

INTERPRETIVE LETTER 89-3 (FEBRUARY 22, 1989)

Banks owned by a bank holding company may merge into one bank; only the resulting bank's main banking premises retains home office protection; resulting bank may maintain the branches and branching rights of all merged banks.

Your letter of *, raises three questions which I will address in turn.

- 1) May banks in different counties owned by the same bank holding company be merged into one bank?

Merger of banks in the situation described would be allowable under the provisions of the Illinois Banking Act (the "Act") depending on whether the resulting bank was a national or state bank.

- 2) Would each merging bank maintain its home office protection after the merger?

Pursuant to Section 5(15)(g)(i) of the Act, the resulting bank may continue to operate the main banking premises of any merged bank as a branch of the resulting bank regardless of the limitations contained in Section 5(15)(a) and (b) as to the locations where a bank may establish a branch. However, only the main banking premises of the resulting bank will enjoy home office protection under Section 5(15)(b).

- 3) How many additional branches may the resulting bank maintain or open?

Section 5(15)(g)(i) and (ii) of the Act, authorizes a bank resulting from the merger of banks owned or controlled by the same bank holding company to maintain and operate the branches of any merged bank(s) and also any branches which the merged bank(s) was (were) entitled to establish at the time of the merger. Such branches established by the resulting bank would be measured from the former main banking premises of the merged bank(s).