



BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON, DC 20551

September 29, 2015

Randall S. Theisen, Esq.
Executive Vice President and General Counsel
Western Alliance Bank
One East Washington Street, Suite 1400
Phoenix, Arizona 85004

Dear Mr. Theisen:

This is in response to your request on behalf of Western Alliance Bancorporation (“Western Alliance”), Phoenix, Arizona, for an exemption from the prohibition of the Depository Institution Management Interlocks Act (“Interlocks Act”)¹ and Regulation L² to permit Mr. Howard Gould to serve as a director on the board of Western Alliance while at the same time serving as a management official of the Carpenter Organization,³ a director of Heritage Oaks,⁴ and a director of Pacific Mercantile.⁵

The Interlocks Act and Regulation L prohibit a management official of a depository institution or a depository holding company with total assets exceeding \$2.5 billion (or of any affiliate of such an organization) from serving at the same time as a management official of an unaffiliated depository organization with total assets exceeding \$1.5 billion (or of any affiliate of such an

¹ 12 U.S.C. § 3201 *et seq.*

² 12 CFR Part 212.

³ The Carpenter Organization is composed of CCFW, Inc., d/b/a Carpenter & Company, Carpenter Fund Manager GP, LLC, and Carpenter Fund Management Company, LLC, all of Irvine, California.

⁴ Heritage Oaks is composed of Heritage Oaks Bancorp and Heritage Oaks Bank, both of Paso Robles, California.

⁵ Pacific Mercantile is composed of Pacific Mercantile Bancorp and Pacific Mercantile Bank, both of Costa Mesa, California.

organization), regardless of the location of the two depository organizations (“major assets prohibition”).⁶ Western Alliance, the Carpenter Organization, Heritage Oaks, and Pacific Mercantile each have assets that exceed (or are affiliated with depository institutions that exceed) the applicable thresholds of the major assets prohibition.

Under the general exemption provision of Regulation L, the Board may permit an interlock that otherwise would be prohibited by the Interlocks Act if the Board determines that the interlock would not result in a monopoly or in a substantial lessening of competition and would not present safety and soundness concerns.⁷ The Board has delegated to its General Counsel, in consultation with the Director of the Division of Banking Supervision and Regulation (“Director”), authority to grant exemptions under this provision of Regulation L.

The proposed interlocks between Western Alliance and each of the Carpenter Organization, Heritage Oaks, and Pacific Mercantile would not result in a monopoly or in a substantial lessening of competition. In the relevant banking markets, there is minimal geographic overlap between the depository institutions controlled by Western Alliance and the Carpenter Organization.⁸ If the proposed interlocks were evaluated as if Western Alliance were merging with the Carpenter Organization, the increase in market concentration, as measured by the Herfindahl-Hirschman Index (“HHI”), and the combined market share in those markets would remain consistent with Board precedent and within the thresholds of the Department of Justice Bank Merger Competitive Review guidelines (“DOJ Guidelines”).⁹ The interlocks also would not have any substantial effect on competition with respect to the nonbanking activities of Western Alliance and each of the Carpenter Organization, Heritage Oaks, and Pacific Mercantile.

⁶ 12 U.S.C. § 3203; 12 CFR 212.3(c).

⁷ 12 CFR 212.6(a).

⁸ Western Alliance’s subsidiary bank is located in Phoenix, Arizona, and has 41 offices in Arizona, California, and Nevada. The Carpenter Organization’s depository institutions are located in Costa Mesa, Irvine, and Paso Robles, all in California, and together have 29 offices in California and Nevada.

⁹ See 49 Federal Register 26823 (1984). Under the DOJ Guidelines for bank mergers and acquisitions, a market is considered unconcentrated if the post-merger HHI is under 1000, moderately concentrated if the post-merger HHI is between 1000 and 1800, and highly concentrated if the post-merger HHI exceeds 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.

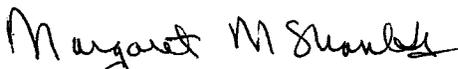
In addition, the interlocks do not present safety and soundness concerns. Mr. Gould has over 35 years of experience as a bank executive, bank consultant, and bank regulator, including serving as California's Commissioner of Financial Institutions from 2004 to 2005. Mr. Gould has extensive experience in corporate governance, strategic planning, and risk management.

Mr. Gould was identified as one of two directors Bridge Capital Holdings ("BCH") contracted to be placed on the board of directors of Western Alliance, subsequent to the merger of BCH and Western Alliance. Mr. Gould's service on Western Alliance's board was specifically contemplated as part of the BCH transaction and was an integral part of the merger consideration. Mr. Gould's service as a director of BCH and its subsidiary, Bridge Bank, will assist with the integration of BCH's and Bridge Bank's business operations into those of Western Alliance and Western Alliance Bank and provide needed continuity to the new Western Alliance customers.

Based on all the facts of this case and for the reasons discussed above, the General Counsel, acting pursuant to authority delegated by the Board and after consultation with the Director, has granted an exemption to allow Mr. Gould to serve as a director of Western Alliance while also serving as a management official of the Carpenter Organization, Heritage Oaks, and Pacific Mercantile.¹⁰

The Board reserves the right to revoke the exemption should any of the interlocks result in a monopoly or a substantial lessening of competition or present safety and soundness concerns.

Sincerely yours,


Margaret McCloskey Shanks
Deputy Secretary of the Board

¹⁰ Mr. Gould commits that he will not attend any Western Alliance board meetings until he has effectively resigned from Pacific Mercantile's board.