FEDERAL RESERVE SYSTEM

Regions Financial Corporation
Birmingham, Alabama

Regions Bank
Birmingham, Alabama

Order Approving the Merger of Bank Holding Companies, the Merger of Banks, and the Establishment of Branches

Regions Financial Corporation ("Regions"), a financial holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has requested the Board's approval under section 3 of the BHC Act[1] to merge with AmSouth Bancorporation ("Amsouth") and acquire its subsidiary bank, AmSouth Bank, both of Birmingham.[2] In addition, Regions' subsidiary state member bank, Regions Bank, also of Birmingham, has requested the Board's approval under section 18(c) of the Federal Deposit Insurance Act[3] ("Bank Merger Act") to merge with AmSouth Bank, with Regions Bank as the surviving entity. Regions Bank also has applied under section 9 of the Federal Reserve Act ("FRA") to retain and operate branches at the locations of AmSouth Bank's main office and branches.[4] In addition, Regions has provided notice under section 25 of the Federal Reserve Act and section 211.5 of the Board's Regulation K[5] of its

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[1] 12 U.S.C. § 1842.

[2] In addition, Regions and AmSouth each has requested the Board's approval to exercise an option to purchase up to 19.9 percent of the other institution's stock on the occurrence of certain circumstances. The options would terminate on consummation of Regions' merger with AmSouth.

[3] 12 U.S.C. § 1828(c).

[4] 12 U.S.C. § 321.

[5] 12 U.S.C. § 601 et seq.; 12 CFR 211.5.

intention to acquire Cahaba International, Inc., also of Birmingham, an agreement corporation subsidiary of AmSouth Bank.[6]

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published in the Federal Register (71 Federal Register 47,812 (2006)) and in local publications in accordance with the relevant statutes and the Board's Rules of Procedure.[7] As required by the Bank Merger Act, reports on the competitive effects of the mergers were requested from the United States Attorney General and the appropriate banking agencies. The time for filing comments has expired, and the Board has considered the applications and notice and all comments received in light of the factors set forth in section 3 of the BHC Act, the Bank Merger Act, and the FRA.[8]

Regions, with total consolidated assets of approximately $86.1 billion, is the 21st largest depository organization in the United States, controlling domestic deposits of approximately $57.2 billion, which represent less than 1 percent of the total amount of deposits of insured depository institutions in the United States.[9] Regions operates one subsidiary depository institution, Regions Bank, with

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[6] Regions proposes to acquire the shares of the nonbanking subsidiaries of AmSouth in accordance with section 4(k) of the BHC Act and the post-transaction notice procedures in section 225.87 of Regulation Y. 12 U.S.C. § 1843(k); 12 CFR 225.87.

[7] 12 CFR 262.3(b).

[8] The Board received 132 comments that supported the transaction and 18 comments that either opposed or expressed concern about various aspects of the proposal.

[9] Nationwide asset data are as of June 30, 2006. Nationwide deposit and ranking data are as of, and reflect merger activity through, June 30, 2006. In this context, insured depository institutions include insured commercial banks, savings banks, and savings associations.

branches in 16 states,[10] and engages in numerous nonbanking activities that are permissible under the BHC Act.

AmSouth, with total consolidated assets of approximately $53.9 billion, is the 27th largest depository organization in the United States, controlling domestic deposits of approximately $35.8 billion. AmSouth operates one subsidiary depository institution, AmSouth Bank, with branches in seven states.[11]

On consummation of this proposal, and after accounting for all proposed divestitures, Regions would become the 13th largest depository organization in the United States, with total consolidated assets of approximately $142.4 billion. Regions would control domestic deposits of approximately $90.6 billion, which represent less than 2 percent of the total amount of deposits of insured depository institutions in the United States.

Interstate Analysis

Section 3(d) of the BHC Act allows the Board to approve an application by a bank holding company to acquire control of a bank located in a state other than the home state of such bank holding company if certain conditions are met.[12] For purposes of section 3(d) of the BHC Act, the home state of Regions

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[10] Regions Bank operates branches in Alabama, Arkansas, Florida, Georgia, Illinois, Indiana, Iowa, Kentucky, Louisiana, Mississippi, Missouri, North Carolina, South Carolina, Tennessee, Texas, and Virginia.

[11] AmSouth Bank operates branches in Alabama, Florida, Georgia, Louisiana, Mississippi, Tennessee, and Virginia.

[12] 12 U.S.C. § 1842.

is Alabama,[13] and AmSouth Bank is located in Alabama, Florida, Georgia, Louisiana, Mississippi, Tennessee, and Virginia.[14]

Based on a review of all the facts of record, including a review of relevant state statutes, the Board finds that all conditions for an interstate acquisition enumerated in section 3(d) of the BHC Act are met in this case.[15] In light of all the facts of record, the Board is permitted to approve the proposal under section 3(d) of the BHC Act.

Competitive Considerations

The BHC Act and the Bank Merger Act prohibit the Board from approving a proposal that would result in a monopoly or would be in furtherance of any attempt to monopolize the business of banking in any relevant banking market. Both acts also prohibit the Board from approving a bank acquisition that would substantially lessen competition in any relevant banking market,

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[13] Under section 3(d) of the BHC Act, a bank holding company's home state is the state in which the total deposits of all subsidiary banks of the company were the largest on July 1, 1966, or the date on which the company became a bank holding company, whichever is later. 12 U.S.C. § 1841(o)(4)(C).

[14] For purposes of section 3(d), the Board considers a bank to be located in states in which the bank is chartered, headquartered, or operates a branch. See 12 U.S.C. §§ 1841(o)(4)-(7), 1842(d)(1)(A), and 1842(d)(2)(B).

[15] See 12 U.S.C. §1842(d)(1)(A)-(B), (d)(2)(A)-(B). Regions is adequately capitalized and adequately managed, as defined by applicable law. AmSouth Bank has been in existence and operated for the minimum period of time required by applicable law. See Fla. Stat. Ann. § 658.2953 (three years); Ga. Code § 7-1-622(b)(1) (three years); La. Rev. Stat. Ann. § 538 (five years); Miss. Code. Ann. § 81-23-9 (five years); Tenn. Code. Ann. § 45-2-1403 (three years); and Va. Code Ann. § 6.1-44.20 (no minimum period). On consummation of the proposal, Regions would control less than 10 percent of the total amount of deposits of insured depository institutions in the United States and, after accounting for all proposed divestitures, less than 30 percent, or the applicable percentage established by state law, of total deposits held in each relevant state by insured depository institutions. All other requirements pursuant to section 3(d) of the BHC Act would be met on consummation of the proposal.

unless the anticompetitive effects of the proposal are clearly outweighed in the public interest by its probable effect in meeting the convenience and needs of the community to be served.[16]

Regions and AmSouth have subsidiary depository institutions that compete directly in 67 banking markets in Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, and Tennessee. The Board has reviewed carefully the competitive effects of the proposal in each of these banking markets in light of all the facts of record and public comments on the proposal.[17] In particular, the Board has considered the number of competitors that would remain in the banking markets, the relative shares of total deposits in depository institutions ("market deposits") controlled by Regions and AmSouth in those markets,[18] the concentration levels of market deposits and the increases in these levels, as measured by the Herfindahl-Hirschman Index ("HHI") under the Department of Justice Merger Guidelines ("DOJ Guidelines"),[19] and other characteristics of the

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[16] 12 U.S.C. § 1842(c)(1); 12 U.S.C. § 1828(c)(5).

[17] Several commenters expressed general concerns about the competitive effects of this proposal, including that consummation of the proposal would violate antitrust law. These concerns were carefully considered as part of the analysis described above.

[18] Deposit and market share data are based on data reported by insured depository institutions in the summary of deposits data as of June 30, 2005, adjusted to reflect mergers and acquisitions through August 3, 2006, and are based on calculations in which the deposits of thrift institutions are included at 50 percent. The Board previously has indicated that thrift institutions have become, or have the potential to become, significant competitors of commercial banks. See, e.g., Midwest Financial Group, 75 Federal Reserve Bulletin 386 (1989); National City Corporation, 70 Federal Reserve Bulletin 743 (1984). Thus, the Board regularly has included thrift deposits in the market-share calculation on a 50 percent weighted basis. See, e.g., First Hawaiian, Inc., 77 Federal Reserve Bulletin 52 (1991).

[19] Under the DOJ Guidelines, a market is considered unconcentrated if the post-merger HHI is less than 1000, moderately concentrated if the

markets. In addition, the Board has considered commitments made by Regions to the Board to reduce the potential that the proposal would have adverse effects on competition by divesting 52 AmSouth branches (the "divestiture branches"), which account for approximately $2.7 billion in deposits,[20] in 17 banking markets (the "divestiture markets").[21] Regions has proposed to transfer all but one of the branches to be divested to out-of-market competitors.[22]

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post-merger HHI is between 1000 and 1800, and highly concentrated if the post-merger HHI is more than 1800. The Department of Justice has informed the Board that a bank merger or acquisition generally will not be challenged (in the absence of other factors indicating anticompetitive effects) unless the post-merger HHI is at least 1800 and the merger increases the HHI by more than 200 points. The Department of Justice has stated that the higher-than-normal HHI thresholds for screening bank mergers for anticompetitive effects implicitly recognize the competitive effects of limited-purpose lenders and other nondepository financial entities.

[20] Regions proposes to divest 39 AmSouth branches with approximately $2 billion in deposits in Alabama, six AmSouth branches with approximately $304.6 million in deposits in Mississippi, and seven AmSouth branches with approximately $408.3 million in deposits in Tennessee.

[21] Regions has committed that, before consummating the proposed merger, it will execute an agreement for the proposed divestures in each divestiture market with a purchaser that the Board determines to be competitively suitable. Regions also has committed to divest total deposits in each divestiture market of at least the amount specified in the commitment and discussed in this order and to complete divestitures within 180 days of consummation of the proposed merger. In addition, Regions has committed that, if it is unsuccessful in completing the proposed divestiture within this time period, it will transfer the unsold branches to an independent trustee that will be instructed to sell such branches to an alternate purchaser or purchasers, without regard to price. Both the trustee and any alternate purchaser must be acceptable to the Board. See BankAmerica Corp., 78 Federal Reserve Bulletin 338 (1992); United New Mexico Financial Corp., 77 Federal Reserve Bulletin 484 (1991).

[22] Regions proposes to sell the only AmSouth branch in the Paris, Tennessee, banking market to a commercial banking organization that currently operates in that banking market. Regions may divest not less than $46.9 million in deposit

A. Banking Markets within Established Guidelines

Consummation of the proposal without divestitures would be consistent with Board precedent and within the thresholds in the DOJ Guidelines in 42 banking markets.[23] On consummation of the proposal, 2 of these banking markets would remain unconcentrated; 32 banking markets would remain moderately concentrated; and 8 banking markets would remain highly concentrated, with only moderate increases in market concentration, as measured by the HHI. Numerous competitors would remain in each of the 42 banking markets.

B. Certain Banking Markets with Divestitures

After accounting for the divestitures Regions has proposed, consummation of the merger would be consistent with the DOJ Guidelines and Board precedent in twelve banking markets.[24] In nine of these markets, Regions proposes to divest all branches to be acquired from AmSouth and, therefore, the levels of concentration as measured by the HHI would not materially increase on consummation of the merger and the proposed divestitures.[25] In the other three markets, the HHI would not exceed the DOJ Guidelines and Board precedent on consummation of the merger and the proposed divestitures.[26] Numerous

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liabilities to an in-market depository institution with no more than 8 percent of market deposits.

[23] These markets, and the effects of the proposal on the concentration of banking resources in these markets, are described in Appendix A.

[24] These markets, and the effects of the proposal on the concentration of banking resources in these markets, are described in Appendix B.

[25] The nine markets are: Dallas County, Alabama; Clarksdale and Greenwood, both of Mississippi; and Bedford County, Cannon County, DeKalb County, Fayetteville, Paris, and Rhea County, all of Tennessee.

[26] The three markets are: Huntsville Area, Alabama; Cumberland County, Tennessee; and Greenville, Mississippi.

competitors would remain in these three banking markets. After accounting for the proposed divestitures, two banking markets would remain moderately concentrated, and ten banking markets would remain highly concentrated on consummation of the proposal.

C. Thirteen Banking Markets Warranting Special Scrutiny

Regions and AmSouth compete directly in 13 banking markets that warrant a detailed review: Anniston Area, Decatur Area, Etowah County, Gulf Shores Area, Mobile Area, Montgomery Area, and Tuscaloosa Area, all of Alabama; Panama City Area, Florida; Shreveport-Bossier City, Louisiana; Jackson Area, Lauderdale County, and Starkville, all of Mississippi; and McComb Area, of Mississippi and Louisiana. In each of these markets, including five with proposed divestitures and eight without proposed divestitures, the concentration levels on consummation of the proposal would exceed the threshold levels in the DOJ Guidelines, or the resulting market share of Regions would exceed 35 percent.

For each of these markets, the Board carefully has considered whether other factors either mitigate the competitive effects of the proposal or indicate that the proposal would have a significantly adverse effect on competition in the market. The number and strength of factors necessary to mitigate the competitive effects of a proposal depend on the size of the increase in and resulting level of concentration in a banking market.[27] In each of these markets, the Board has identified factors that indicate the proposal would not have a significantly adverse impact on competition, despite the post-consummation increase in the HHI and market share.

Among the factors reviewed, the Board has considered the competitive influence of community credit unions in these banking markets.

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[27] See NationsBank Corporation, 84 Federal Reserve Bulletin 129 (1998).

In 11 of the markets, certain credit unions offer a wide range of consumer products, operate street-level branches, and have membership open to almost all the residents in the applicable market. The Board has concluded that the activities of such credit unions in those 11 markets exert competitive influence that mitigates, in part, the potential competitive effects of the proposal.[28]

1. Banking Markets in Alabama

Anniston Area. In the Anniston Area banking market,[29] Regions is the fourth largest depository organization, controlling deposits of approximately $199.5 million, which represent approximately 13 percent of market deposits. AmSouth is the second largest depository organization in the market, controlling deposits of approximately $267.1 million, which represent approximately 18 percent of market deposits. On consummation of the proposal, Regions would become the largest depository organization in the market, controlling deposits of approximately $466.7 million, which represent approximately 31 percent of market deposits. The HHI would increase 478 points to 1960.

Several factors indicate that the increase in concentration in the Anniston Area banking market, as measured by the HHI, overstates the potential anticompetitive effects of the proposal in the market. After consummation of the proposal, nine other commercial banking competitors would remain in the market, some with a significant presence in the market. The second and third largest bank competitors in the market would control approximately 21 and 17 percent, respectively, of market deposits.

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[28] The Board previously has considered the competitiveness of certain active credit unions as a mitigating factor. See, e.g., Wachovia (Order dated September 29, 2006); F.N.B. Corporation, 90 Federal Reserve Bulletin 481 (2004); Gateway Bank & Trust Co., 90 Federal Reserve Bulletin 547 (2004).

[29] The Anniston Area banking market in Alabama is defined as Calhoun County and the city of Heflin in Cleburne County.

In addition, the Board has evaluated the competitive influence of five active community credit unions in this market. These credit unions control approximately $137.6 million in deposits in the market, which, on a 50 percent weighted basis, represent approximately 4 percent of market deposits. Accounting for the revised weightings of these deposits, Regions would control approximately 30 percent of market deposits, and the HHI would increase 437 points to 1795.[30]

Furthermore, the record of recent entry into the Anniston Area banking market evidences the market's attractiveness for entry. Three depository institutions have entered the market de novo since 2001. Other factors indicate that the market remains attractive for entry. From 2001 to 2004, the market's annualized income growth exceeded the average annualized income growth for metropolitan counties in Alabama.

Decatur Area. In the Decatur Area banking market,[31] Regions is the largest depository organization in the market, controlling deposits of approximately $332.3 million, which represent approximately 24 percent of market deposits. AmSouth is the fourth largest depository organization in the market, controlling deposits of approximately $183 million, which represent 13 percent of market deposits. To reduce the potential for adverse effects on competition in the Decatur Area banking market, Regions has proposed to divest one of AmSouth's branches with at least $45.3 million in deposits to an out-of-market depository organization. On consummation of the merger and

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[30] With the deposits of these credit unions weighted at 50 percent, Regions would be the fourth largest depository organization in the market, with approximately 13 percent of market deposits, and AmSouth would be the second largest depository institution in the market, controlling approximately 17 percent of market deposits.

[31] The Decatur Area banking market in Alabama is defined as Morgan County and the portion of the city of Decatur in Limestone County.

after accounting for the proposed divestiture, Regions would remain the largest depository organization in the market, controlling deposits of approximately $470 million, which represent 33 percent of market deposits. The HHI would increase not more than 401 points and would not exceed 1853.

Several factors indicate that the proposal is not likely to have a significantly adverse effect on competition in the Decatur Area market. After consummation of the merger and taking into account the proposed divestiture, 11 other commercial banking competitors would remain in the market, some with a significant presence in the market. Four bank competitors in the market each would control more than 10 percent of market deposits.

Furthermore, the Board has evaluated the competitive influence of one active community credit union in this market. This credit union controls approximately $102.9 million in deposits in the market, which, on a 50 percent weighted basis, represent approximately 4 percent of market deposits. Accounting for the revised weightings of these deposits, Regions would control approximately 32 percent of market deposits, and the HHI would increase 373 points to 1737.[32]

In addition, the record of recent entry into the Decatur Area banking market evidences the market's attractiveness for entry. The Board notes that three depository institutions have entered the market de novo since 2001.

Etowah County. In the Etowah County banking market,[33] Regions is the fifth largest depository organization in the market, controlling deposits of approximately $110.6 million, which represent 11 percent of market deposits. AmSouth is the second largest depository organization in the market, controlling

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[32] With the deposits of this credit union weighted at 50 percent, Regions would be the largest depository organization in the market, with approximately 23 percent of market deposits, and AmSouth would be the fourth largest depository organization in the market, with approximately 13 percent of market deposits.

[33] The Etowah County banking market is defined as Etowah County, Alabama.

deposits of approximately $191.8 million, which represent 18 percent of market deposits. On consummation of the proposal, Regions would become the largest depository organization in the market, controlling deposits of approximately $302.4 million, which represent approximately 29 percent of market deposits. The HHI would increase 385 points to 1997.

Several factors indicate that the increase in concentration in the Etowah County banking market, as measured by the HHI, overstates the potential anticompetitive effects of the proposal in the market. After consummation of the proposal, eight other commercial banking competitors would remain in the market, some with a significant presence in the market. The second largest bank competitor in the market would control 24 percent of market deposits, and two other bank competitors in the market each would control more than 10 percent of market deposits.

In addition, the Board has evaluated the competitive influence of three active community credit unions in this market. These credit unions control approximately $145 million in deposits in the market, which, on a 50 percent weighted basis, represent approximately 7 percent of market deposits. Accounting for the revised weightings of these deposits, Regions would control approximately 27 percent of market deposits, and the HHI would increase 337 points to 1764.[34]

Moreover, the record of recent entry into the Etowah County banking market evidences the market's attractiveness for entry. The Board notes that one depository institution has entered the market de novo since 2001. Other factors indicate that the market remains attractive for entry. From 2001 to 2004, the

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34 With the deposits of these credit unions weighted at 50 percent, Regions would be the fifth largest depository organization in the market, with approximately 10 percent of market deposits, and AmSouth would be the second largest depository organization in the market, with approximately 17 percent of market deposits.

market's annualized income growth exceeded the average annualized income growth for metropolitan counties in Alabama.

Gulf Shores Area. In the Gulf Shores Area banking market,[35] Regions is the largest depository organization in the market, controlling deposits of approximately $309.7 million, which represent approximately 21 percent of market deposits. AmSouth is the fifth largest depository organization in the market, controlling deposits of approximately $147.9 million, which represent approximately 10 percent of market deposits. On consummation of the merger, Regions would remain the largest depository organization in the market, controlling approximately $457.7 million in deposits, which represent 31 percent of market deposits. The HHI would increase 409 points to 1849.

Several factors indicate that the increase in concentration in the Gulf Shores Area banking market, as measured by the HHI, overstates the potential anticompetitive effects of the proposal in the market. After consummation of the proposal, 11 other commercial banking and thrift competitors would remain in the market. The Board notes that there are other competitors with a significant presence in the market. The second largest bank competitor in the market would control approximately 19 percent of market deposits, and two other bank competitors in the market each would control more than 10 percent of market deposits.

In addition, the Board has evaluated the competitive influence of two active community credit unions in this market. These credit unions control approximately $48.4 million in deposits in the market, which, on a 50 percent weighted basis, represent approximately 2 percent of market deposits. Accounting

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[35] The Gulf Shores Area banking market in Alabama is defined as the towns of Elberta, Foley, Gulf Shores, Lillian, Magnolia Springs, and Orange Beach in Baldwin County.

for the revised weightings of these deposits, Regions would control approximately 30 percent of market deposits, and the HHI would increase 396 points to 1792.[36]

Furthermore, the record of recent entry into the Gulf Shores Area banking market evidences the market's attractiveness for entry. The Board notes that two depository institutions have entered the market de novo since 2001. Other factors indicate that the Gulf Shores Area banking market remains attractive for entry. From 2002 to 2004, the market's annualized deposit growth was more than four times the average annualized deposit growth for nonmetropolitan counties in Alabama. From 2001 to 2004, the market's annualized population growth and income growth exceeded the average annualized population and income growth for nonmetropolitan counties in Alabama.

Mobile Area. In the Mobile Area banking market,[37] Regions is the largest depository organization in the market, controlling deposits of approximately \$2.5 billion, which represent approximately 36 percent of market deposits. AmSouth is the second largest depository organization in the market, controlling deposits of approximately \$1.4 billion, which represent approximately 20 percent of market deposits. To reduce the potential for adverse effects on competition in the Mobile Area banking market, Regions has proposed to divest 22 of AmSouth's branches, with at least \$887.6 million in deposits, to an out-of-market depository organization. On consummation of the merger and after accounting for the proposed divestiture, Regions would remain the largest depository organization in the market, controlling deposits of approximately

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[36] With the deposits of these credit unions weighted at 50 percent, Regions would be the largest depository organization in the market, with approximately 20 percent of market deposits, and AmSouth would be the fifth largest depository organization in the market, with approximately 10 percent of market deposits.

[37] The Mobile Area banking market in Alabama is defined as Mobile County, and the towns of Bay Minette, Daphne, Fairhope, Loxley, Point Clear, Robertsdale, Silverhill, Spanish Fort, and Summerdale in Baldwin County.

$3 billion, which represent 44 percent of market deposits. The HHI would increase not more than 343 points and would not exceed 2440.

One thrift institution operating in the market serves as a significant source of commercial loans and provides a broad range of consumer, mortgage, and other banking products. Competition from this thrift institution closely approximates competition from a commercial bank. Accordingly, the Board has concluded that deposits controlled by this institution should be weighted at 100 percent in market-share calculations.[38] Accounting for the revised weighting of these deposits, Regions would control approximately 44 percent of market deposits on consummation of the proposal, and the HHI would increase 342 points to 2434.

Several factors indicate that the increase in concentration in the Mobile Area banking market, as measured by the HHI and Regions' market share, overstates the potential competitive effects of the proposal in the market. After consummation of the proposal, 17 other commercial banking and thrift competitors would remain in the market. The Board notes that there are other competitors with a significant presence in the market. Two bank competitors each would control approximately 12 percent of the market.

In addition, the Board has evaluated the competitive influence of one active community credit union in this market. This credit union controls approximately $66.4 million in deposits in the market, which, on a 50 percent weighted basis, represent approximately 1 percent of market deposits. Accounting

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[38] The Board previously has indicated that it may consider the competitiveness of a thrift institution at a level greater than 50 percent of its deposits when appropriate. See, e.g., Banknorth Group, Inc., 75 Federal Reserve Bulletin 703 (1989). The thrift in the Mobile Area banking market has a ratio of commercial and industrial loans to assets of approximately 10 percent, which is comparable to the national average for all commercial banks. See First Union Corporation, 84 Federal Reserve Bulletin 489 (1998).

for the revised weightings of these deposits, Regions would control approximately 44 percent of market deposits, and the HHI would increase 339 points to 2410.[39]

In addition, the record of recent entry into the Mobile Area banking market evidences the market's attractiveness for entry. The Board notes that two depository institutions have entered the market de novo since 2001. Other factors indicate that the market remains attractive for entry. From 2002 to 2005, the market's annualized deposit growth was more than twice the average annualized deposit growth for metropolitan counties in Alabama. From 2001 to 2004, the market's annualized population growth exceeded the average annualized population growth for metropolitan counties in Alabama.

Montgomery Area. In the Montgomery Area banking market,[40] Regions is the largest depository organization in the market, controlling deposits of approximately $1.5 billion, which represent approximately 27 percent of market deposits. AmSouth is the second largest depository organization in the market, controlling deposits of approximately $750.1 million, which represent approximately 14 percent of market deposits. To reduce the potential for adverse effects on competition in the Montgomery Area banking market, Regions has proposed to divest six of AmSouth's branches, with at least $183.9 million in deposits, to an out-of-market depository organization. On consummation of the merger and after accounting for the proposed divestiture, Regions would remain the largest depository organization in the market, controlling deposits of approximately $2 billion, which represent approximately 38 percent of market

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[39] With the deposits of this credit union weighted at 50 percent, Regions would be the largest depository organization in the market, with approximately 36 percent of market deposits, and AmSouth would be the second largest depository organization in the market, controlling approximately 20 percent of market deposits.

[40] The Montgomery Area banking market in Alabama is defined as Autauga, Elmore, Lowndes and Montgomery Counties, and the towns of Tallassee and East Tallassee in Tallapoosa County.

deposits. The HHI would increase not more than 508 points and would not exceed 1886.

Several factors indicate that the increase in concentration in the Montgomery Area banking market, as measured by the HHI and Regions' market share, overstates the potential anticompetitive effects of the proposal in the market. After consummation of the proposal, 19 other commercial banking competitors would remain in the market.

The Board also has evaluated the competitive influence of five active community credit unions in this market. These credit unions control approximately $408.1 million in deposits in the market, which, on a 50 percent weighted basis, represent approximately 7 percent of market deposits. Accounting for the revised weightings of these deposits, Regions would control less than 35 percent of market deposits, and the HHI would increase 438 points to 1652.[41]

In addition, the record of recent entry into the Montgomery Area banking market evidences the market's attractiveness for entry. The Board notes that three depository institutions have entered the market de novo since 2001. Other factors indicate that the market remains attractive for entry. From 2002 to 2005, the market's annualized deposit growth substantially exceeded the average annualized deposit growth for metropolitan counties in Alabama.

Tuscaloosa Area. In the Tuscaloosa Area banking market,[42] Regions is the largest depository organization in the market, controlling deposits of approximately $766.5 million, which represents approximately 34 percent of

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[41] With the deposits of these credit unions weighted at 50 percent, Regions would be the largest depository organization in the market, with approximately 25 percent of market deposits, and AmSouth would be the eighth largest depository organization in the market, controlling approximately 10 percent of market deposits.

[42] The Tuscaloosa Area banking market in Alabama is defined as Tuscaloosa County, and the city of Moundville in Hale County.

market deposits. AmSouth is the second largest depository organization in the market, controlling deposits of approximately $466 million, which represent approximately 20.8 percent of market deposits. To reduce the potential for adverse effects on competition in the Tuscaloosa Area banking market, Regions proposed to divest four of AmSouth's branches, with at least $361.3 million in deposits, to an out-of-market depository organization. On consummation of the merger and after accounting for the proposed divestiture, Regions would remain the largest depository organization in the market, controlling deposits of approximately $871 million, which represent approximately 39 percent of market deposits. The HHI would increase not more than 168 points and would not exceed 2069.

One thrift institution operating in the market serves as a significant source of commercial loans and provides a broad range of consumer, mortgage, and other banking products. Competition from this thrift institution closely approximates competition from a commercial bank. Accordingly, the Board has concluded that deposits controlled by this institution should be weighted at 100 percent in market-share calculations.[43] Accounting for the revised weighting of these deposits, Regions would control 38 percent of market deposits on consummation of the proposal, and the HHI would increase 164 points to 2020.

Several factors indicate that the proposal would not have a significantly adverse effect on concentration in the Tuscaloosa Area banking market. After consummation of the proposal, 14 other commercial banking and thrift competitors would remain in the market.

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[43] This thrift institution has a ratio of commercial and industrial loans to assets of approximately 16 percent, which is comparable to the national average for all commercial banks. See First Union Corporation, 84 Federal Reserve Bulletin 489 (1998).

In addition, the Board has evaluated the competitive influence of five active community credit unions in this market. These credit unions control approximately $216.5 million in deposits in the market, which, on a 50 percent weighted basis, represent approximately 9 percent of market deposits. Accounting for the revised weightings of these deposits, Regions would control less than 35 percent of market deposits, and the HHI would increase 137 points to 1714.[44]

In addtion, the record of recent entry into the Tuscaloosa Area banking market evidences the market's attractiveness for entry. The Board notes that two depository institutions have entered the market de novo since 2001. Other factors indicate that the market remains attractive for entry. For example, from 2000 to 2005, the market's annualized deposit growth exceeded the average annualized deposit growth for metropolitan counties in Alabama.

2. Banking Market in Florida

Panama City Area. In the Panama City Area banking market,[45] Regions is the largest depository organization in the market, controlling deposits of approximately $500.1 million, which represent 22 percent of market deposits. AmSouth is the second largest depository organization in the market, controlling deposits of approximately $327.4 million, which represent 14 percent of market deposits. On consummation of the merger, Regions would remain the largest depository organization in the market, controlling deposits of approximately

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[44] With the deposits of these credit unions weighted at 50 percent, Regions would be the largest depository organization in the market, with approximately 31 percent of market deposits, and AmSouth would be the second largest depository organization in the market, controlling approximately 17 percent of market deposits.

[45] The Panama City Area banking market in Florida is defined as Bay County and the southern half of Washington County, including the towns of Vernon and Wausau.

$827.5 million, which represent 36 percent of market deposits. The HHI would increase 614 points to 1792.

Several factors indicate that the increase in Region's market share in the Panama City Area banking market would not have a significant adverse effect on competition in the market. On consummation of the proposal, 15 other commercial banking and thrift competitors would remain in the market, some with a significant presence in the market. The second largest bank competitor in the market would control 11 percent of market deposits, and two other bank competitors in the market each would control slightly less than 10 percent of market deposits.

Furthermore, the Board has evaluated the competitive influence of four active community credit unions in this market. These credit unions control approximately $568.4 million in deposits in the market, which, on a 50 percent weighted basis, represent approximately 11 percent of market deposits. Accounting for the revised weightings of these deposits, Regions would control approximately 32 percent of market deposits, and the HHI would increase 486 points to 1475.[46]

In addition, the record of extensive recent entry into the Panama City Area banking market evidences the market's attractiveness for entry. The Board notes that six depository institutions have entered the market de novo since 2001. Other factors indicate that the Panama City Area banking market remains

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[46] With the deposits of these credit unions weighted at 50 percent, Regions would be the largest depository organization in the market, with approximately 19 percent of market deposits, and AmSouth would be the second largest depository organization in the market, controlling approximately 13 percent of market deposits.

attractive for entry. From 2002 to 2005, the market's annualized deposit growth substantially exceeded the average annualized deposit growth for metropolitan counties in Florida. In addition, the market's annualized income growth from 2001 to 2004 exceeded the average annualized income growth for metropolitan counties in Florida.

3. Banking Market in Louisiana

Shreveport-Bossier City. In the Shreveport-Bossier City banking market,[47] Regions is the fourth largest depository organization in the market, controlling deposits of approximately $491.5 million, which represent 11 percent of market deposits. AmSouth is the third largest depository organization in the market, controlling deposits of approximately $768 million, which represent 17 percent of market deposits. On consummation of the proposal, Regions would become the largest depository organization in the market, controlling deposits of approximately $1.3 billion, which represent 28 percent of market deposits. The HHI would increase 379 points to 1952.

In addition, one thrift institution operating in the market serves as a significant source of commercial loans and provides a broad range of consumer, mortgage, and other banking products. Competition from this thrift institution closely approximates competition from a commercial bank. Accordingly, the Board has concluded that deposits controlled by this institution should be weighted at 100 percent in market-share calculations.[48] Accounting for the

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[47] The Shreveport-Bossier City banking market in Louisiana is defined as Bossier, Caddo, DeSoto, and Webster Parishes.

[48] This thrift institution has a ratio of commercial and industrial loans to assets of approximately 9 percent, which is comparable to the national average for all commercial banks. See First Union Corporation, 84 Federal Reserve Bulletin 489 (1998).

revised weighting of these deposits, Regions would control approximately 27 percent of market deposits on consummation of the proposal, and the HHI would increase 353 points to 1914.

Several factors indicate that the increase in concentration in the Shreveport-Bossier City banking market, as measured by the HHI, overstates the potential anticompetitive effects of the proposal in the market. After consummation of the proposal, 21 other commercial banking and thrift competitors would remain in the market. The Board notes that there are other competitors with a significant presence in the market. The second and third largest bank competitors in the market respectively would control 25 percent and 18 percent, respectively, of market deposits.

In addition, the Board has evaluated the competitive influence of five active community credit unions in this market. These credit unions control approximately $505.9 million in deposits in the market, which, on a 50 percent weighted basis, represent approximately 5 percent of market deposits. Accounting for the revised weightings of these deposits, Regions would control approximately 27 percent of market deposits, and the HHI would increase 334 points to 1736.[49]

Furthermore, the record of recent entry into the Shreveport-Bossier City banking market evidences the market's attractiveness for entry. The Board notes that three depository institutions have entered the market de novo since 2001. Other factors indicate that the market remains attractive for entry. From 2001

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[49] With the deposits of these credit unions weighted at 50 percent, Regions would be the fourth largest depository organization in the market, with approximately 10 percent of market deposits, and AmSouth would be the third largest depository organization in the market, controlling approximately 16 percent of market deposits.

to 2004, the market's annualized income growth exceeded the average annualized income growth for metropolitan counties in Louisiana.

4. Banking Markets in Mississippi

Jackson Area. In the Jackson Area banking market,[50] Regions is the fifth largest depository organization in the market, controlling deposits of $440.5 million, which represent approximately 6 percent of market deposits. AmSouth is the second largest depository organization in the market, controlling deposits of approximately $1.5 billion, which represent approximately 20 percent of market deposits. On consummation of the proposal, Regions would become the second largest depository organization in the market, controlling deposits of approximately $1.9 billion, which represent 26 percent of market deposits. The HHI would increase 246 points to 2240.

A number of factors indicate that the increase in concentration in the Jackson Area banking market, as measured by the HHI, overstates the potential anticompetitive effects of the proposal in the market. After consummation of the proposal, 21 other commercial banking and thrift competitors would remain in the market. The Board notes that there are other competitors with a significant presence in the market. The largest depository organization in the market would control 37 percent of market deposits, and two other bank competitors in the market each would control slightly more than 5 percent of market deposits.

In addition, the Board has evaluated the competitive influence of three active community credit unions in this market. These credit unions control approximately $117.2 million in deposits in the market, which, on a 50 percent weighted basis, represent less than 1 percent of market deposits. Accounting for

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[50] The Jackson Area banking market in Mississippi is defined as Hinds, Madison, and Rankin Counties; Copiah County, excluding the town of Wesson; and the town of Mendenhall in Simpson County.

the revised weightings of these deposits, Regions would control approximately 26 percent of market deposits, and the HHI would increase 242 points to 2205.[51]

In addition, the record of significant recent entry into the Jackson Area banking market evidences the market's attractiveness for entry. The Board notes that five depository institutions have entered the market de novo since 2001. Other factors indicate that the market remains attractive for entry. For example, the market's annualized deposit growth from 2002 to 2005 exceeded the average annualized deposit growth for metropolitan counties in Mississippi, and in 2004 the market's per capita income exceeded the per capita income for metropolitan counties in Mississippi.

Lauderdale County. In the Lauderdale County banking market,[52] Regions is the sixth largest depository organization in the market, controlling deposits of approximately $76.3 million, which represent approximately 8 percent of market deposits. AmSouth is the fourth largest depository organization in the market, controlling deposits of approximately $120.3 million, which represent approximately 13 percent of market deposits. On consummation of the merger, Regions would become the second largest depository organization in the market, controlling deposits of approximately $196.7 million, which represent approximately 21 percent of market deposits. The HHI would increase 208 points to 1959.

Several factors indicate that the increase in concentration in the Lauderdale County banking market, as measured by the HHI, overstates the

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[51] With the deposits of these credit unions weighted at 50 percent, Regions would be the fifth largest depository organization in the market, with approximately 6 percent of market deposits, and AmSouth would be the second largest depository organization in the market, controlling approximately 20 percent of market deposits.

[52] The Lauderdale County banking market is defined as Lauderdale County, Mississippi.

potential anticompetitive effects of the proposal in the market. After consummation of the proposal, seven other commercial banking competitors would remain in the market. The Board notes that there are other competitors with a significant presence in the market. The largest depository organization in the market would control 30 percent of market deposits, and two other bank competitors in the market each would control more than 10 percent of market deposits.

In addition, the Board has evaluated the competitive influence of three active community credit unions in this market. These credit unions control approximately $62.7 million in deposits in the market, which, on a 50 percent weighted basis, represent approximately 3 percent of market deposits. Accounting for the revised weightings of these deposits, Regions would control approximately 20 percent of market deposits, and the HHI would increase 195 points to 1838.[53]

Furthermore, the record of recent entry into the Lauderdale County banking market evidences the market's attractiveness for entry. The Board notes that one depository institution has entered the market de novo since 2001. Other factors indicate that the market remains attractive for entry. From 2002 to 2005, the market's annualized deposit growth exceeded the average annualized deposit growth for nonmetropolitan counties in Mississippi, and in 2004 the market area's per capita income exceeded the per capita income for nonmetropolitan counties in Mississippi. Furthermore, from 1999 to 2004, the market's annualized population growth exceeded the average annualized population growth for nonmetropolitan counties in Mississippi.

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[53] With the deposits of these credit unions weighted at 50 percent, Regions would be the sixth largest depository organization in the market, with approximately 8 percent of market deposits, and AmSouth would be the fourth largest depository organization in the market, controlling approximately 12 percent of market deposits.

Starkville. In the Starkville banking market,[54] Regions is the fourth largest depository organization in the market, controlling deposits of approximately $115.4 million, which represent 14 percent of market deposits. AmSouth is the second largest depository organization in the market, controlling deposits of approximately $180 million, which represent 22 percent of market deposits. To reduce the potential for adverse effects on competition in the Starkville banking market, Regions has proposed to divest three of AmSouth's branches, with at least $50 million in deposits, to an out-of-market depository organization. On consummation of the merger and after accounting for the proposed divestiture, Regions would become the second largest depository organization in the market, controlling deposits of approximately $245.4 million, which represent 30 percent of market deposits. The HHI would increase not more than 249 points and would not exceed 2231.

Several factors indicate that the proposal would not have significantly adverse competitive effects in the Starkville banking market. After consummation of the proposal, six other commercial banking and thrift competitors would remain in the market. The Board notes that there are other competitors with a significant presence in the market. The largest bank competitor in the market would control 30 percent of market deposits, and two other bank competitors in the market each would control 9 percent or more of market deposits.

In addition, the market appears to be attractive for entry. From 2002 to 2005, the market's annualized deposit growth exceeded the average annualized deposit growth for nonmetropolitan counties in Mississippi. For example, the market's annualized income growth from 1999 to 2004 exceeded the average annualized income growth for nonmetropolitan counties in Mississippi.

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[54] The Starkville banking market in Mississippi is defined as Choctaw, Oktibbeha, and Webster Counties.

5. Banking Market in Mississippi and Louisiana

McComb Area. In the McComb Area banking market,[55] the HHI would slightly exceed the DOJ Guidelines on consummation of the proposal. Regions is the fifth largest depository organization in the market, controlling deposits of approximately $30.2 million, which represent 5 percent of market deposits. AmSouth is the second largest depository organization in the market, controlling deposits of approximately $141.3 million, which represent approximately 22 percent of market deposits. On consummation of the merger, Regions would become the second largest depository organization in the market, controlling deposits of $171.5 million, which represent approximately 27 percent of market deposits. The HHI would increase 201 points to 1934.

Several factors indicate that the increase in concentration in the McComb Area banking market, as measured by the HHI, overstates the potential anticompetitive effects of the proposal in the market. After consummation of the proposal, nine other commercial banking competitors would remain in the market. The Board notes that there are other competitors with a significant presence in the market. The largest bank competitor in the market would control 27 percent of market deposits, and two other bank competitors in the market each would control 15 percent of market deposits. In addition, the market appears to be moderately attractive for entry. For example, from 2001 to 2004, the market's annualized population growth exceeded the average annualized population growth for nonmetropolitan counties in Mississippi.

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[55] The McComb Area banking market is defined as Pike County and the portion of Amite County east of the West Fork of the Amite River, all in Mississippi, and the town of Kentwood in Tangipahoa Parish, Louisiana.

D. Views of Other Agencies/Conclusion on Competitive Considerations

The DOJ has conducted a detailed review of the potential competitive effects of the proposal and has advised the Board that, in light of the proposed divestitures, consummation of the proposal would not likely have a significantly adverse effect on competition in any relevant banking market. In addition, the appropriate banking agencies have been afforded an opportunity to comment and have not objected to the proposal.

Based on these and all other facts of record, the Board concludes that consummation of the proposal would not have a significantly adverse effect on competition or on the concentration of resources in any of the 67 banking markets where Regions and AmSouth compete directly or in any other relevant banking market. Accordingly, based on all the facts of record and subject to completion of the proposed divestitures, the Board has determined that competitive considerations are consistent with approval.

Financial, Managerial, and Supervisory Considerations

Section 3 of the BHC Act and the Bank Merger Act require the Board to consider the financial and managerial resources and future prospects of the companies and depository institutions involved in the proposal and certain other supervisory factors. The Board has considered these factors in light of all the facts of record, including confidential reports of examination, other supervisory information from the primary federal and state supervisors of the organizations involved in the proposal, publicly reported and other financial information, information provided by Regions and AmSouth, and public comments on the proposal.[56]

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[56] Two commenters expressed concern about Regions' and AmSouth's relationships with unaffiliated retail check cashers, pawn shops, and other nontraditional providers of financial services. In approving Regions' application to acquire Union Planters Corporation, Memphis, Tennessee,

In evaluating financial resources in expansion proposals by banking organizations, the Board reviews the financial condition of the organizations involved on both a parent-only and consolidated basis, as well as the financial condition of the subsidiary depository institutions and the organizations' nonbanking operations. In this evaluation, the Board considers a variety of information, including capital adequacy, asset quality, and earnings performance. In assessing financial factors, the Board consistently has considered capital adequacy to be especially important. The Board also evaluates the financial condition of the combined organization at consummation, including its capital position, asset quality, and earnings prospects, and the impact of the proposed funding of the transaction.

The Board has carefully considered the financial factors of the proposal. Regions, AmSouth, and their subsidiary depository institutions are well capitalized and would remain so on consummation of the proposal. Based on its review of the record, the Board also finds that Regions has sufficient financial resources to effect the proposal. The proposed transaction is structured as a share exchange.[57]

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the Board considered this concern and reviewed Regions' relationships with nontraditional providers of financial services. Regions Financial Corporation, 90 Federal Reserve Bulletin 389 (2004) ("Union Planters Order"). Regions represented that there have been no material changes in the way Regions conducts such relationships since it acquired Union Planters. With regard to AmSouth, Regions represented that AmSouth plays no role in the lending practices or credit review processes of such firms. As noted in the Union Planters Order, the activities of the consumer finance businesses identified by the commenters are permissible, and the businesses are licensed by the states where they operate.

[57] Regions will use existing resources to fund the cash purchase of fractional shares.

The Board also has considered the managerial resources of the organizations involved and the proposed combined organization.[58] The Board has reviewed the examination records of Regions, AmSouth, and their subsidiary depository institutions, including assessments of their management,[59] risk-management systems, and operations. In addition, the Board has considered its supervisory experiences and those of the other relevant banking supervisory agencies with the organizations and their records of compliance with applicable banking laws and with anti-money-laundering laws.[60] Regions, AmSouth, and

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[58] One commenter expressed generalized concerns about the management and customer service at a branch of AmSouth Bank. Another commenter expressed concern about a press report that Regions and the Internal Revenue Service ("IRS") are currently litigating the extent of the IRS's ability to access the tax accrual workpapers of Regions' outside accounting firm. The federal courts, and not the Board, have jurisdiction to adjudicate disputes between the IRS and Regions.

[59] Several commenters asserted that the boards of directors and management of Regions, AmSouth, and their subsidiary banks lack ethnic diversity. One commenter suggested that both Regions and AmSouth should implement supplier diversity programs. The Board notes that the racial, ethnic, or gender composition of a banking organization's management and suppliers are not factors the Board is permitted to consider under the BHC Act. See Western Bancshares, Inc. v. Board of Governors, 480 F.2d 749 (10th Cir. 1973); Deutsche Bank AG, 86 Federal Reserve Bulletin 509, 513 (1999).

[60] Two commenters expressed concern about AmSouth's record of compliance with anti-money-laundering laws in light of past enforcement actions taken against the organization. In October 2004, AmSouth and AmSouth Bank consented to a cease and desist order issued by the Board and the Alabama Department of Banking to address deficiencies in the bank's anti-money-laundering program (the "C&D Order"). Simultaneous with the C&D Order, AmSouth and AmSouth Bank: (1) consented to an order issued by the Board, and the bank consented to an order issued by the U.S. Department of the Treasury's Financial Crimes Enforcement Network, that assessed concurrent $10 million civil money penalties (the "CMP Orders"); and (2) entered into a deferred-prosecution agreement (the "Agreement") with the U.S. Attorney for the Southern District of Mississippi that included a $40 million penalty to be paid to the U.S. Department

their subsidiary depository institutions are considered to be well managed.[61] The Board also has considered Regions' plans for implementing the proposal, including the proposed management after consummation.

Based on all the facts of record, the Board has concluded that considerations relating to the financial and managerial resources and future prospects of the organizations involved in the proposal are consistent with approval, as are the other supervisory factors the Board must consider under the BHC Act.

Convenience and Needs Considerations

In acting on proposals under section 3 of the BHC Act and the Bank Merger Act, the Board also must consider the effects of the proposal on the convenience and needs of the communities to be served and take into account

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of the Treasury. AmSouth and AmSouth Bank have fully complied with the requirements of the C&D Order, the CMP Orders, and the Agreement. The C&D Order was terminated as of April 2006, and the criminal complaint filed against AmSouth and AmSouth Bank as part of the Agreement was dismissed in October 2005.

[61] One commenter expressed concern about investigations by regulatory agencies of Morgan Keegan & Company, Inc. ("Morgan Keegan"), Memphis, Tennessee, a subsidiary of Regions that engages in securities brokerage and investment banking activities. The commenter also expressed concern about an investigation by the Securities and Exchange Commission ("SEC") of AmSouth's mutual fund unit in connection with its investigation of an unaffiliated third party provider of administrative support to AmSouth funds. The Board is aware of public settlements entered into by Morgan Keegan and the SEC on February 8 and May 31, 2006, respectively, relating to late trades in mutual funds and to inadequate disclosure to investors of certain auction rate securities practices. The Board also is aware that Morgan Keegan has publicly disclosed that it may be under investigation by various state and federal regulators. The Board has consulted with the SEC about these matters and notes that AmSouth sold its mutual fund services unit, as of September 2005. As part of its ongoing supervision of Regions and AmSouth, the Board monitors the status of publicly disclosed investigations and consults as needed with relevant regulatory authorities.

the records of the relevant insured depository institutions under the Community Reinvestment Act ("CRA").[62] The CRA requires the federal financial supervisory agencies to encourage insured depository institutions to help meet the credit needs of the local communities in which they operate, consistent with their safe and sound operation, and requires the appropriate federal financial supervisory agency to take into account an institution's record of meeting the credit needs of its entire community, including low- and moderate-income ("LMI") neighborhoods, in evaluating bank expansionary proposals.[63]

In response to the Board's request for public comment on this proposal, several commenters expressed concern about Regions' and AmSouth's records of lending to LMI or minority individuals or in LMI communities and to small businesses. Some commenters who opposed the proposal criticized the adequacy and enforceability of a lending and investment plan announced in July by Regions and AmSouth in connection with the proposal. In addition, several commenters questioned the sufficiency of assistance that Regions and AmSouth provided to individuals and communities affected by Hurricanes Katrina and Rita. Some commenters also expressed concern that the proposal would result in possible branch closings. A significant number of commenters also expressed support for the services of Regions and AmSouth and for the merger.

The Board has considered carefully all the facts of record, including evaluations of the CRA performance records of Regions Bank and AmSouth Bank, data reported under the Home Mortgage Disclosure Act ("HMDA")[64] by the subsidiaries of Regions and AmSouth that engage in home mortgage lending,

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[62] 12 U.S.C. § 2901 et seq.

[63] 12 U.S.C. § 2903.

[64] 12 U.S.C. § 2801 et seq.

other information provided by Regions, confidential supervisory information, and public comments received on the proposal.

A. CRA Performance Evaluations

As provided in the CRA, the Board has reviewed the proposal in light of the evaluations by the appropriate federal supervisors of the CRA performance records of the relevant insured depository institutions. An institution's most recent CRA performance evaluation is a particularly important consideration in the applications process because it represents a detailed, on-site evaluation of the institution's overall record of performance under the CRA by its appropriate federal supervisor.[65]

Regions Bank received a "satisfactory" rating from the Federal Reserve Bank of Atlanta ("Reserve Bank") at its most recent CRA performance evaluation, as of October 20, 2003. AmSouth Bank received an "outstanding" rating at its most recent CRA performance evaluation by the Reserve Bank, as of July 12, 2004.[66] Regions expects to continue the existing CRA programs of Regions Bank and AmSouth Bank, but the combined institution's community development program would be modeled on AmSouth's program.

CRA Performance of Regions Bank. In addition to the overall "satisfactory" rating that Regions Bank received at its most recent CRA

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[65] See Interagency Questions and Answers Regarding Community Reinvestment, 66 Federal Register 36,620 at 36,640 (2001).

[66] One commenter requested that the Board postpone consideration of the proposal until after completion of a new CRA performance evaluation for AmSouth Bank. The Board must take into account the actual records of the relevant insured depository institutions under the CRA as of the time of the proposal in acting on proposals under section 3 of the BHC Act and the Bank Merger Act. Neither these Acts nor the CRA require the initiation of new performance evaluations in connection with such proposals. Moreover, the BHC Act, the Bank Merger Act, and Regulation Y require the Board to act on proposals submitted under those provisions within certain time periods.

performance evaluation,[67] the bank received separate overall "outstanding" or "satisfactory" ratings[68] in all but one of the MSAs and states reviewed.[69] Examiners reported that the bank's lending levels reflected excellent responsiveness to community credit needs and that the bank had an excellent level of qualified community development investments and grants.

Examiners rated Regions Bank's performance under the lending test as "outstanding," "high satisfactory," or "low satisfactory" in all MSAs and states reviewed, based on a review of the bank's housing-related loans reported

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[67] The evaluation period was July 1, 2001, through June 30, 2003, and the review included data from Regions Mortgage, Inc., Montgomery, Alabama, and EquiFirst Corporation ("EquiFirst"), Charlotte, North Carolina, which were both wholly owned subsidiaries of Regions Bank during the evaluation period.

[68] Full-scope evaluations were conducted in Regions Bank's assessment areas in the Augusta-Aiken (GA-SC), Chattanooga (TN-GA), Columbus (GA-AL), Memphis (TN-AR-MS), Texarkana (TX-AR) multistate metropolitan statistical areas ("MSAs"). Full-scope evaluations were also conducted in other select MSAs in Alabama, Arkansas, Florida, Georgia, Louisiana, North Carolina, South Carolina, Tennessee, and Texas. Limited-scope evaluations were conducted in other relevant MSAs in those states.

[69] Several commenters expressed concern about the less-than-satisfactory ratings the bank received for its CRA performance in some of its assessment areas. The bank received an overall rating of "needs to improve" in the Chattanooga multistate metropolitan area, and received "low satisfactory" ratings under the lending test for Louisiana and the Augusta and Texarkana multistate metropolitan areas. In each of these assessment areas, examiners noted that there are a relatively high proportion of families below the poverty level and that these families may not qualify for residential real estate loans because of their lower capacity for debt repayment. Examiners indicated that these conditions may have hindered the bank's efforts to lend to LMI individuals in these assessment areas. The bank received higher ratings under the lending and other tests in other areas, and examiners concluded that the bank's record of CRA performance during the review period, when viewed as whole, merited a rating of "satisfactory."

under HMDA, small loans to businesses,[70] and qualified community development loans. Examiners stated that the bank's distribution of loans to geographies and borrowers of different income levels was good.[71] They noted that Regions Bank offered affordable housing loan programs, and made more than 357 loans totaling $10.6 million during the evaluation period using flexible lending products.

Examiners generally characterized Regions Bank's distribution of small loans to businesses in each of the MSAs or states reviewed as good or adequate. They reported that the bank made 72,657 small loans to businesses during the evaluation period, totaling $7.6 billion, and that 18 percent of those loans by dollar volume were to businesses located in LMI census tracts. Examiners also concluded that Regions Bank's distribution of loans to businesses of different sizes was good. In addition, examiners reported that the bank's community development lending total of $294.7 million during the review period was a relatively high level of community development lending.

Examiners rated Regions Bank's performance under the investment test as "outstanding" or "high satisfactory" in most of the MSAs and states

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[70] "Small loans to businesses" are loans with original amounts of $1 million or less that are either secured by nonfarm, nonresidential properties or classified as commercial and industrial loans.

[71] Several commenters specifically criticized Regions Bank's levels of lending to small businesses in LMI areas in the Birmingham, Alabama, and Jackson, Tennessee MSAs. In the most recent CRA performance evaluation for Regions Bank, examiners stated that the bank had an adequate distribution of small business loans to businesses in LMI areas in the Birmingham assessment area. In addition, Regions made 1,589 small loans to businesses in the Birmingham MSA in 2005, and more than 25 percent of those loans by number were to businesses located in LMI census tracts. Regions entered the Jackson MSA in July 2004, on consummation of its acquisition of Union Planters Corporation. In 2005, Regions made 97 small loans to businesses in the Jackson MSA, and more than 15 percent of those loans by number were to businesses in LMI census tracts.

reviewed. They reported that the bank often exercised leadership by making investments and grants not routinely provided by private investors. During the evaluation period, the bank's qualified investments totaled more than $161 million, and it contributed more than $1.9 million to charities with community development purposes.

Examiners rated Regions Bank's performance under the service test as "high satisfactory" or "low satisfactory" in most of the MSAs and states reviewed. They concluded that the bank's distribution of branch offices and ATMs generally was accessible to all portions of the bank's assessment areas, and that services offered generally did not vary in any way that inconvenienced any portions of the bank's assessment areas. In addition, examiners concluded that the bank's community development services were responsive to affordable housing needs in the bank's assessment areas, and that the bank exhibited a reasonable level of community development services to assist small business owners.

In 2005, Regions originated housing-related loans reported under HMDA in its assessment areas totaling more than $6.7 billion. Of this amount, 10.2 percent by dollar volume was loaned to borrowers in LMI census tracts, and 18.6 percent to LMI borrowers. In addition, Regions represented that, in 2005, Regions Bank made approximately $316 million in qualified community development loans and approximately $232 million in qualified investments and grants in its assessment areas.

CRA Performance of AmSouth Bank. In addition to the overall "outstanding" rating that AmSouth Bank received at its most recent CRA performance evaluation,[72] the bank received separate overall "outstanding" or

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[72] The evaluation period was January 1, 2002, through December 31, 2003.

"satisfactory" ratings in all the MSAs and states reviewed.[73] Examiners reported that the bank's levels of lending demonstrated excellent responsiveness to community credit needs. They also concluded that the bank had an excellent level of qualified community development investments and grants.

Examiners rated AmSouth Bank "outstanding" or "high satisfactory" under the lending test in all MSAs and states reviewed, based on a review of the bank's housing-related loans reported under HMDA, small loans to businesses, and qualified community development loans. They reported that the bank's overall distribution of lending within geographies of different income levels was adequate, and its distribution of loans to borrowers of different income levels was good. In addition, examiners reported that AmSouth Bank made use of flexible lending practices to serve community credits needs and made more than 2300 loans, totaling approximately $188 million, under these programs during the evaluation period. Examiners also reported that AmSouth Bank made $1.7 billion of community development loans during the evaluation period, a level which the examiners characterized as relatively high.

Examiners generally characterized AmSouth Bank's distribution of small loans to businesses among geographies of differing income levels and to businesses in LMI areas as good in the MSAs and states reviewed.[74] They reported

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[73] Full-scope evaluations were conducted in AmSouth Bank's assessment areas in the Chattanooga (TN-GA), Johnson City-Kingsport-Bristol (TN-VA), and Memphis (TN-AR-MS) MSAs. Full-scope evaluations were conducted in other select MSAs in Alabama, Florida, Louisiana, Mississippi, and Tennessee, and limited-scope evaluations were conducted in other relevant MSAs in those states. In addition, a full-scope evaluation was conducted in the bank's assessment areas in Georgia.

[74] One commenter criticized the levels of participation of both AmSouth Bank and Regions Bank in Small Business Administration ("SBA") loan programs. Regions represented that Regions Bank is an SBA Preferred Lender and currently offers several SBA loan programs, including SBAExpress loans. The bank also

that the bank made more than 84,000 small loans to businesses, totaling approximately \$7.4 billion, during the evaluation period. Examiners also concluded that the bank's distribution of loans to businesses of different sizes was good or excellent in the MSAs and states reviewed.

Under the investment test, examiners rated AmSouth Bank "outstanding" for all the MSAs and states reviewed. They stated the bank was often in a leadership position with regard to investments and grants not routinely provided by private investors. During the evaluation period, the bank's qualified community development investments totaled more than \$234 million, and the bank contributed approximately \$7.4 million to organizations with community development purposes.

Examiners rated AmSouth Bank "outstanding" or "high satisfactory" under the service test for all the MSAs and states reviewed.[75] They concluded that the bank's ATMs and branch locations were readily accessible to all portions of the bank's assessment areas and that services offered generally did not vary in any way that inconvenienced any portions of the bank's assessment areas. Examiners commended the bank for being a leader in providing community development services, and noted that the services provided are responsive to affordable housing needs and assist small business owners in the bank's assessment areas.

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offers other loan programs targeted to small businesses, including the Right Business Line of Credit, which provides revolving lines of credit of up to \$250,000 to small businesses. Regions also represented that AmSouth Bank also offers other loan programs targeted to small businesses, such as the Flexline product, under which small businesses may borrow up to \$100,000 on an unsecured basis and can apply on a one-page application.

[75] Several commenters criticized the levels of service of both AmSouth Bank and Regions Bank to LMI individuals.

B. Assistance to Communities Affected by Hurricane Katrina

Several commenters asserted that Regions and AmSouth should demonstrate greater support for recovery and reconstruction efforts in areas affected by Hurricane Katrina, and should detail plans for financing the rebuilding efforts and working with borrowers with mortgage loans at risk of default due to the hurricane.

Regions represented that it and AmSouth originated more than 23,000 HMDA-reportable mortgage loans, totaling approximately $3.8 billion, in 2005 in portions of their assessment areas affected by Hurricane Katrina. The banks also originated approximately $2.3 billion in small loans to businesses in 2005 in those areas. Moreover, Regions is involved in programs created under the Gulf Opportunity Zone Act ("GO Zone Act") to support housing and small business lending in areas affected by Hurricane Katrina and has represented that it has closed on $26.6 million of those loans, as of July 31, 2006.[76]

Regions also indicated that it expects to have made approximately $70 million in community development loans in parts of Mississippi in the GO Zone by the end of 2006. For example, Regions stated that it is providing construction and permanent financing to a low-income housing tax credit project in New Orleans that will result in the construction of 29 housing units. AmSouth indicated that it has provided $3.5 million of financing in the parts of Mississippi affected by Hurricane Katrina to rebuild a senior citizens complex and to build 71 new affordable homes, and that it has committed more than $25 million to

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[76] One commenter criticized the level of Region Bank's investments in nonprofit organizations involved in microenterprise lending and providing affordable housing in the Gulf Coast region. As noted, Regions Bank represented that it has made a number of investments to construct or rehabilitate affordable housing in the region. The CRA does not require banks to provide any particular type of qualified CRA investments in its efforts to meet the credit needs of their communities.

purchase and rehabilitate a 307-unit senior citizens apartment complex in New Orleans.

Regions also represented that it and AmSouth continue to work with affected residential mortgage loan customers, and that assistance provided to these borrowers has included modifying mortgages, providing forbearance relief, and suspending credit bureau reporting. Regions represented that Regions Mortgage has modified more than 2800 of the approximately 54,000 residential mortgage loans it serviced in FEMA-declared disaster areas at the time of Katrina's landfall, and has itself absorbed the $800,000 cost of these modifications. AmSouth indicated that only ten of the nearly 3300 mortgage loans it held in the affected areas at the time of landfall are currently in foreclosure, six of which were delinquent before Hurricane Katrina. In addition, Regions has stated that it is involved with state programs in Louisiana and Mississippi to provide grants to homeowners in affected areas.

C. Branch Closings

Two commenters expressed concern about the proposal's possible effect on branch closings. Regions has represented that it and AmSouth have identified specific branches in overlapping markets as candidates for closure, relocation, or consolidation, but they have not made final decisions on closures. Regions has stated that, on consummation of the proposal, it expects that the combined institution's branch closing policy would likely closely resemble AmSouth's current branch closing policy.

The Board has considered carefully Regions' and AmSouth's branch closing policies and the banks' records of opening and closing branches. AmSouth's branch closing policy requires the bank to make every effort to minimize the customer impact within the local market and to provide a reasonable alternative for customers to acquire similar services. The policy requires that, before a final decision is made to close a branch, management consult with members of the community in an effort to minimize the impact of the closing. In the most recent CRA performance examinations, examiners found that the banks' records of opening or closing branches had not adversely affected the accessibility of delivery systems, particularly to LMI geographies and to LMI individuals.

The Board also has considered that federal banking law provides a specific mechanism for addressing branch closings.[77] Federal law requires an insured depository institution to provide notice to the public and to the appropriate federal supervisory agency before closing a branch. In addition, the Board notes that the Reserve Bank will continue to review the branch closing record of Regions Bank in the course of conducting CRA performance evaluations.

D. HMDA and Fair Lending Record

The Board has carefully considered the fair lending records and HMDA data of Regions and AmSouth Bank in light of public comments received on the proposal. Commenters alleged, based on 2004 and 2005 HMDA data, that Regions made higher-cost loans[78] in various states more frequently to African-American borrowers than to nonminority borrowers,

[77] Section 42 of the Federal Deposit Insurance Act (12 U.S.C. § 1831r-1), as implemented by the Joint Policy Statement Regarding Branch Closings (64 Federal Register 34,844 (1999)), requires that a bank provide the public with at least 30 days' notice and the appropriate federal supervisory agency and customers of the branch with at least 90 days' notice before the date of the proposed branch closing. The bank also is required to provide reasons and other supporting data for the closure, consistent with the institution's written policy for branch closings.

[78] Beginning January 1, 2004, the HMDA data required to be reported by lenders were expanded to include pricing information for loans on which the annual percentage rate exceeds the yield for U.S. Treasury securities of comparable maturity by 3 or more percentage points for first-lien mortgages and by 5 or more percentage points for second-lien mortgages. 12 CFR 203.4.

and made a disproportionate share of its subprime loans in certain MSAs to African Americans.[79] Commenters also alleged that Regions denied the home mortgage loan applications of African-American borrowers more frequently than those of nonminority applicants in various states and MSAs, and that the amount of Regions' and AmSouth's mortgage lending to African Americans in the Birmingham MSA lagged behind the performance of the aggregate of lenders.[80] The Board focused its analysis on the 2005 HMDA data reported by Regions Bank, EquiFirst, and AmSouth Bank.[81]

Although the HMDA data might reflect certain disparities in the rates of loan applications, originations, denials, or pricing among members of different racial or ethnic groups in certain local areas, they provide an insufficient basis by themselves on which to conclude whether or not Regions or AmSouth Bank are excluding or imposing higher costs on any racial or ethnic group on a prohibited basis. The Board recognizes that HMDA data alone, even with the recent addition of pricing information, provide only limited information about the covered loans.[82]

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[79] As the Board previously has noted, subprime lending is a permissible activity that provides needed credit to consumers who have difficulty meeting conventional underwriting criteria. See Royal Bank of Canada, 88 Federal Reserve Bulletin 385, 388 n. 18 (2002). The Board continues to expect all bank holding companies and their affiliates to conduct their subprime lending operations without any abusive lending practices and in compliance with all applicable laws.

[80] The lending data of the aggregate of lenders represent the cumulative lending for all financial institutions that have reported HMDA data in a given market.

[81] The Board reviewed the HMDA data for Regions and AmSouth Bank in various markets of concern to the commenters, in the combined CRA assessment areas for each bank, and on a nationwide basis.

[82] The data, for example, do not account for the possibility that an institution's outreach efforts may attract a larger proportion of marginally qualified applicants than other institutions attract and do not provide a basis for an independent assessment of whether an applicant who was denied credit was, in fact, creditworthy. In addition, credit history problems, excessive debt levels relative to

HMDA data, therefore, have limitations that make them an inadequate basis, absent other information, for concluding that an institution has engaged in illegal lending discrimination.

The Board is nevertheless concerned when HMDA data for an institution indicate disparities in lending and believes that all lending institutions are obligated to ensure that their lending practices are based on criteria that ensure not only safe and sound lending but also equal access to credit by creditworthy applicants regardless of their race or ethnicity.[83] Because of the limitations of HMDA data, the Board has considered these data carefully and taken into account other information, including examination reports that provide on-site evaluations of compliance by Regions and AmSouth Bank with fair lending laws.

In the fair lending review conducted in conjunction with the most recent CRA performance evaluation of AmSouth Bank, examiners found no substantive violations of applicable fair lending laws. Moreover, the record indicates that both Regions and AmSouth have taken steps to ensure compliance with fair lending and other consumer protection laws. Regions monitors Regions Bank's and EquiFirst's compliance with fair lending laws through internal audits that include comparative file analyses, and through self-assessments that

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income, and high loan amounts relative to the value of the real estate collateral (reasons most frequently cited for a credit denial or higher credit cost) are not available from HMDA data.

[83] One commenter complained that AmSouth provided HMDA data of AmSouth Bank on paper rather than electronically in the format requested by the commenter. The Board notes that neither HMDA nor the CRA require financial institutions to provide HMDA data in an electronic format on written request. See 12 CFR 203.5. Moreover, HMDA data may be obtained electronically via the HMDA website maintained by the Federal Financial Institutions Examination Council.

include pricing, underwriting, and regression analysis of HMDA data.[84] In addition, Regions employs a second-review process under which applications that have been preliminarily denied are reviewed by a second credit officer. Regions also requires all new employees to complete fair lending training during the first six months of their tenure and to take annual refresher courses. AmSouth employs similar compliance techniques, such as self-assessments, a second-review process, and annual fair lending training. AmSouth also employs an independent consultant to conduct internal audits that include comparative file reviews. Regions represented that it is reviewing the compliance programs of both organizations and that the combined organization will adopt the best practices of both Regions and AmSouth.

The Board also has considered the HMDA data in light of other information, including the CRA performance records of Regions Bank and AmSouth Bank discussed above.[85] Based on all the facts of record, the Board concludes that Regions' and AmSouth's established efforts and record

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[84] In the fair lending review conducted in conjunction with Regions Bank's 2003 CRA performance evaluation, examiners cited failures to comply with the Board's Regulation B (Equal Credit Opportunity Act) in a nonmortgage lending program. The Board has considered that the failure was discovered by the bank and the bank took immediate corrective action. The Board also notes that the compliance failure was limited to one product line and the bank no longer offers that product line.

[85] One commenter speculated about the Board's analysis of 2004 HMDA data for Regions and AmSouth Bank. The Board uses HMDA data as a screen to identify institutions with application denial rates or pricing patterns that appear to differ significantly based on borrower ethnicity or sex. Examiners typically review loan files and other information from institutions identified by the screen, and an array of supervisory actions can be taken if no credible nondiscriminatory explanation can be found for the disparities. See Robert B. Avery, et al., "New Information Reported under HMDA and Its Application in Fair Lending Enforcement," 91 Federal Reserve Bulletin 344 (2005). Such matters are handled in the regular course of the examination and supervision process.

demonstrate that they are active in helping to meet the credit needs of their entire communities.[86]

E. Community Development Plan

In connection with the proposed transaction, Regions and AmSouth announced a plan to invest at least $100 billion over seven years across the Southeast, Midwest, and Texas to support community development, small business lending, and mortgage lending for low-income communities and borrowers. Several commenters expressed concerns about the plan, arguing that it lacked sufficient detail or did not represent increases over the organizations' current lending levels.[87] Commenters also requested that the plan's goals be made enforceable by the Board, or that the plan be embodied in an agreement with one or more community groups.[88]

The Board views the enforceability of pledges, initiatives, and agreements with third parties as matters outside the scope of the CRA.[89] As the Board previously has explained, an applicant must demonstrate a satisfactory

[86] One commenter noted press reports about litigation against Regions by several immigrant chicken farmers who alleged that Regions Bank made loans to them knowing that they could not afford repayment. Because these matters are unresolved, they do not provide a factual basis for Board consideration. The courts, and not the Board, have jurisdiction to adjudicate the legal claims of these plaintiffs against Regions. Board action on the proposal would not interfere with the ability of the courts to resolve any litigation pertaining to these matters.

[87] One commenter specifically alleged that the small business component of the pledge does not represent any increase over the two organizations' current small business lending levels.

[88] One commenter expressed concern that Regions' acquisition of Union Planters Corporation in 2004 did not include a community development plan that was the subject of an agreement between Regions and one or more community groups.

[89] See, e.g., Bank of America Corporation, 90 Federal Reserve Bulletin 217, 233 (2004); Citigroup Inc., 88 Federal Reserve Bulletin 485, 488 n.18 (2002).

record of performance under the CRA without reliance on plans or commitments for future action.[90] Moreover, the Board has consistently found that neither the CRA nor the federal banking agencies' CRA regulations require depository institutions to make pledges or enter into commitments or agreements with any organization.

In this case, as in past cases, the Board instead has focused on the demonstrated CRA performance record of the applicant and the programs that the applicant has in place to serve the credit needs of its CRA assessment areas.

F. Conclusion on Convenience and Needs Factor

The Board has considered carefully all the facts of record, including reports of examination of the CRA records of the institutions involved, information provided by Regions, comments received on the proposal, and confidential supervisory information.[91] Regions represented that the proposal would provide customers of both organizations with increased credit availability and expanded access to products and services. Based on a review of the entire record and for the reasons discussed above, the Board has concluded that considerations relating to the convenience and needs factor and the CRA performance records of the relevant depository institutions are consistent with approval.

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[90] See Wachovia Corporation, 91 Federal Reserve Bulletin 77 (2005); J.P. Morgan Chase & Co., 90 Federal Reserve Bulletin 352 (2004); Bank of America Corporation, 90 Federal Reserve Bulletin 217 (2004); NationsBank Corporation, 84 Federal Reserve Bulletin 858 (1998).

[91] One commenter expressed concern about possible job losses resulting from this proposal. The effect of a proposed acquisition on employment in a community is not among the limited factors the Board is authorized to consider under the BHC Act, and the convenience and needs factor has been interpreted consistently by the federal banking agencies, the courts, and the Congress to relate to the effect of a proposal on the availability and quality of banking services in the community. See, e.g., Wells Fargo & Company, 82 Federal Reserve Bulletin 445, 457 (1996).

Establishment of Branches

As previously noted, Regions Bank has also applied under section 9 of the FRA to establish branches at the locations of AmSouth Bank's main office and branches. The Board has assessed the factors it is required to consider when reviewing an application under section 9 of the FRA and the Board's Regulation H and finds those factors to be consistent with approval.[92]

Foreign Activities

As noted above, Regions also proposes to acquire Cahaba International, Inc., the agreement corporation subsidiary of AmSouth Bank. The Board has concluded that all the factors required to be considered under section 25 of the Federal Reserve Act and section 211.5 of Regulation K are consistent with approval.[93]

Conclusion

Based on the foregoing and all facts of record, the Board has determined that the applications should be, and hereby are, approved.[94] In

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92 12 U.S.C. § 322; 12 CFR 208.6(b).

93 12 CFR 211.5.

94 Several commenters requested that the Board hold a public meeting or hearing on the proposal. Section 3 of the BHC Act does not require the Board to hold a public hearing on an application unless the appropriate supervisory authority for the bank to be acquired makes a timely written recommendation of denial of the application. The Board has not received such a recommendation from the appropriate supervisory authority. The Bank Merger Act and the FRA do not require the Board to hold a public meeting or hearing. Under its rules, the Board may, in its discretion, hold a public meeting or hearing on an application to acquire a bank if a meeting or hearing is necessary or appropriate to provide an opportunity for testimony or other presentations. 12 CFR 262.3(i)(2), 262.25(d). The Board has considered carefully the commenters' requests in light of all the facts of record. In the Board's view, the commenters had ample opportunity to submit comments on the proposal and, in fact, submitted written comments that the Board has considered carefully in acting on the proposal. The requests fail to identify disputed issues of fact that are material to the Board's decision that would be

reaching its conclusion, the Board has considered all the facts of record in light of the factors that it is required to consider under the BHC Act, the Bank Merger Act, and the FRA.[95] The Board's approval is specifically conditioned on compliance by Regions and Regions Bank with the conditions imposed in this order, the commitments made to the Board in connection with the applications, and receipt of all other regulatory approvals. For purposes of this action, the conditions and commitments are deemed to be conditions imposed in writing by the Board in connection with its findings and decision herein and, as such, may be enforced in proceedings under applicable law.

The proposed banking acquisitions may not be consummated before the fifteenth calendar day after the effective date of this order, or later than three months after the effective date of this order, unless such period is extended

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clarified by a public meeting or hearing. Moreover, the commenters' requests fail to demonstrate why their written comments do not present their views adequately or why a meeting or hearing otherwise would be necessary or appropriate. For these reasons, and based on all the facts of record, the Board has determined that a public hearing or meeting is not required or warranted in this case. Accordingly, the requests for a public hearing or meeting on the proposal are denied.

[95] Several commenters also requested that the Board extend the comment period or delay action on the proposal. As previously noted, the Board has accumulated a significant record in this case, including reports of examination, confidential supervisory information, public reports and information, and public comments. As noted, the commenters have had ample opportunity to submit their views and, in fact, have provided multiple written submissions that the Board has considered carefully in acting on the proposal. Based on a review of all the facts of record, the Board has concluded that the record in this case is sufficient to warrant action at this time and that neither an extension of the comment period nor further delay in considering the proposal is necessary.

for good cause by the Board or the Federal Reserve Bank of Atlanta, acting pursuant to delegated authority.

By order of the Board of Governors,[96] effective October 20, 2006.

(signed)

Jennifer J. Johnson
Secretary of the Board

[96] Voting for this action: Chairman Bernanke, Vice Chairman Kohn, and Governors Bies, Warsh, Kroszner, and Mishkin.