

FEDERAL RESERVE SYSTEM

BB&T Corporation
Winston-Salem, North Carolina

Order Approving the Acquisition of a Bank Holding Company

BB&T Corporation, Winston-Salem, North Carolina (“BB&T”), 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 (12 U.S.C. § 1842) to acquire F&M National Corporation, Winchester, Virginia (“F&M”),¹ and its eleven wholly owned subsidiary banks.² BB&T also has requested the Board’s approval under sections 4(c)(8) and 4(j) of the BHC Act (12 U.S.C. §§ 1843(c)(8) and (j)) to acquire F&M’s nonbanking subsidiaries, (1) F&M Trust Company, also in Winchester, Virginia, and thereby engage in trust company activities pursuant to section 225.28(b)(5) of Regulation Y (12 C.F.R. § 225.28(b)(5)), and (2) Johnson Mortgage Company, LLC, Newport News, Virginia, and thereby engage in mortgage banking activities pursuant to section 225.28(b)(1) of Regulation Y (12 C.F.R. § 225(b)(1)).

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (66 Federal Register 23,255, and 28,163 (2001)). The time for filing comments has expired, and the Board has considered

¹ In addition, BB&T has requested the Board’s approval to exercise an option to acquire up to 9 percent of F&M’s voting shares if certain events occur. The option would expire on consummation of the proposal.

² The subsidiary banks of F&M are listed in Appendix A.

the proposal and all comments received in light of the factors set forth in sections 3 and 4 of the BHC Act.

BB&T, with total consolidated assets of \$59.3 billion, operates depository institutions in Alabama, North Carolina, Georgia, South Carolina, Maryland, Tennessee, Kentucky, Virginia, West Virginia, and the District of Columbia.³ BB&T is the sixth largest commercial banking organization in Virginia, controlling deposits of \$5.1 billion, representing approximately 6.3 percent of total deposits in insured depository institutions in the state (“state deposits”).⁴ BB&T is the largest commercial banking organization in West Virginia, controlling deposits of \$3.8 billion, representing 18.9 percent of state deposits. BB&T is the eighth largest commercial banking organization in Maryland, controlling deposits of \$2.6 billion, representing 4.4 percent of state deposits.

F&M is the seventh largest commercial banking organization in Virginia, controlling total deposits of approximately \$3 billion, representing approximately 3.7 percent of state deposits. F&M is the eleventh largest commercial banking organization in West Virginia, controlling deposits of \$266 million, representing 1.3 percent of state deposits. F&M is the 25th largest commercial banking organization in Maryland, controlling deposits of \$193 million, representing less than 1 percent of state deposits.

³ Asset data are as of December 31, 2000. In this context, depository institutions include commercial banks, savings banks, and savings associations.

⁴ Deposit and ranking data are as of June 30, 2000, and reflect acquisitions as of April 12, 2001.

On consummation of the proposal, and after taking the proposed divestitures into account, BB&T would become the fifth largest commercial banking organization in Virginia, controlling deposits of \$8 billion, representing approximately 9.8 percent of state deposits. BB&T would remain the largest commercial banking organization in West Virginia, controlling deposits of approximately \$4 billion, representing approximately 20 percent of state deposits. BB&T would remain the eighth largest commercial banking organization in Maryland, controlling deposits of \$2.8 billion, representing approximately 4.7 percent of state deposits.

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.⁵ For purposes of the BHC Act, the home state of BB&T is North Carolina, and F&M's subsidiary banks are located in Virginia, West Virginia and Maryland.⁶ Based on a review of the facts of record, including a review of the relevant state statutes, the Board finds that all the conditions enumerated in

⁵ See 12 U.S.C. § 1842(d). A bank holding company's home state is the state in which the total deposits of all banking subsidiaries of such 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).

⁶ For purposes of section 3(d) of the BHC Act, the Board considers a bank to be located in the states in which the bank is chartered, headquartered, or operates a branch.

section 3(d) of the BHC Act for an interstate acquisition are met in this case.⁷ 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

Section 3 of the BHC Act prohibits the Board from approving a proposal that would result in a monopoly or would be in furtherance of an attempt to monopolize the business of banking. Section 3 also prohibits the Board from approving a proposal that would substantially lessen competition in any relevant banking market unless the anticompetitive effects of the proposal in that banking market are clearly outweighed in the public interest by the probable effect of the proposal in meeting the convenience and needs of the community to be served.⁸

BB&T and F&M compete directly in the following seventeen banking markets: Annapolis, Maryland; Alleghany, Charlotte, Charlottesville, Danville, Emporia, Fredericksburg, Harrisonburg, Lynchburg, Newport News-Hampton, Norfolk-Portsmouth, Richmond, Roanoke, Staunton, and Winchester, all in Virginia; Martinsburg, West Virginia; and Metropolitan Washington, D.C.⁹ The

⁷ See 12 U.S.C. §§ 1842(d)(1)(A) and (B) and 1842(d)(2)(A). BB&T is well capitalized and well managed. On consummation of the proposal, BB&T would control less than 10 percent of the total amount of deposits of insured depository institutions in the United States and less than 30 percent of the total amount of deposits of insured depository institutions in Virginia, West Virginia, and Maryland. None of the relevant states has minimum age laws that are applicable to this transaction. See Va. Code Ann. § 6.1-44.20 (Michie 1999); W. Va. Code §§ 1A-2-12a(c) and 31A-8A-5(b) (Michie 1996).

⁸ See 12 U.S.C. § 1842(c).

⁹ The banking markets are defined in Appendix B.

Board has reviewed carefully the competitive effects of the proposal in each of these banking markets in light of all the facts of record, including the number of competitors that would remain in the market, the share of total deposits in depository institutions in the market (“market deposits”) controlled by the companies involved in the proposal,¹⁰ the concentration level of deposits in the market and the increase in this level as measured by the Herfindahl-Hirschman Index (“HHI”) under the Department of Justice Merger Guidelines (“DOJ Guidelines”), and other characteristics of each markets.¹¹

¹⁰ Market share data for all banking markets are as of June 30, 2000. These data are based on calculations that include the deposits of thrift institutions 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 has regularly included thrift deposits in the calculation of market share on a 50-percent weighted basis. *See, e.g., First Hawaiian, Inc.*, 77 Federal Reserve Bulletin 52 (1991).

¹¹ Under the DOJ Guidelines, 49 *Federal Register* 26,823 (June 29, 1984), a market is considered unconcentrated when the post-merger HHI is less than 1000 points, moderately concentrated when the post-merger HHI is between 1000 and 1800, and highly concentrated when 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 institutions.

Consummation of the proposal without divestitures would be consistent with Board precedent and the DOJ Guidelines in the Annapolis, Charlottesville, Danville, Fredericksburg, Harrisonburg, Lynchburg, Newport News-Hampton, Norfolk-Portsmouth, Richmond, Roanoke, Staunton, Winchester, and Metropolitan Washington, D.C. banking markets. In each of these markets, the increase in the HHI as a result of this proposal would be fewer than 200 points, in most cases fewer than 40 points, and numerous competitors would remain.¹²

In the Martinsburg, West Virginia, and Alleghany, Charlotte, and Emporia, Virginia, banking markets, consummation of the proposal would exceed the DOJ Guidelines. In order to mitigate potentially adverse competitive effects of the proposal in these markets, BB&T has proposed divestitures in each market that would reduce the HHIs to levels consistent with the DOJ Guidelines.¹³

Martinsburg. BB&T is the largest depository institution in the Martinsburg banking market, controlling deposits of \$267.4 million, representing

¹² The competitive analyses for these banking markets are provided in Appendix C.

¹³ BB&T has committed to execute sales agreements for the proposed divestitures discussed in this order with purchasers that are competitively suitable, and has committed to complete the divestitures within 180 days of consummation of the proposal. BB&T also has committed that, if it is unsuccessful in completing the divestitures within the 180-day period, it will transfer the unsold branches to an independent trustee that is acceptable to the Board and will instruct the trustee to sell the branches promptly to an alternative purchaser acceptable to the Board. See BankAmerica Corporation, 78 Federal Reserve Bulletin 338 (1992); United New Mexico Financial Corporation, 77 Federal Reserve Bulletin 484 (1991). BB&T also has committed to submit to the Board, within 180 days after consummation of the proposal, executed trust agreements acceptable to the Board stating the terms of the proposed divestitures.

approximately 46.6 percent of market deposits. F&M is the third largest depository institution in the market, controlling deposits of \$83.6 million, representing approximately 14.6 percent of market deposits. The HHI would increase 1357 points to 4215.

BB&T has committed to divest four branches in the banking market that control \$68.4 million in deposits. On consummation of the proposal, and taking into account the proposed divestitures, BB&T would remain the largest depository institution in the Martinsburg banking market, controlling deposits of \$282.5 million, representing approximately 49.2 percent of market deposits, and the HHI would increase 183 points to 3040. Seven other competitors would remain in the banking market, including three competitors that each would control at least 10 percent of market deposits. In addition, the market is attractive for entry; since 1997, four firms have entered the market de novo.

Alleghany. BB&T is the third largest depository institution in the Alleghany banking market, controlling deposits of \$65 million, representing approximately 17.9 percent of market deposits. F&M is the largest depository institution in the market, controlling deposits of \$129 million, representing approximately 35.6 percent of market deposits. On consummation, the HHI would increase 1244 points to 3628.

BB&T has committed to divest one branch in the banking market that controls approximately \$61.5 million in deposits. On consummation of the proposal and taking into account the proposed divestiture, BB&T would become the largest depository institution in the Alleghany banking market, controlling deposits of \$132.5 million, representing approximately 36.6 percent of market deposits. The HHI would increase by 36 points to 2421. Each of the five firms in the banking market would control at least 10 percent of market deposits.

Charlotte. BB&T is the second largest depository institution in the Charlotte banking market, controlling deposits of \$29.8 million, representing approximately 25.2 percent of market deposits. F&M is the third largest depository institution in the market, controlling deposits of \$18.5 million, representing approximately 15.7 percent of market deposits. On consummation of the proposal, the HHI would increase 788 points to 4487.

BB&T has committed to divest F&M's only branch in the banking market that controls approximately \$18.5 million. On consummation of the proposal and taking into account the proposed divestiture, BB&T would remain the second largest depository institution in the Charlotte banking market, controlling deposits of \$24.8 million, representing approximately 25.2 percent of market deposits, and the HHI would remain unchanged.

Emporia. BB&T is the second largest depository institution in the Emporia banking market, controlling deposits of \$62.9 million, representing 33.9 percent of market deposits. F&M is the largest depository institution in the market, controlling deposits of \$63 million, representing 34 percent of market deposits. The HHI would increase 2307 points to 4892.

BB&T has committed to divest two branches in the banking market that control approximately \$52.4 million. On consummation of the proposal and taking into account the proposed divestitures, BB&T would become the largest depository institution in the Emporia banking market, controlling deposits of \$73.5 million, representing approximately 39.7 percent of market deposits. The HHI would increase 65 points to 2650. Five competitors in addition to BB&T would remain in the banking market, including four competitors that would each control 5 percent or more of market deposits.

The Board has considered the views of the Department of Justice and the appropriate State banking agencies on the competitive effects of the proposal in

each relevant banking market. The Department of Justice has advised the Board that, in light of the proposed divestitures, consummation of the proposal would not be likely to have a significantly adverse effect on competition in any relevant banking market. The appropriate State agencies have been provided an opportunity to comment and have not objected to consummation of the proposal.

Based on all the facts of record, including the commitments to divest branches in the Alleghany, Charlotte, Emporia, and Martinsburg banking markets, and the number and size of the competitors that would remain in the markets, the Board concludes that consummation of the proposal is not likely to have a significantly adverse effect on competition or on the concentration of banking resources in these banking markets or in any relevant banking markets.

Other Considerations

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, the convenience and needs of the communities to be served, and certain supervisory factors. The Board has reviewed these factors in light of the record, including supervisory reports of examination assessing the financial and managerial resources of the organizations and financial information provided by BB&T. BB&T is well capitalized and would remain so after consummation of the proposal. Based on all the facts of record, the Board concludes that the financial and managerial resources and the future prospects of BB&T, F&M, and their respective subsidiary banks are consistent with approval, as are the other supervisory factors the Board must consider under the BHC Act.

In addition, considerations related to the convenience and needs of the communities to be served, including the records of performance of the institutions

involved under the Community Reinvestment Act (12 U.S.C. § 2901 et seq.), are consistent with approval of the proposal.¹⁴

BB&T also has filed notice under sections (4)(c)(8) and 4(j) of the BHC Act to acquire F&M's nonbanking subsidiaries and thereby engage in trust and mortgage banking activities. The Board has determined by regulation that trust and mortgage banking activities are closely related to banking for purposes of the BHC Act.¹⁵ Moreover, the Federal Reserve System previously has approved applications by F&M to engage in the proposed activities. BB&T has committed to conduct these nonbanking activities in accordance with the limitations set forth in Regulation Y and the Board's order and interpretations.

In order to approve this notice, the Board is required by section 4(j)(2)(A) of the BHC Act to determine that the acquisition of the nonbanking subsidiaries of F&M by BB&T "can reasonably be expected to produce benefits to the public . . . that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices."¹⁶

As part of its evaluation of these factors, the Board has considered the financial and managerial resources of BB&T and its subsidiaries, including the companies to be acquired, and the effect of the proposed transaction on those resources. For the reasons noted above, and based on all the facts of record, the Board has concluded that financial and managerial considerations are consistent with approval of the notice.

¹⁴ All the insured depository institutions of BB&T and F&M were rated satisfactory or better during their most recent examination of CRA performance.

¹⁵ See, 12 C.F.R. 225.28(b)(1) and (5).

¹⁶ 12 U.S.C. § 1843(j)(2)(A).

The Board also has considered the competitive effects of BB&T's proposed acquisition of the nonbanking subsidiaries of F&M in light of all the facts of record. BB&T and F&M originate mortgages. There are numerous competitors for mortgage originations in the markets where BB&T and F&M compete, and there are few barriers to entry. BB&T and F&M also provide trust services. The market for trust services is unconcentrated, and there are numerous competitors for this service. As a result, the Board expects that consummation of the proposal would have a de minimis effect on competition for these services. Based on all the facts of record, the Board concludes that it is unlikely that significantly adverse competitive effects would result from the nonbanking acquisitions proposed in this transaction.

The Board also expects that the proposed transaction would give BB&T an increased ability to serve the needs of its customers and provide expanded services to the current customers of F&M. In addition, there are public benefits to be derived from permitting capital markets to operate so that bank holding companies can make potentially profitable investments in nonbanking companies and from permitting banking organizations to allocate their resources in the manner they consider to be most efficient when such investments are consistent, as in this case, with the relevant considerations under the BHC Act.

The Board also concludes that the conduct of the proposed nonbanking activities within the framework of Regulation Y and Board precedent is not likely to result in adverse effects, such as an undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices, that would outweigh the public benefits of the proposal, such as increased customer convenience and gains in efficiency. Accordingly, based on all the facts of record, the Board has determined that the balance of public interest

factors that the Board must consider under section 4(j)(2)(A) of the BHC Act is favorable and consistent with approval of this proposal.

Conclusion

Based on the foregoing, and in light of all the facts of record, the Board has determined that the application and notice should be, and hereby are, approved. Approval of the application and notice is specifically conditioned on compliance by BB&T with all the commitments made in connection with the proposal and with the conditions stated or referred to in this order, including BB&T's divestiture commitments. The Board's determination on the nonbanking activities also is subject to all the terms and conditions set forth in Regulation Y, including those in sections 225.7 and 225.25(c)), and the Board's authority to require such modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to ensure compliance with, and to prevent evasion of, the provisions of the BHC Act and the Board's regulations and orders thereunder. For purposes of these transactions, the commitments and conditions referred to in this order shall be 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 the subsidiary banks of F&M shall not be consummated before the fifteenth calendar day after the effective date of this order, and the proposal may not be consummated later than three months after the effective day of this order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Richmond, acting pursuant to delegated authority.

By order of the Board of Governors,¹⁷ effective June 25, 2001.

(signed)

Robert deV. Frierson
Associate Secretary of the Board

¹⁷ Voting for this action: Chairman Greenspan, Vice Chairman Ferguson, and Governors Kelley, Meyer, and Gramlich.

APPENDIX A

Subsidiary Banks of F&M

West Virginia

F&M Bank – West Virginia, Ranson

Virginia

F&M Bank – Atlantic, Gloucester
F&M Bank – Central Virginia, Charlottesville
F&M Bank – Highlands, Covington
F&M Bank – Massanutten, Harrisonburg
F&M Bank – Northern Virginia, Fairfax
F&M Bank – Peoples, Warrenton
F&M Bank – Richmond, Richmond
F&M Bank – Southern Virginia, Emporia
F&M Bank – Winchester, Winchester

Maryland

F&M Bank – Maryland, Bethesda

APPENDIX B

Banking Markets in Which BB&T and F&M Compete Directly

Alleghany, Virginia: Alleghany County and the independent cities of Clifton Forge and Covington, all in Virginia.

Annapolis, Maryland: the Annapolis Rand McNally Marketing Area (“RMA”).

Charlotte, Virginia: Charlotte County, Virginia.

Charlottesville, Virginia: the Charlottesville RMA, the non-RMA portion of Albemarle County, and the counties of Fluvanna, Greene, and Nelson, all in Virginia.

Danville, Virginia: the Danville RMA, the non-RMA portion of Pittsylvania County, Virginia (excluding the area around Hurt), and the independent city of Danville, Virginia.

Emporia, Virginia: Greenville County and the city of Emporia, both in Virginia.

Fredericksburg, Virginia: the independent city of Fredericksburg, the counties of Caroline, King George, Spotsylvania, and Stafford (excluding the Washington, D.C.-Maryland-Virginia RMA portion), and the towns of Colonial Beach, Leedstown, Oak Grove, and Potomac Beach in Westmoreland County, all in Virginia.

Harrisonburg, Virginia: the independent city of Harrisonburg and Rockingham County, both in Virginia.

Lynchburg, Virginia: the Lynchburg RMA, the non-RMA portions of Henry County, and the independent city of Martinsville, all in Virginia.

Martinsburg, West Virginia: Berkeley County (excluding the Hagerstown, Maryland-Pennsylvania-West Virginia RMA portion).

Metropolitan Washington, D.C.: the Washington, D.C.-Maryland-Virginia RMA, the non-RMA portions of the counties of Calvert, Charles, and St. Mary’s, all in Maryland; the non-RMA portions of Fauquier and Loudoun Counties, both in Virginia; the non-RMA portion of Jefferson County, West Virginia; and the

independent cities of Alexandria, Fairfax, Falls Church, and Manassas, all in Virginia.

Newport News-Hampton, Virginia: the Newport News-Hampton RMA, the non-RMA portion of the counties of James City and Mathews, and the independent cities of Hampton, Newport News, Poquoson, and Williamsburg, all in Virginia.

Norfolk-Portsmouth, Virginia: the Norfolk-Portsmouth RMA, the independent cities of Chesapeake, Norfolk, Portsmouth, Suffolk, and Virginia Beach, all in Virginia, and Currituck County, North Carolina.

Richmond, Virginia: the Richmond RMA, the non-RMA portions of Chesterfield, Dinwiddie, Goochland, Hanover, Henrico, Powhatan, and Prince George Counties; the independent cities of Colonial Heights, Hopewell, Petersburg, and Richmond; and the counties of Charles City, King and Queen, King William, and New Kent, all in Virginia.

Roanoke, Virginia: the Roanoke RMA, the non-RMA portions of Botetourt and Roanoke Counties; the independent cities of Roanoke and Salem; and the town of Boones Mill in Franklin County, all in Virginia.

Staunton, Virginia: the independent cities of Staunton and Waynesboro, and Augusta County, all in Virginia.

Winchester, Virginia: the independent city of Winchester, the counties of Clarke and Frederick, and the town of Strasburg in Shenandoah County, all in Virginia, and Hampshire County, West Virginia.

APPENDIX C

Banking Markets Consistent with
DOJ Guidelines Without DivestituresAnnapolis

BB&T is the ninth largest depository institution in the Annapolis banking market, controlling deposits of \$79.3 million, representing 4.8 percent of market deposits. F&M is the seventeenth largest depository institution in the market, controlling deposits of \$8.3 million, representing less than 1 percent of market deposits. On consummation of the proposal, BB&T would remain the ninth largest depository institution in the market, controlling deposits of approximately \$87.6 million, representing approximately 5.3 percent of market deposits. The HHI would increase 5 points to 1036.

Charlottesville

BB&T is the fifth largest depository institution in the Charlottesville banking market, controlling deposits of \$173.4 million, representing 8.9 percent of market deposits. F&M is the sixth largest depository institution in the market, controlling deposits of \$125.1 million, representing 6.4 percent of market deposits. On consummation of the proposal, BB&T would become the fourth largest depository institution in the market, controlling deposits of approximately \$298.6 million, representing approximately 15.3 percent of market deposits. The HHI would increase 115 points to 1672.

Danville

BB&T is the ninth largest depository institution in the Danville banking market, controlling deposits of \$35.5 million, representing 2.7 percent of market deposits. F&M is the seventh largest depository institution in the market, controlling deposits of \$45.2 million, representing 3.5 percent of market deposits. On consummation of the proposal, BB&T would become the seventh largest depository institution in the market, controlling deposits of approximately \$80.6 million, representing approximately 6.2 percent of market deposits. The HHI would increase 19 points to 1617.

Fredericksburg

BB&T is the largest depository institution in the Fredericksburg banking market, controlling deposits of \$363.6 million, representing 21.9 percent of market deposits. F&M is the thirteenth largest depository institution in the market, controlling deposits of approximately 10 million, representing less than 1 percent of market deposits. On consummation of the proposal, BB&T would remain the largest depository institution in the market, controlling deposits of approximately \$373.6 million, representing approximately 22.5 percent of market deposits. The HHI would increase 26 points to 1421.

Harrisonburg

BB&T is the sixteenth largest depository institution in the Harrisonburg banking market, controlling deposits of \$3.4 million, representing less than 1 percent of market deposits. F&M is the largest depository institution in the market, controlling deposits of \$226.1 million, representing 18.2 percent of market deposits. On consummation of the proposal, BB&T would become the largest depository institution in the market, controlling deposits of approximately \$229.6 million, representing approximately 18.5 percent of market deposits. The HHI would increase 10 points to 1222.

Lynchburg

BB&T is the second largest depository institution in the Lynchburg banking market, controlling deposits of \$525 million, representing 24.4 percent of market deposits. F&M is the fourteenth largest depository institution in the market, controlling deposits of \$8.1 million, representing less than 1 percent of market deposits. On consummation of the proposal, BB&T would remain the second largest depository institution in the market, controlling deposits of approximately \$533 million, representing approximately 24.7 percent of market deposits. The HHI would increase 18 points to 2170.

Metropolitan Washington, D.C.

BB&T is the seventh largest depository institution in the Metropolitan Washington, D.C. banking market, controlling deposits of \$2.7 billion, representing 4.6 percent of market deposits. F&M is the fourteenth largest depository institution in the market, controlling deposits of \$1.2 billion, representing 2.1 percent of market deposits. On consummation of the proposal,

BB&T would become the fourth largest depository institution in the market, controlling deposits of \$3.9 billion, representing 6.7 percent of market deposits. The HHI would increase 18 points to 847.

Newport News-Hampton

BB&T is the eighth largest depository institution in the Newport News-Hampton banking market, controlling deposits of \$126.1 million, representing 3.8 percent of market deposits. F&M is the seventh largest depository institution in the market, controlling deposits of \$162.7 million, representing 4.9 percent of market deposits. On consummation of the proposal, BB&T would become the fifth largest depository institution in the market, controlling deposits of approximately \$288.8 million, representing approximately 8.6 percent of market deposits. The HHI would increase 37 points to 1355.

Norfolk-Portsmouth

BB&T is the largest depository institution in the Norfolk-Portsmouth banking market, controlling deposits of \$1.5 billion, representing 20.2 percent of market deposits. F&M is the twentieth largest depository institution in the market, controlling deposits of \$10.5 million, representing less than 1 percent of market deposits. On consummation of the proposal, BB&T would remain the largest depository institution in the market, controlling deposits of approximately \$1.5 billion, representing approximately 20.4 percent of market deposits. The HHI would increase 6 points to 1174.

Richmond

BB&T is the sixth largest depository institution in the Richmond banking market, controlling deposits of \$906 million, representing 6.1 percent of market deposits. F&M is the tenth largest depository institution in the market, controlling deposits of \$290.9 million, representing 2 percent of market deposits. On consummation of the proposal, BB&T would become the fifth largest depository institution in the market, controlling deposits of approximately \$1.2 billion, representing approximately 8.1 percent of market deposits. The HHI would increase 24 points to 1283.

Roanoke

BB&T is the eighth largest depository institution in the Roanoke banking market, controlling deposits of \$140.3 million, representing 2.7 percent of market deposits. F&M is the seventeenth largest depository institution in the market, controlling deposits of \$14.2 million, representing less than 1 percent of market deposits. On consummation of the proposal, BB&T would remain the eighth largest depository institution in the market, controlling deposits of approximately \$154.4 million, representing approximately 3 percent of market deposits. The HHI would increase 2 points to 2874.

Staunton

BB&T is the ninth largest depository institution in the Staunton banking market, controlling deposits of approximately \$20 million, representing 2.2 percent of market deposits. F&M is the tenth largest depository institution in the market, controlling deposits of \$16 million, representing 1.8 percent of market deposits. On consummation of the proposal, BB&T would become the eighth largest depository institution in the market, controlling deposits of approximately \$36 million, representing approximately 4 percent of market deposits. The HHI would increase 8 points to 1978.

Winchester

BB&T is the fourteenth largest depository institution in the Winchester banking market, controlling deposits of \$8.8 million, representing less than 1 percent of market deposits. F&M is the largest depository institution in the market, controlling deposits of \$432 million, representing 31.4 percent of market deposits. On consummation of the proposal, BB&T would become the largest depository institution in the market, controlling deposits of approximately \$441.2 million, representing approximately 32.1 percent of market deposits. The HHI would increase 40 points to 1525.