank, New Milford." The consolidated bank at date of consolidation had -----	11, 600, 509	-----	4

Summary of Report by Attorney General

The Attorney General has reported to the Comptroller of the Currency that the proposed merger of The First National Bank of New Milford, New Milford, Conn., and The Sharon National Bank, Sharon, Conn., would not seriously affect competition. Both banks are relatively small and do not appear to be effective competitors due to the distance between their respective offices.

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Basis for Comptroller's Approval

The areas served by these two banks in northwest Connecticut approximately 28 miles apart are largely rural. While the resulting bank will continue to be the largest bank in the area, it remains much smaller than two of the larger banks operating branches in the area. The consolidated unit will be enabled to offer increased credit and trust facilities to the Sharon area.

* * * *			
Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
The State Savings Bank of Elsie, Mich., with-----	\$2, 558, 183	1	-----
and Clinton National Bank and Trust Company, St. Johns, Mich. (3378), which had-----	13, 053, 543	1	-----
consolidated July 19, 1961, under charter and title of the latter bank (3378). The consolidated bank at date of consolidation had-----	15, 600, 388	-----	2

Summary of Report by Attorney General

It does not appear that the competition eliminated between the banks is substantial. Nor does it appear that the consolidation will substantially affect adversely the competitive situation in the general banking area.

The trend toward concentration in the area should be noted. The consolidation eliminates another independent bank and increases the relative position of Clinton over its smaller rivals, which may, of necessity, combine in order to more effectively compete with the larger banks.

Basis for Comptroller's Approval

The State Savings Bank of Elsie, because of its restricted lending capacities, was unable to meet the credit and mortgage needs of the area. The resulting bank will offer all types of loans to the community, together with expanded services, including a trust department. The 18 miles' distance between the banks resulted in very little direct competition between them.

* * * *			
Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
Bank of Carolina Beach, Carolina Beach, N.C., with-----	\$944, 844	1	-----
and First National Bank of Jacksonville, N.C. (14676), which had-----	8, 176, 413	4	-----
merged July 22, 1961, under charter and title of the latter bank (14676). The merged bank at date of merger had-----	9, 121, 257	-----	5

Summary of Report by Attorney General

Carolina Beach, a small bank, servicing a growing tourist and resort area, has no competition in its area. First National, on the other hand, faces substantial competition in the Jacksonville, Wallace and Wilmington service areas and controls in all three banking areas considerably less resources than its competitors.

The addition of the meager resources of Carolina Beach will not appreciably change the size of First National nor alter its rank among competitors. No adverse effect on the competitive situation in either the Jacksonville, Wallace or Wilmington banking areas will result, nor will any competition be eliminated between the banks in view of their different geographic locations. Furthermore, it appears that the community of Carolina Beach will benefit by the additional resources, comprehensive banking services and improved personnel to be allocated to that local area. It is the opinion of the Department of Justice, therefore, that the proposed merger, if consummated, will have no adverse effect on competition.

Basis for Comptroller's Approval

This merger would bring to Carolina Beach expanded banking services as well as improved management.

* * * * *

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
The Home Bank, Cridersville, Ohio, with.....	\$1,314,100	1	-----
and The First National Bank of Wapakoneta, Ohio (3157), which had.....	9,691,552	1	-----
consolidated July 31, 1961, under charter and title of the latter bank (3157). The consolidated bank at date of consolidation had.....	10,820,027	-----	2

Summary of Report by Attorney General

The First National Bank of Wapakoneta has assets of \$9,176,123, deposits of \$6,100,000 and loans and discounts of \$3,914,000. The Home Bank has assets of \$1,436,056, deposits of \$1,250,000, and loans and discounts of \$620,812.

Based on the available information, it appears that the competition eliminated between First National and Home Bank will not be substantial. The limited size and scope of The Home Bank's operation which renders it unable to adequately service the needs of its banking area combined with the fact that the resulting bank will face substantial competition, leads to the conclusion that the consolidation, if consummated, will have no substantial adverse effect on competition.

Basis for Comptroller's Approval

The Cridersville Bank was unable to satisfy the needs of its local community and was unable to attract qualified personnel to provide for management succession because of its limited resources. The branch of the larger consolidated unit would be able to service the needs of the area, providing capable management and executive supervision.

* * * * * *

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
The Citizens-Waynesboro Bank and Trust Company, Waynesboro, Va., with	\$10,965,658	2	-----
and The Peoples National Bank of Charlottesville, Va. (2594), which had	89,888,122	11	-----
merged Aug. 2, 1961, under charter and title of the latter bank (2594). The merged bank at date of merger had	100,428,780	-----	13

Summary of Report by Attorney General

The Peoples National Bank of Charlottesville, Charlottesville, Virginia, with total resources of \$86,882,000, proposes to acquire The Citizens-Waynesboro Bank and Trust Company, Waynesboro, Virginia, with total resources of \$10,962,000. Peoples ranks first among the thirty-one banks in its service area in Central Virginia; its holdings of over 22 percent of the estimated IPC deposits and nearly 26 percent of the loans in the area make it more than twice the size of its next largest competitor. Citizens ranks ninth among Peoples' competitors in IPC deposits with 3.3 percent and seventh in loans with 3.7 percent. In the merging bank's service area, one of the most rapidly growing sections in Virginia, the resulting bank will hold almost 59 percent of IPC deposits and over 63 percent of loans, with the next largest of the remaining seven competitors holding 12 percent of IPC deposits and 11 percent of loans.

The acquisition would substantially lessen competition in the service area of the charter bank, eliminate one of Waynesboro's two banks, and result in a tendency to monopoly in the service area of the merging bank.

Basis for Comptroller's Approval

Waynesboro, located 23 miles from Charlottesville, has experienced rapid industrial growth and population increase. The credit demands on the area banks have been great and the local institutions had difficulty meeting these demands. The merged institution would offer to the area its greater facilities, and the charter bank, because of the restrictions of Virginia law, was the only sizable institution which could operate a branch in the Waynesboro area. The merger further served to relieve the management succession problem of the Waynesboro Bank.

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Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
Fort Hill Bank and Trust Company, Clemson, S.C., with.....	\$2,485,528	1	-----
and The First National Bank of South Carolina of Columbia, S.C. (13720), which had.....	77,834,019	14	-----
merged Aug. 4, 1961, under charter and title of the latter bank (13720). The merged bank at date of merger had.....	80,315,700	-----	15

Summary of Report by Attorney General

The single office of Fort Hill Bank and Trust Company is approximately 20 miles from the nearest office of The First National Bank of South Carolina of Columbia, and competition between the two banks appears to be negligible.

First National's growth in recent years has been rapid and it appears to regard the proposed merger and others as necessary to enable it to compete effectively with the two banks in South Carolina which are larger than First National. This position does not appear to have due regard for the competitive positions of the commercial banks which are substantially smaller than First National. However, because of the relatively small size of Fort Hill and its distance from the closest office of First National, it is not believed that this proposed merger will substantially affect competition or tend to create a monopoly in commercial banking.

Basis for Comptroller's Approval

The nearest branch of The First National Bank of South Carolina to the single office of Fort Hill Bank and Trust Company was approximately 20 miles distant, so that there was little competition between them. A branch of The First National Bank of South Carolina will bring expanded services to the Clemson area.

* * * * *

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
The First National Bank of Cresson, Pa. (5768), with.....	\$2,769,840	1	-----
was purchased Aug. 18, 1961, by The First National Bank of Ebensburg, Pa. (5084), which had.....	8,825,449	1	-----
After the purchase was effected the receiving bank had.....	11,487,640	-----	2

Summary of Report by Attorney General

The First National Bank of Ebensburg, Ebensburg, Pennsylvania, proposes to purchase the assets and to assume the liabilities of The First National Bank of Cresson, Cresson, Pennsylvania.

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Although the proposed acquisition would eliminate a rather ineffective competition presently offered by Cresson Bank, it is not believed that the overall competitive situation in the two service areas will be substantially affected.

Basis for Comptroller's Approval

These banks are located in the west-central section of Pennsylvania. Because of the curtailment of coal mining and railroad activities, the area is economically depressed. As a result of the purchase, the continuing bank will offer the Cresson area a wider range of banking services, including trust facilities, and a more liberal loan policy. There will be no material effect on competition between the two banks since it is, at present, nominal, and the purchase will result in more effective competition with the two large banks in the service area.

* * * * *

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
The First National Bank of Latonia, Covington, Ky. (6248), with	\$3, 118, 919	1	
and The First National Bank and Trust Company of Covington, Ky. (718), which had	13, 069, 937	1	
consolidated Aug. 25, 1961, under charter and title of the latter bank (718). The consolidated bank at date of consolidation had	16, 188, 855		2

Summary of Report by Attorney General

Both banks are situated in Covington, Kentucky, and the two banks are competitive with one another and with seven other banks in the Covington area. The merger will not change the position of First National of Covington as the area's second largest bank but it will result in the elimination of a competitive factor which has been able to secure 4.5% of the IPC deposits and 3.4% of the loan business of the area.

Basis for Comptroller's Approval

Covington, Kentucky, is located directly across the Ohio River from Cincinnati. Its population of approximately 60,000 is served by 6 comparatively small banks. Latonia, while actually part of Covington, has retained much of its former separate identity. This consolidation will provide a slightly larger bank for the Covington area, and will have no significant effect upon competition.

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Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
First National Bank of Myrtle Beach, S.C. (14698), with-----	\$7,356,953	3	-----
and The South Carolina National Bank of Charleston, S.C. (2044), which had-----	265,703,819	39	-----
merged Aug. 26, 1961, under charter and title of the latter bank (2044). The merged bank at date of merger had-----	273,060,772	-----	42

Summary of Report by Attorney General

Application has been made for the consolidation of The South Carolina National Bank of Charleston, Charleston, South Carolina, and the First National Bank of Myrtle Beach, Myrtle Beach, South Carolina. The Myrtle Beach community is a burgeoning resort area with great potential for those who are, or wish to be, engaged in commercial banking. It is presently being served by First National and a branch of a small bank in Conway, South Carolina. South Carolina National, the largest bank in South Carolina, seeks approval to merge with the largest of these independent banks. Its entry into Myrtle Beach via consolidation with the largest independent bank in the area may create decisive disadvantages to independent commercial banking by others in the local service area.

Basis for Comptroller's Approval

Myrtle Beach is located 95 miles northeast of Charleston and is a rapidly growing area, expanding from a summer resort to a year-round resort and residential area.

Because of limited capital and a small loan capacity, the Myrtle Beach bank has been unable to keep up with the needs of the community. There was no direct competition between the banks as their service areas do not overlap and the merger will have no significant effect on statewide banking. It will, however, bring increased banking facilities to a rapidly growing area.

* * * * *

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
City National Bank and Trust Company of Chicago, Ill. (13638), with-----	\$380,193,920	1	-----
and Continental Illinois National Bank and Trust Company of Chicago, Ill. (13639), which had-----	2,860,753,825	1	-----
merged Sept. 1, 1961, under charter and title of the latter bank (13639). The merged bank at date of merger had-----	3,248,306,844	-----	1

Summary of Report by Attorney General

Two of Chicago's leading commercial banks seek approval to merge. If approval is granted, City National Bank and Trust Company of Chicago (City) would be merged with and into Continental Illinois National Bank and Trust Company of Chicago (Continental).

Amalgamation of the aforementioned banks would be contrary to the criteria of Section 18(c) of the Federal Deposit Insurance Corporation Act. Deleterious competitive effects flowing from such a merger are not counterbalanced by the banks' assertions of benefits to the public. Such benefits must be "demonstrable" and the burden of demonstrating them lies with the applicants. They have failed to provide persuasive evidence of concrete benefits which accrue either to the nation as a whole or to any of its regions.

There are numerous harmful competitive effects which flow from the merger under review. In the Chicago Metropolitan Area alone there are enough harmful effects to support a decision denying approval to merge. In this region the following would occur:

1. Three bank concentration of more than 70 percent of loans and deposits would be substantially increased.

2. City, the sixth largest bank, would be eliminated as a dynamic check force to further concentration in the hands of the three largest banks.

3. Substantial competition which exists between City and Continental will be eliminated.

4. Harris Trust and Chicago National merged on October 24, 1960. Prior to their merger, both banks represented a substantial check on further concentration in the hands of the first three. Now City is to be eliminated as a competitive influence. These mergers will have the cumulative effect of encouraging further consolidations, further concentration and ultimately a completely stratified banking structure.

Basis for Comptroller's Approval

This merger would combine the second and sixth largest banks in Chicago, having total resources in excess of \$3.2 billion. By virtue of this merger Continental Illinois National Bank and Trust Company would become by a small margin the largest bank in Chicago, and would move up from tenth to ninth largest bank in the Nation. Continental Illinois National Bank and Trust Company was formed in 1929 out of a consolidation of Continental National Bank and Trust Company of Chicago and Illinois Merchants Trust Company. Its financial condition is good, its capital structure is adequate, and its future earnings prospects are good.

The general character of the management of Continental Illinois National Bank and Trust Company is very good. Its board of directors consists of men outstanding in their respective businesses and professions and prominent in civic affairs. Its active management is composed of capable and experienced bankers. This management talent will continue to be available to the merged bank. Thus Continental Illinois National Bank and Trust Company will continue to be in the first rank of American financial institutions.

City National Bank and Trust Company was formed in 1932 as a successor to Central Republic Trust Company. Its financial history and condition were satisfactory until little more than 6 years ago. Its lack of progress in recent years and existing difficulties which are the reason for this merger stem from the severe management problems which the bank has had since 1955 when because of internal difficulties it lost its chief executive, and its apparent inability to resolve these problems in a satisfactory manner. While the present senior managing officers of the bank are capable and experienced, they are past retirement age and have been serving on an interim basis at the invitation of the board of directors while serious efforts have been made to obtain top management personnel. In spite of diligent efforts the bank has been unsuccessful in procuring qualified persons to assume the top management positions. This lack of success is a result not only of the shortage of qualified bank executives existing today, but also, and primarily, of a unique problem of the bank which has made prospective management personnel reluctant to accept employment.

The management problem extends also into the lower levels. During the past few years morale has been poor among junior-officer personnel and the bank has been losing such personnel to other banks. This problem accelerated after it appeared that there might be a long delay before the merger could be consummated, and while there was uncertainty as to whether it would be permitted.

This merger would not have serious adverse effect upon competition. Both banks are located in the central business district of Chicago, approximately across the street from each other. Within this area there are 16 banks, of which 5 are larger than City National Bank and Trust Company, and 8 have total resources in excess of \$100 million. These are large and aggressive banks. While City National Bank and Trust Company would be eliminated as a competitor, that bank's inability to acquire management with youth, aggressiveness, and promotional-minded leadership has prevented it from being an effective and aggressive competitor. There appeared to be no likelihood that it would be able to resolve its problems and become an effective and aggressive competitor within the foreseeable future. Moreover, after this merger there would remain adequate competition at all levels in the Chicago area and there would remain an adequate number of alternative sources of all banking services. Within the city of Chicago, because of the Illinois ban on branch banking, there are more than 75 banks. Of these, 14 have total resources in excess of \$100 million. Customers having need of the services of a bank of \$100 million size or larger are, of course, not confined to the Chicago area, but have available to them the services of large banks throughout the Nation.

There would be no effect upon competition at the national or regional levels except to the extent that the competitive effectiveness of Continental Illinois National Bank and Trust Company would be slightly enhanced by its increased size resulting from this merger.

There would be no tendency toward monopoly resulting from this merger. The merger would not bring the merged bank measurably closer to the monopoly power of being able to raise prices or to exclude competition.

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Accordingly, it was found that the proposed merger would be in the public interest.

* * * * *

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
Citizens Savings Bank Company, Cambridge, Ohio, with....	\$3, 209, 407	1	-----
was purchased Sept. 2, 1961, by The Central National Bank, Cambridge, Ohio (13905), which had.....	9, 054, 135	4	-----
After the purchase was effected the receiving bank had....	12, 099, 607	-----	5

Summary of Report by Attorney General

The Central National Bank at Cambridge, Cambridge, Ohio, proposes to purchase the assets and to assume the liabilities of The Citizens Savings Bank Company, Cambridge, Ohio.

The proposed acquisition would eliminate apparent competition between the two banks which are now in second and fifth place in their common service area. It also would make the resulting bank the largest bank in the area and concentrate most of its banking in the hands of two institutions. However, the competition between the merging banks is only nominal since the president and large stockholder of the acquiring bank recently acquired virtually all of the stock of the selling bank.

Basis for Comptroller's Approval

Substantially all of the stock of The Citizens Savings Bank Company, Cambridge, Ohio, was owned by the president of The Central National Bank at Cambridge. This acquisition will resolve a management problem for The Citizens Savings Bank Company, will enable the convenience and needs of the community to be better served, and should result in improved earnings by the combined bank.

* * * * *

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
The Fredonia National Bank, Fredonia, Pa. (13884), with....	\$1, 527, 046	1	-----
was purchased Sept. 2, 1961, by The First National Bank of Mercer, Pa. (392), which had.....	13, 055, 000	1	-----
After the purchase was effected the receiving bank had....	14, 649, 872	-----	2

Summary of Report by Attorney General

The First National Bank of Mercer is the only bank in Mercer, the county seat of Mercer County, Pennsylvania. It has total deposits of \$12,401,000, loans and discounts of \$6,436,000, and total assets of \$13,055,000. Fredonia National Bank is the only bank in Fredonia, a small town nine miles north of Mercer. It has deposits of \$1,342,000, loans and discounts of \$753,000, and total assets of \$1,507,000. Several banks larger than either of the merging banks or the resulting bank operate in Mercer County.

In our view the effects of the proposed acquisition on competition would be as follows: A degree of existing competition between the acquired and acquiring banks would be eliminated; one of twelve competing banks in Mercer County would be eliminated; and the acquiring bank would slightly increase its share of deposits, loans, and banking resources. Because of the relatively small size of the acquired bank and the number or relatively large competing banks which will remain in Mercer County after the merger it is not felt that the effect on competition will be significantly adverse.

Basis for Comptroller's Approval

This was an acquisition by the only bank in Mercer, Pa., of the only bank in Fredonia, Pa., about 9 miles distant. It was brought about by the decision of the executive officer of the Fredonia National Bank to retire, which would have left the bank without management.

* * * * *

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
The First National Bank of New Kensington, Pa. (4913), with-	\$20, 817, 790	1	-----
was purchased Sept. 26, 1961, by Pittsburgh National			
Bank, Pittsburgh, Pa. (252), which had -----	979, 386, 000	52	-----
After the purchase was effected the receiving bank had -----	995, 421, 977	-----	53

Summary of Report by Attorney General

Pittsburgh National Bank is the second largest bank in the Pittsburgh area with assets of approximately \$980,000,000, operating 52 banking offices, which constitute approximately one-third of all banking offices located in the service area comprised of the four Pennsylvania counties of Allegheny, Butler, Washington and Westmoreland. During the past decade Pittsburgh National Bank has assumed the liabilities and acquired the assets of 11 banks, has merged with a 12th bank, and has consolidated with a 13th bank. In part, as a result of said acquisitions it has increased its loans by 205 percent and its deposits by 94 percent. The First National Bank of New

Kensington has total assets of approximately \$22 million and is one of the only two independent banks remaining in the New Kensington area.

At the present time there are 12 banking offices in the New Kensington trade area to service a population of approximately 40,000. Of these, only two are independent banks (National Deposit Bank, Arnold, Pennsylvania, with IPC Deposits of \$8,500,000 and loans of \$5,030,000, and The First National Bank of New Kensington). The other ten banking offices are branch offices. These branch offices include those of the applicant and Pittsburgh's largest bank, Mellon National Bank and Trust Company.

The proposed acquisition will result in the elimination of competition between the acquiring and selling banks, eliminate still another independent bank from the area, and continue the trend toward more acquisitions and mergers in commercial banking in the Pittsburgh area. The Pittsburgh area is now dominated by two large banks, both of which have reached their position of dominance in large part through acquisition of other banks.

The two largest banks in Pittsburgh now have approximately 73 percent of IPC deposits and over 75 percent of loans and discounts of commercial banks in the Pittsburgh area. Concentration in banking in Pittsburgh is among the highest in the United States and a pronounced tendency to monopoly in commercial banking exists in that area. The proposed acquisition, considered either separately or in conjunction with Pittsburgh National's numerous other acquisitions, would eliminate substantial existing competition, further the tendency to monopoly in commercial banking in the Pittsburgh area and raises serious questions under the antitrust laws.

It is the view of the Department of Justice that the tendency to monopoly in commercial banking in the Pittsburgh area has reached such proportions that any further mergers or consolidations by either Pittsburgh National or Mellon National would raise serious questions under the antitrust laws.

Basis for Comptroller's Approval

Pittsburgh, with a population of over 600,000, is located in Allegheny County and is the hub of an industrialized metropolitan area embracing Allegheny, Washington, Butler, and Westmoreland Counties. Pittsburgh National Bank is the second largest bank in Pittsburgh, but is less than one-half the size of Mellon National Bank, the largest bank in Pittsburgh. New Kensington is located in Westmoreland County about 21 miles from Pittsburgh, and is set apart by the Allegheny River and the Pennsylvania Turnpike. Pittsburgh National Bank does not have a branch in New Kensington, but there is a branch of Mellon National Bank there.

The banking factors involved in this acquisition were favorable, and it did not appear that there would be any significant adverse effect upon competition. This transaction would have no effect on competition in Pittsburgh, nor would it have any adverse effect upon competition in New Kensington, since the only effect there would be

to substitute for the First National Bank of New Kensington, a branch of Pittsburgh National which would then be in competition with the New Kensington Branch of Mellon National Bank. There appeared to be little, if any, competition between Pittsburgh National Bank and the First National Bank of New Kensington.

There is no basis for any conclusion that this transaction would further a tendency toward monopoly. While Pittsburgh National Bank is a large bank, as indicated above it is less than one-half the size of the largest bank in Pittsburgh, while there are 11 other banks in Pittsburgh including 2 with assets in excess of \$100 million, as well as 26 other banks in the Pittsburgh area including 2 banks in McKeesport having assets in excess of \$100 million.

In *Transamerica Corp. v. Board of Governors* (C.A. 3, 1953), 206 F. 2d 163, 169, the court, in dealing with the question of what constitutes a tendency toward monopoly stated:

A monopoly involves the power to raise prices or to exclude competition when the monopolist desired to do so. Obviously, under section 7 it was not necessary for the Board to find that Transamerica has actually achieved monopoly power but merely that the stock acquisitions under attack have brought it measurably closer to that end.

To a like effect see the report of the Attorney General's National Committee to Study the Antitrust Laws, p. 124.

Obviously, by this acquisition the Pittsburgh National did not move "measurably closer" to the monopoly power of being able to raise prices or to exclude competition.

* * * * *

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
The National Bank and Trust Company of West Grove, Pa. (2669), with.....	\$4, 514, 028	1	-----
and the National Bank and Trust Company of Kennett Square, Pa. (2526), which had.....	12, 443, 891	1	-----
consolidated Sept. 29, 1961, under charter and title of the latter bank (2526). The consolidated bank at date of consolidation had.....	16, 957, 719	-----	2

Summary of Report by Attorney General

It is our view that the proposed consolidation will have the effect of eliminating a substantial amount of competition between the two banks, particularly in the sizable geographical area over which their respective service areas overlap, and that a large number of persons and businesses who now have three commercial banks with which they can transact commercial banking without the necessity for traveling 10 miles or more would have only two banks available for such business after the consolidation. However, there are a number of other banks located beyond the 10-mile area. In these circumstances we do not believe that the effect on competition would be substantially adverse.

Basis for Comptroller's Approval

This was a consolidation between banks in small towns in a rural area. The primary reason for the consolidation was the age and poor health of the managing officers of the West Grove bank.

* * * * * * *

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
Osborne Trust Company, East Hampton, N. Y., with-----	\$11,863,641	1	-----
and Valley National Bank of Long Island, Valley Stream, N. Y. (11881), which had-----	58,565,396	9	-----
consolidated Oct. 13, 1961, under charter and title of the latter bank (11881). The consolidated bank at date of consolidation had-----	70,429,038	-----	11

Summary of Report by Attorney General

The geographical distance separating these banks, the fact that there is no competition between them and the dominant position of Franklin National Bank in this region leads to the conclusion that the merger would not have any substantial adverse effect upon competition nor would it tend toward monopoly.

Basis for Comptroller's Approval

These two Long Island banks are located almost 100 miles apart. The consolidated bank, with enlarged resources and greater depth of management, would be able to provide broader commercial and trust services to all the communities within its service area.

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Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
Central Trust Capital Bank, Harrisburg, Pa., with-----	\$49,016,310	5	-----
and National Bank of York County, York, Pa. (694) which had-----	77,329,955	7	-----
consolidated Oct. 13, 1961, under charter of the latter bank (694), and title "National Bank & Trust Company of Central Pennsylvania," York. The consolidated bank at date of consolidation had-----	126,346,264	-----	12

Summary of Report by Attorney General

Recent acquisitions by the National Bank of York County and the Central Trust Capital Bank are primarily responsible for their substantial growth. Since 1959, more than 60 percent (\$39,410,799)

of the National Bank's total deposits and since 1957, over 63 percent (\$27,228,843) of Central Capital's total deposits are directly attributable to mergers.

The resulting bank would rank first in size in the individual service area of each participating bank, and the two largest banks in the service area of National Bank would control 62 percent of total "IPC" deposits, while the two largest in Central Trust's service area would have 50 percent of total "IPC" deposits. This undue concentration of banking power will inevitably lead small banks to attempt to combine in order to be able to effectively compete with the larger banks.

The proposed merger apparently is another in a pattern of mergers which has manifested itself in the last few years in the service area involved, and is apparently an integral part of the operational activities and expansion program of the participating banks. It would serve to increase the relative strength of First National and Central Trust in their respective banking areas. Although no substantial competition appears to directly exist between the two banks, the eventual effects on competition in the general banking area would appear to be adverse.

Basis for Comptroller's Approval

The consolidating banks are located some 25 miles apart and appear to operate in separate and distinct service areas. Little, if any, existing competition would be eliminated by the consolidation which would provide increased capital and resources to meet the needs of the respective growing communities, to meet the competition of larger city banks for the business of local industry, and to expand services to the community.

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
The Commercial Trust and Savings Bank, Lynchburg, Va., with	\$2,092,088	1	
and the Lynchburg National Bank and Trust Company, Lynchburg, Va. (1522), which had	43,708,949	8	
merged Oct. 13, 1961, under charter and title of the latter bank (1522). The merged bank at date of merger had	45,590,245		9

Summary of Report by Attorney General

The Lynchburg National Bank and Trust Company, Lynchburg, Virginia, proposes to acquire by merger the Commercial Trust and Savings Bank, of the same city.

The proposed merger would eliminate from competition a small but apparently sound bank, reduce from four to three the number of banks competing in the Lynchburg area, and further increase the size of the largest bank, thus creating a tendency toward monopoly banking in the area.

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Basis for Comptroller's Approval

There were four banks in Lynchburg having total assets respectively of \$43.7 million, \$34.4 million, \$30.9 million, and \$2.7 million. This was a merger of the largest and the smallest. As may be seen from the respective sizes, the merging bank was not an effective factor in competition in Lynchburg. It had been in existence since 1919, but its policies over the years had been nonaggressive, with the bulk of its business confined to savings deposits and installment loans. Its management situation dictated either merger or liquidation, and only the Lynchburg National Bank and Trust Company evidenced an interest in merger. Under the circumstances, there would be no adverse effect upon competition, but the customers and shareholders of The Commercial Trust and Savings Bank would be benefited.

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Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
The First National Bank of Marion, N.C. (6095), with-----	\$7,532,618	1	-----
and First Union National Bank of North Carolina, Charlotte, N.C. (9164), which had-----	212,854,970	35	-----
merged Oct. 13, 1961, under charter and title of the latter bank (9164). The merged bank at date of merger had-----	219,211,417	-----	36

Summary of Report by Attorney General

First Union National Bank is the fourth largest bank in North Carolina with deposits of \$167,627,000, net loans and discounts of \$85,794,000, and total assets of \$187,319,000. It operates 32 banking offices, most of which are located in the Western and Piedmont sections of North Carolina. Beginning with the merger of the Union National Bank of Charlotte and the First National Bank of Asheville in July 1958, the growth of First Union has been largely through merger. First National Bank of Marion has one banking office, deposits of \$5,915,000, loans and discounts of \$2,912,000, and total assets of \$6,724,000.

In our view, the merger would have the following effects on competition:

1. In the area now served by the First National Bank of Marion it would eliminate one of two independent banks now located in the county and place the second independent bank at a serious competitive disadvantage;

2. In the larger area served by First Union it would have little immediate effect. Nevertheless, we feel that this merger should be viewed as part of a pattern of mergers which taken in its entirety has already had and will have further significant adverse effects on banking competition in the State of North Carolina.

For these reasons we feel that the effects on competition of this merger would be adverse.

Basis for Comptroller's Approval

Marion is located in the western part of the State, in an area whose principal industries are lumbering, wood products, and the manufacturing of hosiery and textiles. It is a steadily growing industrial area whose credit needs will continue to expand. The Marion bank had a lending limit of \$65,000, while the resulting bank will have a limit of \$1,500,000. The resulting bank will therefore be in a better position to meet the needs of the Marion trade area. The proposed transaction will not materially change the relative standing of the First Union National Bank of North Carolina nor materially enhance its size. Since the two banks are 85 miles apart, it would appear that there was little direct competition between them.

* * * * *

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
Bank of Florence, Florence, S.C., with	\$3,803,982	2	
and The Citizens and Southern National Bank of South			
Carolina, Charleston, S.C. (14425), which had	143,277,237	19	
merged Oct. 14, 1961, under charter and title of the latter			
bank (14425). The merged bank at date of merger had	147,081,219		21

Summary of Report by Attorney General

Citizens and Southern National Bank operates 19 banking offices, located throughout the State of South Carolina. It has total deposits \$117,793,000, loan and discounts of \$64,324,000, and total assets of \$131,449,000. The Bank of Florence operates two offices in Florence. It has total deposits of \$3,108,000, net loans and discounts of \$1,737,000, and total assets of \$3,596,000.

In our view the merger would eliminate a strong, locally owned, independent bank with a good record of service to the small businessmen and small farmers of the community. It might also place the remaining independent bank in Florence in a disadvantageous competitive position. For these reasons, the effect on competition would be adverse.

Basis for Comptroller's Approval

Charleston, with a population of 76,000, is an established port city with diversified manufacturing and distribution facilities and military installations. In addition to being the home office of the continuing bank, it is also served by the South Carolina National Bank and The First National Bank of South Carolina.

Florence has a population of 25,000 and, while the local economy is dominated by tobacco and cotton, there is some lumber and manufacturing carried on. The merger will bring to the Florence bank the depth of management which it has been unable to achieve or afford, and will broaden the base of operation of the continuing bank and expand its services and facilities to an area which presently has the services of only one major bank. The merger will not change the

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relative standing in the State of the continuing bank nor materially enhance its size.

* * * * *

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
First National Bank of Collingswood, N.J. (11607), with-----	\$10,487,050	1	-----
and Haddonfield National Bank, Haddonfield, N.J. (14457) which had-----	28,204,778	3	-----
consolidated Oct. 20, 1961, under charter and title of the latter bank (14457). The consolidated bank at date of consolidation had-----	38,691,834	-----	4

Summary of Report by Attorney General

The combined banks would have 8.9 percent of the deposits and 6.4 percent of the loan resources in the relevant area. Although this would place it well ahead of six other local banks, it would be well below the comparable resources of the two large Camden banks. Presently, the two banks offer services which are largely complementary, rather than competitive and it appears that the resulting bank will be better equipped to service its customers.

It would thus appear that, although a certain amount of competition will be eliminated as a result of the consolidation, significant competition in the area will continue to exist. The consolidation would not appear to have a substantial adverse effect on competition, nor would it tend to contribute towards monopoly in the relevant area.

Basis for Comptroller's Approval

The consolidation of these two comparatively small banks located about 3 miles apart, but within a very short distance of Camden, N.J., and Philadelphia, Pa., would have no appreciable effect upon competition, but would supply a larger credit potential and improved services to the customers of the Collingswood Bank.

* * * * *

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
The Oxford National Bank, Oxford, Ohio (6059), with-----	\$4,796,000	1	-----
was purchased Oct. 20, 1961, by The First National Bank and Trust Company of Hamilton, Ohio (56), which had-----	43,974,000	4	-----
After the purchase was effected the receiving bank had-----	48,770,000	-----	5

Summary of Report by Attorney General

The First National Bank and Trust Company of Hamilton, Hamilton, Ohio, proposes to purchase the assets and to assume the liabilities of the Oxford National Bank, Oxford, Ohio.

The proposed merger would eliminate a degree of competition between the merging institutions, create a tendency toward further mergers in the Oxford area of Ohio, and it would further increase the size of the largest bank in Hamilton, thus creating a tendency toward monopoly banking there. Thus, the effect on competition would be adverse.

Basis for Comptroller's Approval

The effect of this transaction would be to provide Oxford, Ohio, with a greater variety and more adequate banking services. Additionally, the Hamilton bank with its much larger size would be able to undertake a badly needed building program which would have been difficult for the Oxford Bank. It would also eliminate a possible problem of management succession.

Hamilton, Ohio, and Oxford, Ohio, are 14 miles apart, and this acquisition would have no significant effect upon competition.

* * * * * * *

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
The Harrisburg Trust Company, Harrisburg, Pa., with.....	\$41,154,906	3	-----
and The Harrisburg National Bank, Harrisburg, Pa. (580),			
which had.....	56,267,682	5	-----
consolidated Oct. 27, 1961, under charter of the latter bank			
(580), and under the title "The Harrisburg National			
Bank and Trust Company." The consolidated bank at			
date of consolidation had.....	97,103,031	-----	7

Summary of Report by Attorney General

The Harrisburg Trust Company, Harrisburg, Pennsylvania, proposes to consolidate with The Harrisburg National Bank, Harrisburg, Pennsylvania, under the charter of The Harrisburg National Bank with the title The Harrisburg National Bank and Trust Company.

Since there is far-reaching identity of the shareholders, directors, and general officers of both banks, they cannot be considered to be truly competitive with each other. A consolidation of the two banks would only formalize a union which has existed for many years. The resulting bank would remain the second largest banking institution in the area with a control of approximately one-fifth of its deposits and loans.

Basis for Comptroller's Approval

Because of the common ownership, officers, and directors, the consolidation would accomplish formally that which already exists in fact. The consolidation would have no effect upon competition.

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Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
The Central National Bank and Trust Company of Peoria, Ill. (3214), with-----	\$37,659,233	1	-----
and Commercial National Bank of Peoria, Ill. (3296), which had-----	87,430,967	1	-----
consolidated Oct. 27, 1961, under charter and title of the latter bank (3296). The consolidated bank at date of consolidation had-----	125,090,200	-----	1

Summary of Report by Attorney General

The largest and fourth largest commercial banks in Peoria, Illinois seek approval to merge. If approval is granted, Commercial National Bank of Peoria, Illinois (Commercial), would be merged with Central National Bank and Trust Company of Peoria, Illinois (Central). Their consolidation would create serious adverse competitive consequences in the Peoria Metropolitan Area.

The three leading banks in the service area account for approximately 50 percent of total IPC deposits and loans and 63.5 percent of demand IPC deposits. The remainder is shared by 26 other banks. Commercial ranks first with 24.5 percent of demand IPC deposits, 24.1 percent of total IPC deposits and 25.9 percent of total loans. Central ranks fourth with 11.5 percent of demand IPC deposits, 10.7 percent of total deposits and 11.4 percent of total loans. As a result of the merger, the three leading banks will account for more than 60 percent of total IPC deposits and loans. Hence, there would be a substantial increase in concentration of deposits and loans in the hands of the three leading banks.

Commercial and Central are substantial competitors for the following banking services:

- (1) Demand IPC deposits.
- (2) Total IPC deposits.
- (3) Total loans.
- (4) Commercial and industrial loans.
- (5) Personal and corporate trust business.

Hence, substantial competition would be eliminated between the merging banks.

Central, as fourth largest commercial bank prior to the merger, would be eliminated as a check force to further concentration in the hands of the three largest banks.

In addition, the combined institution would appear to have a substantial competitive advantage over its much smaller competitors.

Basis for Comptroller's Approval

Peoria is located midway between Chicago and St. Louis on the Inland Waterway System, in the heart of the Illinois farm belt. The city has a population of 103,000 and serves a primary trade

area of 16 counties in central Illinois with a population of 718,000. It is a major distribution center in the Midwest and the location of many national corporations.

The consolidated unit will have a lending limit approaching \$1 million. This increased limit is necessary in order to serve the organizations located in the community. Heretofore, large money transactions have sought the larger money centers such as Cleveland, Chicago, St. Louis, Detroit, and Kansas City. The growth of the area has outpaced the capacity of local banking institutions, and since there is no branch banking allowed in Illinois, it is extremely improbable that any of the local institutions would ever be able to meet the needs of the industrial community through growth alone.

Direct competition between the two consolidating banks will be eliminated. However, it is not felt that this will adversely affect competition in the primary service area. The consolidated unit will compete for business which was already beyond the capacity of banking institutions in the area. Thus, the primary effect of the consolidation will be a stimulation of competition with out of city banks and the return of local business to a local bank.

There is exceedingly aggressive competition in the primary service area of the consolidated unit from savings and loan associations and 29 other banks in the 2 counties surrounding Peoria. In addition, the consolidated bank will face strong, active competition from larger banks in Chicago and St. Louis.

* * * * *

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
The Citizens Banking and Savings Company, Conneaut, Ohio, with.....	\$8,746,945	1	-----
and The Farmers National Bank and Trust Company of Ashtabula, Ohio (975), which had.....	23,994,523	6	-----
consolidated Oct. 27, 1961, under charter and title of the latter bank (975). The consolidated bank at date of consolidation had.....	32,741,476	-----	7

Summary of Report by Attorney General

The Farmers National Bank and Trust Company and The Citizens Banking and Savings Company, the two leading banks in Ashtabula County,* propose to consolidate and establish the leading bank in the combined service area with control over 34.72 percent of total "IPC" deposits and 37.99 percent of loans. Eight of the nine smaller competitors combined would control less than 45 percent of total "IPC" deposits and less than 42 percent of loans and none of the eight individually would have more than 10 percent in either category.

The consolidations, if approved, would eliminate another independent bank, increase to a greater degree the concentration of banking resources, and provide the resulting bank with competitive advantages not easily available to the remaining rivals. This may eventually

*The Citizens Banking and Savings Company is the largest bank in Conneaut, but is not the second largest bank in Ashtabula County.

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lead to additional mergers and a further concentration of banking power in the area. It is the view of the Department of Justice, therefore, that the consolidation of the two largest banks in Ashtabula County would have adverse effects on present and potential competition in the general banking area.

Basis for Comptroller's Approval

The largest bank in Ashtabula County, Ohio, proposes to consolidate with a smaller bank in a town 14 miles distant.

The area is presently depressed, but has experienced considerable industrial development in the past 10 years and efforts are being made to correct the present situation. Prospects for recovery and extensive further development appear assured because of the effect of the completion of the St. Lawrence Seaway and highway developments now underway. It is urged that a larger bank with a greater credit potential and expanded services is needed to assist in the recovery and serve the economic expansion to follow. The proposed transaction will serve to meet the described situation.

This consolidation will result in improved management in the consolidated bank with adequate provision for the future.

The resulting bank will continue to be the largest bank in the area. However, the resulting bank will be in a position to compete more effectively with larger banks from other financial centers which are now actively soliciting business in the area. Therefore, the overall effect on competition will not be unfavorable.

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Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
Security State Bank and Trust Company of Beaumont, Texas, with -----	\$18,343,808	1	-----
and The First National Bank of Beaumont, Texas (4017), which had -----	68,213,017	1	-----
consolidated Oct. 28, 1961, under charter of the latter bank (4017), and title "First Security National Bank of Beaumont," The consolidated bank at date of consolidation had -----	86,556,825	-----	1

Summary of Report by Attorney General

First National is presently one of the two major banks in Beaumont, Texas. Security Bank is the third largest bank in Beaumont. The remaining banks are either under the control of one of the major banks or are so small as to lack substantial competitive significance.

Security Bank has not been a very active competitor, largely because it has been in a position to rely on revenues from its oil properties. Since these have recently been drastically reduced, the bank may soon be expected to make efforts to realize the potential of its resources and thus greatly expand its lending activities.

Thus the consolidation will result not only in the elimination of competition between Security and First National and the virtual concentration of commercial banking facilities in Beaumont in two institutions, but it will also eliminate Security just at the time it could have been expected to offer much greater competition to the two major banks. For these reasons, the consolidation will have an adverse effect upon competition.

Basis for Comptroller's Approval

Beaumont is a major port of the Gulf Coast. It is also in the heart of the United States' rice growing area, and is an important refining center. It has experienced a rather dynamic industrial and population growth during the past 10 years, and future prospects of the area are considered excellent. It is urged that a larger bank with greater credit potential is needed to assist in the development of the area and to meet the needs of the economic expansion.

The consolidated bank will have competent management and improved future earnings prospects.

After the consolidation there will remain in Beaumont two large banks, their affiliates, and two small unit banks. The two large banks have been and will remain the aggressive competitors for the banking business in Beaumont. The Security State Bank has not been an aggressive competitor, and there was no reason to expect it to become one.

In view of the above it was concluded that this consolidation would be in the public interest.

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Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
The Conneaut Banking and Trust Company, Conneaut, Ohio, with	\$8,432,365	1	-----
and "The Northeastern Ohio National Bank of Ashtabula, Ohio," Ashtabula, Ohio (5075), which had	20,214,588	4	-----
merged Oct. 31, 1961, under charter of the latter bank (5075), and title "The Northeastern Ohio National Bank of Ashtabula." The merged bank at date of merger had.	28,671,953	-----	5

Summary of Report by Attorney General

The resulting bank would as a result of this merger become the largest bank in the service area. The resulting bank and the second largest bank would dominate the entire banking area. If the second largest bank were to merge with the third largest as it presently intends, that combined institution and the resulting bank then would have virtually 90 percent of all IPC demand deposits, time deposits, and total loans in the service area of the resulting bank.

Thus, this merger would probably have an adverse effect upon competition in the service area of the resulting bank, as well as creating a tendency toward monopoly.

Basis for Comptroller's Approval

Ashtabula is located in northeastern Ohio, 55 miles east of Cleveland and 15 miles west of the Pennsylvania border. Conneaut, a similar industrial community, is located 14 miles east of Ashtabula.

For a number of reasons The Conneaut Banking and Trust Company had been unable to keep pace with its local competition, it had a poor earnings record, and its management had been decimated by deaths. The merger will bring to the Conneaut bank's customers a greater lending limit, larger resources, and will solve possible management-succession difficulties.

The direct competition between the two institutions was minimal and the competitive banking situation in the Ashtabula-Conneaut area will not change appreciably. This merger will also afford the resulting bank a better opportunity to compete with the larger Cleveland and Pittsburgh banks which are also active in the service area.

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
The Merchants Trust Company of Red Bank, N.J., with-----	\$29,952,056	3	-----
and Asbury Park-Manasquan National Bank, Asbury Park, N.J. (13363), which had-----	47,367,320	4	-----
consolidated Oct. 31, 1961, under charter of the latter bank (13363), and title "First Merchants National Bank, Asbury Park." The consolidated bank at date of con- solidation had-----	77,319,377	-----	7

Summary of Report by Attorney General

The Asbury Park-Manasquan National Bank, with head office in Asbury Park, New Jersey, operates four offices in southeastern Monmouth County, New Jersey. It has total deposits of \$41,510,000, net loans and discounts of \$24,270,000, and total assets of \$45,194,000. The Merchants Trust Company of Red Bank operates three offices in northeastern Monmouth County. It has total deposits of \$25,241,000, net loans and discounts of \$11,795,000, and total assets of \$27,615,000.

The present merger is part of a wave of merger activity currently taking place in Monmouth County. It would advance the resulting bank to second place in the county and create a precedent under which all pending or contemplated mergers discussed in the application would be approved. The end result of these mergers would be a situation in which three large banks controlled over 77% of deposits and over 79% of loans in the area of Monmouth County east of the Garden State Parkway. These same three banks would be dominant in the county as a whole. Their dominance would place the smaller independent banks at a competitive disadvantage and would probably lead to further mergers, severely limiting the alternatives open to banking customers.

It is the view of the Department of Justice, therefore, that the proposed merger, if consummated, would adversely affect competition

both in the joint service area of the merging banks, and in Monmouth County generally.

Basis for Comptroller's Approval

Asbury Park with a population of 19,000 is a beach resort and commercial center. Red Bank is located 10 miles from Asbury Park and 40 miles from New York City, and is primarily a residential community with a population of approximately 12,500. In and around Red Bank are numerous light industries, some heavy industrial plants, and Fort Monmouth which employs a large number of professional and technical personnel.

Monmouth County has 17 commercial banks and the resulting bank will be the largest in the county. However, it will not be substantially larger than its two nearest competitors. Since the service areas of the consolidating banks are separate and distinct, there is little competition between them. The resulting bank will encounter strong competition from the remaining banks in the area and competition in the Asbury-Red Bank area will be intensified.

The banking factors were favorable.

* * * * *

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
County Trust Company of Maryland, Glen Burnie, Md., with and Baltimore National Bank, Baltimore, Md. (13745), which had consolidated Nov. 3, 1961, under charter and title of the latter bank (13745). The consolidated bank at date of consolidation had	\$106,882,907	27	-----
	439,807,006	34	-----
	540,625,512	-----	61

Summary of Report by Attorney General

Baltimore National Bank is the largest bank in Maryland. It has deposits of \$381,967,000, net loans and discounts of \$182,581,000, and total assets of \$434,696,000. It operates 34 banking offices, most of which are located in Metropolitan Baltimore and Baltimore County. Its growth over the past ten years has been primarily through merger. County Trust Company is one of the largest banks in Maryland headquartered outside of Baltimore. With 27 banking offices, deposits of \$88,494,000, loans and discounts of \$55,124,000 and total assets of \$97,766,000, it is the dominant bank in the Southern Maryland-Eastern Shore area which it serves. Although it has participated in two mergers in the past ten years, its growth has been largely internal. The proposed merger appears to be the first attempt by a large Baltimore bank to enter the CTC service area through merger.

In our view, the merger would have the following effects on competition: (1) In the joint service area of the two banks it would substantially increase banking concentration, eliminate a strong independent factor in competition, and adversely affect small and medium-

size business both by transferring control of CTC's resources to the management of BNB and by opening the door to a series of mergers which would even more significantly reduce the alternatives available to banking customers; (2) In the present BNB service area, it would lessen competition for joint loans to large customers, eliminate competition for the correspondent business of CTC, and eliminate potential competition between BNB and metropolitan area branches of CTC; (3) In the present CTC service area, it would eliminate actual and potential competition between BNB and CTC and encourage a merger trend which would ultimately increase banking concentration by eliminating many of the smaller independent banks now operating in the area.

It is our view that these adverse effects on competition are particularly significant in view of the dollar amount of business involved and the precedent which this merger may set for further development of banking in the State of Maryland.

Basis for Comptroller's Approval

Baltimore is the seventh largest city in the United States and is a major industrial and port city. Baltimore National Bank is the largest bank in Baltimore, having 33 branches, all but one of which are located in Baltimore and Baltimore County. County Trust Company is a much smaller bank operating primarily in southern Maryland and on the Eastern Shore. It has 26 branches, none of which is in Baltimore County.

Southern Maryland and the Eastern Shore have changed substantially in characteristics in recent years. While both have been agricultural areas, the proximity of southern Maryland to the metropolitan areas of Baltimore and Washington is causing it to undergo many changes and it is becoming a suburban area with a rapidly increasing population. The Eastern Shore remains primarily agricultural, but with the opening of the Chesapeake Bay Bridge there began industrial development which continues and which will be further stimulated upon the construction of the Lower Chesapeake Bay Crossing now under construction. Diversified manufacturing industry is growing in the area formerly concerned largely with agriculture, seafood harvesting, dairying, the broiler industry, and canning and feed mill operations.

The effect of the proposed merger will be to provide an enlarged credit potential and expanded services to the growing southern Maryland and Eastern Shore areas. It would permit the Baltimore National Bank to expand into areas not now served by it. This is a normal method of growth in banking in States which permit branch banking.

Except to the extent that County Trust Company is large enough to compete for some regional business, there was no substantial competition between these two banks. While Glen Burnie in which is located the main office of County Trust Company is only 9 miles south of Baltimore, it is a separate community in Anne Arundel County. All the branches of County Trust Company are to the south and west. All of the offices of Baltimore National Bank are

in Baltimore County with the exception of one office at Friendship Airport in Anne Arundel County. Accordingly, there is no significant overlap of service areas for local business. This merger would result in little, if any, adverse effect upon competition.

* * * * *

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
The Merchants National Bank of West Virginia at Clarksburg, W. Va. (1530), with.....	\$7,209,247	1	-----
was purchased Nov. 4, 1961, by The Union National Bank of Clarksburg, W. Va. (7681), which had.....	31,839,000	1	-----
After the purchase was effected the receiving bank had.....	38,246,000	-----	1

Summary of Report by Attorney General

The largest of five banks in the Clarksburg area proposes to acquire the fourth largest bank in that area. The merger would eliminate a substantial amount of competition between the two banks, eliminate a factor, although not an aggressive one, in competition and strengthen the position of the largest bank in relation to the remaining competitors.

However, the application indicates that the merging bank may not long remain in competition if it does not merge with the charter bank. While the effect on competition of the merger would be adverse, it would not appear to be substantially so if the only solution to the problems of the merging bank is in the form of the proposed merger.

Basis for Comptroller's Approval

The city of Clarksburg has been designated as a distressed area and its population has been steadily declining. The selling bank's principal officer and stockholder desired to retire and had made no arrangement for management succession. He proposed to sell the bank's assets and to liquidate it. Therefore, there would appear to be little actual reduction of competition as a result of the purchase.

* * * * *

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
The Danville Bank, Danville, Ohio, with.....	\$2,513,407	1	-----
was purchased Nov. 10, 1961, by The First-Knox National Bank of Mount Vernon, Ohio (7638), which had.....	18,789,475	3	-----
After the purchase was effected the receiving bank had.....	21,302,882	-----	4

Summary of Report by Attorney General

The acquisition of this small bank by First-Knox would not appear to offend substantially the competitive situation in the respective service areas of these banks; further, there would not appear to be any tendency toward monopoly.

Basis for Comptroller's Approval

The First-Knox National Bank will bring to the customers of the selling bank and to the community an expanded credit potential and improved service. It will offer trust services, specialized checking accounts, securities transactions, and savings club accounts, which are not presently being offered by the selling bank or its local competitor.

* * * * *

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
The Chatham Bank, Siler City, N.C., with.....	\$13,674,564	3	-----
and the First Union National Bank of North Carolina, Charlotte, N.C. (9164), which had.....	216,023,703	37	-----
merged Nov. 10, 1961, under charter and title of the latter bank (9164).			
The merged bank at date of merger had.....	227,118,096	-----	40

Summary of Report by Attorney General

First Union National Bank is the fourth largest bank in North Carolina, with deposits of \$167,627,000, net loans and discounts of \$85,794,000, and total assets of \$187,319,000. It operates 33 offices, most of which are located in the western and Piedmont sections of North Carolina. As of July 18, 1958, it had total loans of \$27,455,000 and total deposits of \$61,082,000; as of June 19, 1961, it had net loans and discounts of \$85,794,000 and total deposits of \$167,627,000. This growth has been primarily due to merger and does not include a proposed merger with First National Bank of Marion, North Carolina, application for which, dated June 26, 1961, has been filed.

The proposed merger represents a continuation of a statewide trend towards centralization of banking facilities in North Carolina. It will eliminate one more successful independent bank in that State and signal still further centralization as each of the dominant banks seeks to retain its position. For these reasons, it is felt that the merger would have adverse effects on competition.

Basis for Comptroller's Approval

Siler City is located in the Piedmont section and its economy is balanced between industry and agriculture. There has been a steady industrial expansion in this area, which will continue. The Siler City bank had a lending limit of \$75,000, while the continuing bank would

have a limit of \$1,600,000 and be in a better position to meet the needs of the Siler City area.

Since the main offices of the merging banks are 95 miles apart, there was little direct competition. At present, the merging bank in Siler City is the only banking association there. However, The Planters National Bank and Trust Company of Rocky Mount recently received approval to establish a branch there. There appeared to be no adverse effect on competition in either banking area as a result of the merger.

* * * * *

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
First National Bank in Highland Falls, N.Y. (13567), with and the First National Bank of Poughkeepsie, N.Y. (466), which had merged Nov. 10, 1961, under charter and title of the latter bank (466). The merged bank at date of merger had...	\$16,122,791	1	-----
	65,959,333	3	-----
	81,701,802	-----	4

Summary of Report by Attorney General

The Marine Midland Corporation, one of the largest bank holding companies in the United States, has recently acquired the stock of the charter bank, the largest of four commercial banks in its primary service area.

Now that a strong foothold has been established in the Hudson River Valley, the Marine Midland Corporation, in accordance with the pattern set in other parts of New York State, has apparently made the first move to acquire banks in surrounding counties and service areas.

The application for approval to merge shows the relative size of the charter and merging banks as follows:

	<i>Charter bank</i>	<i>Merging bank</i>
Total deposits.....	\$61,728,000	\$10,816,000
Loans and discounts.....	29,118,000	7,049,000

Because of the limited need for banking facilities in the service area of the merging bank, one bank has been sufficient to service the area and no other banks have chosen therefore to start therein. The merging bank as a result has obtained a monopoly of banking in its area.

If the merger is permitted, a Marine Midland bank will take over that monopoly.

There is no evidence in the application for leave to merge indicating that the present bank has been unable to meet any loan requests or other banking facilities required by customers of the bank.

As previously stated, the charter bank already dominates commercial banking in its service area, being larger than all of its competitors combined and backed by a large bank holding company. In the combined service areas of the merging banks, the merging bank ranks

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fourth in size in deposits and third in size in loans. After the merger, the charter bank will have 61.9 percent of deposits and 58 percent of loans in the combined service area. Thus, the already dominant position of the charter bank will be materially strengthened by the merger and its much smaller competitors will be at an even more competitive disadvantage.

It appears that the proposed merger will have a substantial adverse effect on competition and will tend toward and result in the maintenance of monopoly in the service area involved.

Basis for Comptroller's Approval

Poughkeepsie is the county seat of Dutchess County, with a population of 38,000, serving a trade area of 45,000.

Highland Falls, located in Orange County, is 35 miles from Poughkeepsie, has a population of 4,000 and serves a trade area of 9,000. The community is bounded on the east by the Hudson River, on the south by Bear Mountain, and on the north and west by the United States Military Academy at West Point. It is the only bank servicing this area and had specialized in servicing the military personnel stationed at the Academy and elsewhere. The bank's limited resources have restricted its lending ability.

The First National Bank of Poughkeepsie is an affiliate of the Marine Midland Corporation and is the largest bank in its service area. Since the Highland Falls bank is the only bank in its area, the merger would have no effect on competition in that area, and because of its remoteness from Poughkeepsie, it would appear to have no effect in the Poughkeepsie area. The continuing institution will produce a more ample credit potential, expanded services, and management depth to the Highland Falls area.

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Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
The First National Bank of Everett, Wash. (4686), with-----	\$74, 071, 412	8	-----
and Seattle-First National Bank, Seattle, Wash. (11280),	1, 000, 893, 284	89	-----
which had-----			
merged Nov. 16, 1961, under charter and title of the latter			
bank (11280) The merged bank at date of merger had..	1, 174, 228, 044	-----	97

Summary of Report by Attorney General

Inasmuch as the nearest office of one of the banks to an office of the other appears to be approximately 8 miles, competition between First National Bank of Everett, with 8 offices and assets of approximately \$71,146,000, and Seattle-First National Bank, with 90 offices and assets of approximately \$1,062,620,000, may not be intense. Further, because of a correspondent banking relationship between the two banks and interlocking directorships existing over the years,

Seattle-First has not established a branch in Everett or its immediate vicinity. Nevertheless, Seattle-First has three branches within the service area of First Everett as the result of an acquisition in 1956, and First Everett has a branch in Lynwood, approximately ten miles from two branches and a third proposed branch of Seattle-First (although designated as not within the same service area), and some competition, more potential than actual, does exist between the two banks.

However, the dominant position of Seattle-First in commercial banking in Seattle and throughout the State of Washington appears to have more significance as a competitive factor in the proposed merger. With 90 commercial banking locations out of the State's total of 383 and with three additional offices authorized and an application pending for a fourth, Seattle-First is by far the largest and the dominant bank in the state. Its deposits and loans each exceed one-third of the totals of all commercial banks in Washington. As of December 31, 1960, it was 24th in size in the nation, and as of June 30, 1956 it had 49.14 percent of the total assets of Seattle commercial banks. During the period from 1950 to March 1960 it acquired 16 banking organizations by merger or consolidation, with assets ranging from \$2,000,000 to \$16,000,000. The proposed acquisition would increase its size by approximately \$71,000,000, or slightly more than 2 percent of the State's totals of deposits and loans.

The First National Bank of Everett is by far the leading bank in Everett and vicinity, with about 44% of the IPC deposits and about 53% of the loans among commercial banks in that area. Real competition does not exist between First Everett and Everett Trust and Savings Bank, the second largest bank in Everett, due to common ownership and interlocking directorships. The principal competition to First Everett is from branches of offices of two much larger banks. If the merger is approved Everett Trust is expected to become independent and a new substantial factor in competition.

The proposed merger considered in relation to past acquisitions of Seattle-First, is a substantial step in the tendency to monopoly which is apparent in Seattle and throughout the State of Washington.

Basis for Comptroller's Approval

By this merger Seattle-First National Bank would acquire for the first time branches in Everett, Wash., located 29 miles north of Seattle. Seattle-First National Bank is the largest bank in Washington, a State which permits statewide branch banking. This merger will make available to Everett the banking services which can be furnished by this very large bank.

The entry into Everett of this large bank will not adversely affect competition in that community, for there are in operation there a branch of the National Bank of Washington of Tacoma, Wash., and a branch of Peoples National Bank of Washington in Seattle, both of which are also large banks. There is also in operation there Everett Trust & Savings Bank which has been an affiliate of Everett National Bank, but which will not be affiliated with Seattle-First National Bank.

This merger will have no effect upon competition in Seattle, and will not tend toward monopoly in the State of Washington, since by this merger Seattle-First National Bank will not move measurably closer to the monopoly power of being able to raise prices or to exclude competition.

* * * * *

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
Hampden National Bank and Trust Company of Westfield, Mass. (1367), with.....	\$12,507,582	1	-----
and The Third National Bank and Trust Company of Springfield, Mass. (308), which had.....	111,420,394	9	-----
consolidated Nov. 17, 1961, under the charter of the latter bank (308), and title "Third National Bank of Hampden County." The consolidated bank at date of consolidation had.....	123,927,976	-----	10

Summary of Report by Attorney General

The Third National Bank and Trust Company of Springfield, Springfield, Massachusetts, proposes to consolidate with the Hampden National Bank and Trust Company of Westfield, Westfield, Massachusetts, under the charter of The Third National Bank and with the title "Third National Bank of Hampden County."

The proposed consolidation would eliminate vigorous competition between the two banks, further the existing tendency toward banking concentration in the Westfield and Springfield areas, create a tendency toward monopoly in the Westfield area, and eliminate the last independent bank in Westfield. Thus the effect on competition by the proposed consolidation would be strongly adverse.

Basis for Comptroller's Approval

Westfield, Mass., with a population of 26,000, is located about 12 miles west of Springfield. It has diversified manufacturing industry, and also serves as a residential suburb for surrounding industrial cities, particularly Springfield and Holyoke. The entry of the Third National Bank & Trust Company of Springfield into Westfield will bring expanded banking services to the customers of the Hampden National Bank and will enable Third National Bank & Trust Company to acquire an office in Westfield to compete with the branch there of Valley Bank & Trust Company, its largest competitor in the Springfield area.

* * * * * *

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
Walla Walla National Bank, Walla Walla, Wash. (14852), with-----	\$1,699,010	1	-----
was purchased Nov. 24, 1961, by Old National Bank of Spokane, Wash. (4668), which had-----	157,094,000	26	-----
After the purchase was effected the receiving bank had-----	158,447,000	-----	27

Summary of Report by Attorney General

The proposed acquisition herein probably would not adversely affect the competition situation in the service area of both banks but, on the contrary, would probably provide increased competition particularly in the service area of the selling bank.

Basis for Comptroller's Approval

The selling bank was chartered in 1959 and has not been successful in attracting sufficient deposits and loans to enable it to operate at a profit. Due to the fact that the nearest branch of the purchasing bank is 57 miles from Walla Walla, little direct competition existed between the two banks. The acquisition would have little effect on the competitive position of the purchasing bank and will probably increase competition in the service area of the selling bank.

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Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
The First National Bank of St. Johnsbury, Vt. (489), with--- and The Howard National Bank and Trust Company of Burlington, Vt. (1698), which had-----	\$3,311,779	1	-----
merged Nov. 30, 1961, under charter and title of the latter bank (1698). The merged bank at date of merger had-----	41,133,829	6	-----
	44,288,409	-----	7

Summary of Report by Attorney General

The acquisition by the largest bank in Burlington, Vermont, of the relatively small bank in St. Johnsbury, Vermont, would not appear to eliminate any appreciable competition between them. However, the injection of a large bank into the St. Johnsbury area may tend toward monopoly in banking in that area.

Basis for Comptroller's Approval

This was a merger of a small commercial bank in the northeast section of Vermont into the second largest commercial bank in the State. The banking factors were favorable and there would be no adverse effect upon competition.

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Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
Milan State Bank, Milan, Mich., with	\$6,493,975	1	-----
and National Bank and Trust Company, Ann Arbor, Mich. (14933), which had	53,411,855	5	-----
merged Dec. 2, 1961, under charter and title of the latter bank (14933). The merged bank at date of merger had	59,905,830	-----	6

Summary of Report by Attorney General

National Bank and Trust Company is the smaller of two banks in Ann Arbor, Michigan. Milan State Bank is the only bank in Milan, Michigan, which is 15 miles southeast of Ann Arbor. There is virtually no competition between the charter and merging banks, and neither has previously been engaged in any merger or consolidation.

The proposed merger appears to be motivated primarily by management difficulties at Milan State Bank, rather than any competitive advantages which might flow therefrom.

It does not appear that the proposed merger will have substantial adverse effects on competition and it will provide to the community a bank with a stronger financial structure, better management and increased banking services.

Basis for Comptroller's Approval

The Milan State Bank had existing management difficulties. The proposed merger would have no adverse effect on competition and would provide to the Milan community a bank with a stronger financial structure, better management, and increased banking services.

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Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
The First National Bank of Hoisington, Hoisington, Kansas (9232), with	\$3,307,370	1	-----
was purchased Dec. 28, 1961, by The First National Bank in Hoisington, Hoisington, Kansas (14961), which had	300,000	1	-----
After the purchase was effected the receiving bank had	3,358,292	-----	1

Basis for Comptroller's Approval¹

This transaction involved the chartering of a new national bank, The First National Bank in Hoisington, Kans., for the express purpose of purchasing the assets and assuming the liabilities of The First National Bank of Hoisington, Kans. The transaction was approved in order to prevent the probable failure of The First National Bank of Hoisington, Kans.

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Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
The Peoples National Bank and Trust Company Pemberton, N.J. (8129), with	\$9,629,465	2	-----
and Mechanics National Bank of Burlington, N.J. (1222), which had	20,536,070	4	-----
consolidated Dec. 29, 1961, under charter and title of the latter bank (1222). The consolidated bank at date of consolidation had	30,165,534	-----	6

Summary of Report by Attorney General

The Mechanics National Bank of Burlington, Burlington, New Jersey, with total deposits of \$16,790,000 and total net loans of \$10,632,000, and The Peoples National Bank & Trust Company of Pemberton, Pemberton, New Jersey, with total deposits of \$8,624,000, and total net loans of \$2,338,000, propose to merge. The two banks are second and fifth, respectively, among the sixteen banks in Burlington County, and the resulting bank would be first, with about \$25,300,000 in deposits, equal to 21 percent of total county deposits. The largest bank presently has \$24,000,000 in deposits, equal to 20 percent of total county deposits. It is understood that two Philadelphia banks, operating branch offices in Bristol, Pennsylvania, across the Delaware River from Burlington, are actively soliciting the larger businesses and wealthier individuals in the Burlington area and have been successful in obtaining loan and trust business. The resulting bank proposes to expand its trust services to reduce the drain of business from the area.

It appears that little competition would be eliminated by the proposed merger and that there would not be substantial lessening of competition should the proposed merger be consummated.

Basis for Comptroller's Approval

Application has been made to consolidate the Mechanics National Bank of Burlington, Burlington, N.J., and The Peoples National Bank & Trust Company of Pemberton, Pemberton, N.J.

In acting upon such applications, the Comptroller is required by section 18(c) of the Federal Deposit Insurance Act to consider the

¹ Because the probability of failure confronted The First National Bank of Hoisington, no report was requested of or received from the Department of Justice on this transaction.

financial history and condition of each of the banks involved, the adequacy of its capital structure, its future earnings prospects, the general character of its management, the convenience and needs of the community to be served, whether or not its corporate powers are consistent with the purposes of the Federal Deposit Insurance Act, and the effect of the transaction on competition (including any tendency toward monopoly).

The Mechanics National Bank of Burlington was chartered June 5, 1865, a conversion of The Mechanics Bank of Burlington. It operates three branches and a small trust department. The deposits of the bank were \$18,767,237.93 as of October 2, 1961.

The Peoples National Bank & Trust Company of Pemberton, Pemberton, N.J., was chartered March 9, 1906. It operates one branch and has one approved but unopened branch. The bank's deposits as of August 21, 1961, were \$8,941,102.99.

Burlington, N.J., has a population of about 15,000 and the trade area contains approximately 55,000 additional. It is an industrial area with housing developments and industry gradually absorbing the surrounding farmland. Burlington has shown only nominal growth over the past few years. However, the immediately surrounding area has grown very rapidly.

Pemberton, N.J., is 14 miles southeast of Burlington and has a population of 1,300. Its trade area embraces an additional 15,000. The economy of the area is largely dependent on general farming and berry growing. Local industry provides employment for about 400, and others are employed at adjacent military bases which employ several thousand civilians.

Both banks are located in Burlington County which has a population of approximately 224,000. During the last decade the population increased by 65 percent. Originally, the county was predominantly agricultural in nature. However, in the past 10 years there has been a trend toward suburban residential construction and industrialization. This growth is attributable to the county's favorable location in the center of the rapidly growing Delaware Valley area, with its excellent transportation and shipping facilities. The county is presently serviced by 17 commercial banks, 1 savings bank, and 9 savings and loan associations.

The capital funds of the consolidated bank will be marginally adequate. Additional capital will be required in the near future. The future earning prospects appear to be satisfactory. There will be some improvement in depth of management.

The consolidated bank will be the largest bank in the county, with a lending limit of \$261,000. This increased lending limit would enable some of the area customers, particularly those in Pemberton, to do their borrowing locally. The consolidated bank also proposes to extend and specialize its services which will provide the necessary facilities to service the further industrial expansion anticipated in the county.

While the consolidated bank would be the largest bank in the county, it would be second in size as far as IPC deposits are concerned. The consolidating banks, because of the distance between them, their respective size, and the extent of other competing institutions in the

county, cannot be said to be substantially in competition with one another, and the consolidation would result in only minor reduction in competition between the two institutions.

In view of the above, we find the proposed consolidation to be in the public interest and therefore the application is approved.

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Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
The Quarryville National Bank, Quarryville, Pa. (3067), with...	\$6,490,666	1	-----
and The Lancaster County National Bank, Lancaster, Pa. (683), which had.....	44,204,735	4	-----
merged Dec. 29, 1961, under charter and title of the latter bank (683). The merged bank at date of merger had....	50,695,401	-----	5

Summary of Report by Attorney General

Lancaster County National Bank proposes to merge with Quarryville National Bank. Lancaster National is, and would remain, the second largest bank in the area. It operates four offices, the acquired bank operates one. Quarryville National offers no trust service and no consumer loans. Its lending limit is \$56,000, but it makes no loans above \$40,000 as a matter of policy.

The proposed merger would probably not have a substantially adverse effect on competition.

Basis for Comptroller's Approval

Application has been made for the approval of the Comptroller of the Currency, as required under the provisions of 18(c) of the Federal Deposit Insurance Act (12 U.S.C. 1828(c)) and section 215a of Title 12 of the United States Code, to merge the Quarryville National Bank, Quarryville, Pa., established October 26, 1883, charter No. 3067, with assets of \$6,185,634.59 as of June 30, 1961, with and into The Lancaster County National Bank, Lancaster, Pa., organized August 16, 1841, charter No. 683, with assets of \$41,801,157.27 as of June 30, 1961.

In acting upon such applications, the Comptroller is required by section 18(c) of the Federal Deposit Insurance Act to consider the financial history and condition of each of the banks involved, the adequacy of its capital structure, its future earnings prospects, the general character of its management, the convenience and needs of the community to be served, whether or not its corporate powers are consistent with the purposes of the Federal Deposit Insurance Act, and the effect of the transaction on competition, including any tendency toward monopoly.

The financial history and condition, capital structure, future earnings prospects, and management of the merging banks are all favorable and the proposed merger would not materially affect these factors.

The merging banks are presently satisfactorily servicing the convenience and needs of their immediate areas and the continuing bank will be in a stronger position to continue to so service the area. Since

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the continuing bank will be a national bank, its corporate powers are consistent with the purposes of the Federal Deposit Insurance Act.

The merger will involve banks in Lancaster and Quarryville, Pa., located some 15 miles apart, and it appears that there is little direct competition between them. The continuing bank will be the second largest bank in Lancaster, with deposits of \$40 million, loans of \$25 million, and a lending limit of \$443,000. The continuing bank will hold 25.8 percent of the individual-partnership-corporate deposits, but three of its competitors, the Fulton National Bank of Lancaster, Conestoga National Bank, Lancaster, and Farmers Bank and Trust Company of Lancaster, will hold 27.3 percent, 19.2 percent, and 15.6 percent, respectively, of such deposits, with the remainder held by four other banks.

The competitive position in Lancaster should remain relatively as it is, but the other bank in Quarryville, Farmers National Bank, will be in competition with a branch of the continuing bank having resources 12 times its size. However, since the banks in Quarryville are in any case somewhat exposed to competition from the Lancaster banks, the proposed merger would serve only to increase the degree of competition for the other Quarryville bank.

For the reasons set out above, we find the proposed merger to be in the public interest and the application is therefore approved.

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Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
The Savings Institution of the City of Williamsport in the County of Lycoming, Williamsport, Pa., with.....	\$4,495,351	1	-----
was purchased Dec. 29, 1961, by The First National Bank of Williamsport, Williamsport, Pa. (175), which had.....	15,255,951	1	-----
After the purchase was effected the receiving bank had.....	19,093,532	-----	2

Summary of Report of Attorney General

The city of Williamsport, with a population of almost 42,000, is serviced by seven banks, with The Savings Institution (selling bank) being the smallest. Because of charter limitations, The Savings Institution is restricted to accepting time deposits only, and has limited powers to invest in first mortgages and liens on real estate, and in State and federal bonds. The bank has undergone a steady decline in net operating income and is considering liquidation as an alternative to this acquisition.

As a result of this acquisition, The First National Bank will rank third among area banks, with 21.17% of the deposits and 17.12% of the loans in the area. However, because of the very limited degree of competition presently existing between the selling and purchasing banks, and because of the existence of substantial competition among the six remaining banks after this acquisition, and considering the limited banking services now offered by the selling bank and its decline as a viable financial institution, it is believed that the proposed

sale will not have a substantial adverse effect on competition nor will it tend to create a monopoly.

Basis for Comptroller's Approval

Application has been made by The First National Bank of Williamsport, Williamsport, Pa., for the approval of the Comptroller of the Currency, as required under the provisions of section 18(c) of the Federal Deposit Insurance Act, as amended (12 U.S.C. 1828(c)), to purchase the assets and assume the liabilities of The Savings Institution of the City of Williamsport in the County of Lycoming, Williamsport, Pa.

The financial history and condition, future earnings prospects, and management of the two banks are all favorable. The capitalization of both institutions is sufficient at present, and if it is determined that additional capitalization will be required, The First National Bank of Williamsport has agreed to increase its capital by the sale of additional stock.

The two banks are presently satisfactorily servicing the convenience and needs of their immediate area. Since the continuing bank will be a national bank, its corporate powers are consistent with the purposes of the Federal Deposit Insurance Act.

While the two banks are located in Williamsport, Pa., current competition between them is limited to savings accounts and real estate mortgages. The selling bank is the smallest in size of the seven area banks; the purchasing bank is presently the third largest. The First National Bank of Williamsport holds 16.16 percent of the individual-partnership-corporate deposits and 13.71 percent of the loans. This bank, subsequent to the purchase, will continue to be in the third position with 21.17 percent of the individual-partnership-corporate deposits and 17.12 percent of the loans. Therefore, it would appear that the proposal will have little competitive effect on the other area banks.

We find the proposed purchase of assets and assumption of liabilities to be in the public interest and the application is therefore approved.

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Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
Petersburg Savings and American Trust Company, Petersburg, Va., with	\$22,746,122	7	-----
and First and Merchants National Bank of Richmond, Va. (1111), which had	284,452,664	12	-----
merged Dec. 30, 1961, under charter and title of the latter bank (1111). The merged bank at date of merger had	304,061,809	-----	19

Summary of Report by Attorney General

The nearest office of the Petersburg bank to an office of the Richmond bank appears to be approximately 15 miles, and the number of accounts in one bank originating in the service area of the other bank

is not large. The banks have no common loan accounts, and the number of common depositors is nominal. Accordingly, it does not appear that the proposed merger will have a substantial adverse effect on active competition between the two banks.

However, inasmuch as First and Merchants is the largest commercial bank within its service area and the proposed merger will increase its total resources by approximately eight percent, the merger may be conducive to a further concentration, if not monopoly itself, of commercial banking in areas in which the resulting bank conducts its business. The effect of the proposed merger on competition will be adverse.

Basis for Comptroller's Approval

The main offices of the merging banks were approximately 23 miles apart, and none of their branches competed directly with each other, so it did not appear the banks were in competition with one another in any substantial way. The merger would not materially change the competitive position of the continuing bank in Richmond, but would enable the merged bank to better service the credit needs of the service area. It would enhance competition in the Petersburg area since there are branches of State-Planters Bank of Commerce and Trusts and the Bank of Virginia there with which the combined bank would be better able to compete.

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