

FEDERAL RESERVE SYSTEM

Juniper Financial Corporation
Wilmington, Delaware

Order Approving Formation of a Bank Holding Company

Juniper Financial Corporation (“Juniper”) has requested the Board’s approval under section 3(a)(1) of the Bank Holding Company Act (“BHC Act”) (12 U.S.C. § 1842(a)(1)) to become a bank holding company by acquiring First Bank CBC, Maryville, Missouri (“First Bank”).¹

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (66 Federal Register 371 (2001)). The time for filing comments has expired, and the Board has considered the proposal and all comments received in light of the factors set forth in section 3 of the BHC Act.

Juniper currently operates the internet-based credit card division of Columbus Bank & Trust, Columbus, Georgia (“Columbus Bank”). First Bank, with total assets of \$106.3 million, is the 128th largest depository institution in Missouri, controlling \$87.8 million in deposits, representing less than one percent of total deposits in depository institutions in the state.²

¹ Juniper intends, immediately on acquisition of First Bank, to merge First Bank with and into Juniper Bank, Wilmington, Delaware, a de novo bank that is not yet open for business. Juniper then would cause substantially all the assets and liabilities of Juniper Bank to be sold to Citizens Bank and Trust Co., Chillicothe, Missouri, a subsidiary of Citizens Bancshares Co., the current owner of First Bank. Juniper Bank would then purchase the assets and assume the liabilities of the credit card division of Columbus Bank. All these transactions are subject to regulatory approval.

² Asset, deposit, and ranking data are as of June 30, 2000. In this context, depository institutions include commercial banks, savings banks, and savings associations.

Section 3 of the BHC Act prohibits the Board from approving an application to acquire a bank if the proposal would result in a monopoly or would be in furtherance of any attempt to monopolize the business of banking. Section 3 of the BHC Act also prohibits the Board from approving a proposed combination that substantially would lessen competition or tend to create a monopoly in any relevant banking market, unless the Board finds that the anticompetitive effects of the proposal clearly are outweighed in the public interest by the probable effects of the proposal in meeting the convenience and needs of the community to be served.³

Consummation of the proposed transaction would result in the establishment of a de novo bank in the Wilmington banking market, and thereby would increase the number of alternative sources of banking products and services available to customers. The Board previously has noted that the establishment of a de novo bank enhances competition in affected banking markets and reflects positively on competitive considerations in an application under section 3 of the BHC Act.⁴ There is no evidence that the proposed transaction would create or further a monopoly or lessen competition in any relevant banking market. Accordingly, the Board concludes that consummation of the proposal would not have a significantly adverse effect on competition or on the concentration of banking resources in any relevant banking market, and that competitive considerations are consistent with approval.⁵

³ 12 U.S.C. § 1842(c).

⁴ See Canadian Imperial Bank of Commerce, 85 Federal Reserve Bulletin 733 (1999); see also Wilson Bank Holding Company, 82 Federal Reserve Bulletin 568 (1996).

⁵ On consummation of the proposal, Delaware will be Juniper's home state for purposes of the BHC Act. See 12 U.S.C. §§ 1841(o)(4).

Section 3 of the BHC Act requires the Board, in acting on an application, to consider the financial and managerial resources and future prospects of the companies and banks involved and certain supervisory factors. The Board has reviewed these factors in light of the record, including reports of examination and other confidential supervisory information assessing the financial and managerial resources of the organizations, financial information provided by Juniper, and supervisory and other information regarding the banking experience and financial resources of the proposed management of Juniper. In addition, the Board has considered Juniper's capital and ownership structure, the shareholder rights and preferences of Juniper's shareholders, and certain commitments made with respect to Juniper's capital structure. Based on all the facts of record, the Board concludes that the financial and managerial resources and future prospects of Juniper and Juniper Bank are consistent with approval, as are the other supervisory factors the Board must consider under section 3 of the BHC Act.

Section 3 of the BHC Act also requires the Board to consider the convenience and needs of the communities to be served. The Board has reviewed information presented by Juniper related to the convenience and needs factor and the records of performance of the relevant depository institutions under the Community Reinvestment Act. Based on all the facts of record, the Board concludes that considerations relating to the convenience and needs of the communities to be served are consistent with approval.

Based on the foregoing and all the facts of record, the Board has determined that the application should be, and hereby is, approved. The Board's approval is conditioned specifically on compliance by Juniper and its shareholders with all the commitments made in connection with the proposal and with the conditions referred to in this order. For the purpose of this action, the commitments and conditions relied on by the Board in reaching its decision are

deemed to be conditions imposed in writing by the Board in connection with its findings and decision and, as such, may be enforced in proceedings under applicable law.

The acquisition of First Bank shall 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 for good cause by the Board or by the Federal Reserve Bank of Philadelphia acting pursuant to delegated authority.

By order of the Board of Governors, effective May 9, 2001.⁶

(signed)

Jennifer J. Johnson
Secretary of the Board

⁶ This action was taken pursuant to the Board's Rules Regarding Delegation of Authority (12 C.F.R. 265.4(b)(1)) by a committee of Board members. Voting for this action: Chairman Greenspan, Vice Chairman Ferguson, and Governor Meyer. Absent and not voting: Governors Kelley and Gramlich.