FEDERAL RESERVE SYSTEM

New Regions Financial Corporation
Birmingham, Alabama

Regions Financial Corporation
Birmingham, Alabama

Order Approving the Formation of a Bank Holding Company, the Acquisition of a Bank Holding Company and a Savings Association, the Merger of Bank Holding Companies, and Election of Financial Holding Company Status

Regions Financial Corporation ("Regions") has requested the Board's approval under section 3 of the Bank Holding Company Act ("BHC Act")[1] of its proposal to acquire Union Planters Corporation ("Union Planters"), and thereby indirectly acquire its subsidiary banks, Union Planters Bank, National Association ("UPB-NA"), both in Memphis, and Union Planters Bank of the Lakeway Area ("Lakeway Bank"), Morristown, all in Tennessee.[2] Regions proposes to acquire Union Planters through a series of transactions that include the formation of a new bank holding company, New Regions Financial Corporation ("New Regions").[3] New Regions also has filed with the Board an election to become a financial holding company pursuant to sections 4(k) and (l) of the BHC Act and

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[1] 12 U.S.C. § 1842.

[2] New Regions expects at a later date to merge the subsidiary banks that it would control on consummation of the proposal. The Board's action at this time is limited to reviewing the proposed acquisition under the BHC Act. A subsequent bank merger may require further review under the Bank Merger Act (12 U.S.C. § 1828(c)).

[3] In addition, New Regions has filed a notice under sections 4(c)(8) and 4(j) of the BHC Act and section 225.24 of the Board's Regulation Y to acquire Regions Morgan Keegan Trust, F.S.B. ("Regions FSB"), also in Birmingham. 12 U.S.C. §§ 1843(c)(8) and (j); 12 C.F.R. 225.24.

section 225.82 of Regulation Y.[4] In addition, New Regions proposes to acquire Union Planters Hong Kong, Inc., also in Memphis, an agreement corporation subsidiary of UPB-NA, pursuant to section 25 of the Federal Reserve Act and section 211.5 of the Board's Regulation K.[5]

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (69 Federal Register 9,828 (2004)). 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 the BHC Act.

Regions, with total consolidated assets of approximately $48.9 billion, is the 27th largest depository organization in the United States,[6] controlling deposits of approximately $31.9 billion, which represents less than 1 percent of total deposits in insured depository institutions in the United States.[7] Regions operates

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4 12 U.S.C. §§ 1843(k) & (l); 12 C.F.R. 225.82. New Regions would acquire Regions' remaining nonbanking companies under section 4(k) and the post-transaction notice procedures of section 225.87 of Regulation Y (12 C.F.R. 225.87): Union Planters Investment Advisors Inc., also in Memphis, which engages in asset management and investment advisory services; and Union Planters' interest in FundsXpress, Inc., Austin, Texas, which engages in data processing.

In addition to the financial holding company election by New Regions, two Union Planters mid-tier bank holding companies, Union Planters Holding Corporation in Memphis ("UPHC") and Franklin Financial Group Incorporated in Morristown ("Franklin Financial"), have elected to become financial holding companies. On consummation of the proposal, New Regions would operate UPHC and Franklin Financial as direct subsidiaries.

5 12 U.S.C. § 601 et seq.; 12 C.F.R. 211.5.

6 Asset data are as of March 31, 2004, and national ranking data are as of December 31, 2003.

7 Deposit data are as of June 30, 2003, and reflect the total of the deposits reported by each organization's insured depository institutions in their Consolidated Reports of Condition and Income for June 30, 2003. In this context, insured depository institutions include commercial banks, savings banks, and savings associations.

subsidiary depository institutions in Alabama, Arkansas, Florida, Georgia, Louisiana, North Carolina, South Carolina, Tennessee, and Texas.

Union Planters, with total consolidated assets of approximately \$31.5 billion, is the 39th largest depository organization in the United States, controlling deposits of \$22.8 billion, which represents less than 1 percent of total deposits in insured depository institutions in the United States. Union Planters operates depository institutions in Alabama, Arkansas, Florida, Illinois, Indiana, Iowa, Kentucky, Louisiana, Mississippi, Missouri, Tennessee, and Texas. It also engages in a broad range of permissible nonbanking activities nationwide.

On consummation of the proposal, New Regions would become the 21st largest depository organization in the United States, controlling deposits of approximately \$54.8 billion, with total consolidated assets of approximately \$80.4 billion, and would control less than 1 percent of total deposits in insured depository institutions in the United States. The combined organization would operate under the name of Regions Financial Corporation.

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 the bank holding company if certain conditions are met. For purposes of the BHC Act, the home state of New Regions will be Alabama,[8] and Union Planters' subsidiary banks are located in Alabama,

[8] 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).

Arkansas, Florida, Illinois, Indiana, Iowa, Kentucky, Louisiana, Mississippi, Missouri, Tennessee, and Texas.[9]

All the conditions for an interstate acquisition enumerated in section 3(d) of the BHC Act are met in this case. Regions currently is, and New Regions would be on consummation of this proposal, adequately capitalized and adequately managed, as defined by applicable law.[10] Each subsidiary bank of Union Planters located in a state with a minimum age requirement has been in existence and operated continuously for at least the period of time required by applicable state law.[11] On consummation of the proposal, New Regions and its affiliates would control less than 30 percent, or the applicable percentage established by state law, of total deposits held in each of these states by insured depository institutions. Section 3(d) requires review of a state deposit cap in each state in which both Regions and Union Planters currently are located.[12] All other requirements of section 3(d) would be met in this case. Accordingly, based on 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 any attempt to monopolize the business of banking in any relevant banking market. The BHC

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

[10] See 12 U.S.C. § 1842(d)(1)(A).

[11] See 12 U.S.C. § 1842(d)(1)(B).

[12] See 12 U.S.C. § 1842(d)(2)(A) and (B). See Ark. Code § 23-48-406(a) (2004); Fla. Stat. Ann. § 658.295(8)(b) (2004); Tenn. Code Ann. § 45-2-1404 (2004); and Tex. Code Ann. § 203.002(a) (2004).

Act also prohibits the Board from approving a proposed bank acquisition that would substantially lessen competition in any relevant banking market unless the anticompetitive effects of the proposal 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.[13]

Regions and Union Planters compete directly in 21 local banking markets, primarily in Alabama, Arkansas, Florida, Louisiana, Tennessee, and Texas.[14] The Board has reviewed the competitive effects of the proposal in each of these banking markets in light of all the facts of record. In particular, the Board has considered the number of competitors that would remain in the markets, the relative shares of total deposits in depository institutions in the markets ("market deposits") controlled by Regions and Union Planters,[15] the concentration level of market deposits 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 the markets.[16]

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[13] See 12 U.S.C. § 1842(c)(1).

[14] These banking markets are described in Appendix A.

[15] Market share data are as of June 30, 2003, 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).

[16] Under the DOJ Guidelines, 49 Federal Register 26,823 (1984), a market is considered unconcentrated if the post-merger HHI is less than 1000, moderately concentrated if the 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

Consummation of the proposed acquisition of Union Planters would be consistent with Board precedent and DOJ Guidelines in each of the banking markets affected by the proposal. After consummation, one banking market would be considered unconcentrated, eleven banking markets would be considered moderately concentrated, and nine banking markets would be considered highly concentrated, but with only small or modest increases in concentration.[17] Of the banking markets that would be considered highly concentrated after consummation of the proposal, all but the Newport, Arkansas, banking market ("Newport banking market") would have several competitors remaining in the market. In the Newport banking market, the HHI would increase by only 106 points. After consummation of the proposal, New Regions would control approximately 23.4 percent of market deposits, while its two remaining competitors in the market would control 53.8 percent and 22.7 percent of market deposits.

The Department of Justice has reviewed the proposal and advised the Board that consummation would not likely have a significantly adverse effect on competition in any relevant market. The Board has requested the views of the Office of the Comptroller of the Currency ("OCC") and the Office of Thrift Supervision ("OTS") on the competitive effects of the proposal. No agency has indicated that the proposal raises competitive issues.

Based on all the facts of record, the Board concludes that consummation of the proposal would not have a significantly adverse effect on

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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.

[17] Market data for these banking markets are provided in Appendix B.

competition or on the concentration of banking resources in any relevant banking market. Accordingly, the Board has determined that competitive considerations are consistent with approval.

Financial, Managerial, and Other Supervisory Factors

In applications and notices involving the acquisition of bank holding companies and their insured depository institutions, the BHC Act requires 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, among other things, confidential reports of examination, other confidential supervisory information from the primary federal supervisors for the depository institutions controlled by Regions and Union Planters, and public comments on the proposal.[18]

Regions, Union Planters, and their subsidiary depository institutions currently are well capitalized and well managed, and New Regions and each depository institution that it would control would be well capitalized on consummation of the proposal. In addition, the Board has consulted with the OCC, the Federal Deposit Insurance Corporation ("FDIC"), and the OTS, the primary federal supervisors of UPB-NA, Lakeway Bank, and Regions FSB, respectively,

[18] One commenter suggested that the Board encourage Regions Bank, also in Birmingham, to commit to a supplier diversity program and to provide representation by Florida residents in its management that is commensurate with the bank's share of state deposits. Although the Board fully supports programs designed to promote equal opportunity and economic opportunities for all members of society, the comments about supplier diversity programs are beyond the factors the Board is authorized to consider under the BHC Act. See, e.g., Deutsche Bank AG, 86 Federal Reserve Bulletin 509, 513 (1999). The Board also notes that federal banking laws do not impose residency requirements on the management of bank holding companies. As described above, the Board has carefully considered the competence and experience of Regions' management in its review of the proposal.

on the proposal.[19] The Board also has considered Regions' plans to implement the proposed acquisition, including its available managerial resources and Regions' record of successfully integrating acquired institutions into its existing operations. Based on all the facts of record, the Board has concluded that considerations relating to the financial and managerial resources and future prospects of New Regions and the depository institutions involved in the proposal are consistent with approval, as are the other supervisory factors under the BHC Act.[20]

Convenience and Needs Considerations

In acting on a proposal under section 3 of the BHC Act, the Board is required to consider the effects of the proposal on the convenience and needs of the communities to be served and to take into account the records of the relevant insured depository institutions under the Community Reinvestment Act ("CRA").[21] The Board also reviews the records of performance under the CRA of the relevant depository institutions when acting on a notice under section 4 of the BHC Act to acquire an insured savings association. The CRA requires the federal financial supervisory agencies to encourage financial 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

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[19] The Board is the primary federal supervisor of Regions Bank.

[20] A commenter asserted that a UPB-NA subsidiary has originated loans to a company that is controlled by an individual with alleged connections to organized crime. This assertion was based on allegations in press reports from 1999 and 2000 that cite determinations in 1980 and 1992 by the New Jersey Casino Control Commission. The allegations appear to involve the individual's business transactions and activities during the 1960s and 1970s. The Board has carefully reviewed these allegations in light of all facts of record, including relevant reports of examination by federal regulators, and has consulted the OCC concerning the relationship between the UPB-NA subsidiary and the company involved.

[21] 12 U.S.C. § 2901 et seq.

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.

The Board has considered carefully the convenience and needs factor and the CRA performance records of the subsidiary depository institutions of Regions and Union Planters in light of all the facts of record, including public comments on the proposal. Three commenters opposed the proposal and collectively asserted that (i) Regions' and Union Planters' subsidiary banks have inadequate or inconsistent records of making qualified investments under the CRA in the communities that they serve; (ii) Regions engages in an insufficient volume of small business lending in amounts of $100,000 or less in certain markets; and (iii) Regions should provide more prime-rate home mortgage loans to LMI and minority individuals, small business loans to businesses owned by minority individuals or women, economic development investments, and charitable donations to underserved communities.[22] Commenters also asserted that data reported under the Home Mortgage Disclosure Act ("HMDA")[23] indicate that Regions and Union Planters engage in disparate treatment

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[22] One commenter suggested that, in light of Regions' share of Florida deposits, the Board should encourage or require Regions to become the regional leader for each of these lending categories or activities. In addition, the commenter contended that the Board should not approve the proposal because Regions had not made a CRA-related commitment to minority communities in Florida. 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. See, e.g., Bank of America Corporation, 90 Federal Reserve Bulletin 217 (2004); Citigroup Inc., 88 Federal Reserve Bulletin 485 (2002). The commenter also suggested that Regions should commit a specific percentage of its pretax profits to philanthropic contributions in light of its share of Florida deposits. The Board notes that neither the CRA nor the agencies' implementing rules require that financial institutions engage in any type of philanthropy.

[23] 12 U.S.C. § 2801 et seq.

of African-American and Hispanic individuals in their home mortgage lending operations. In addition, one commenter expressed concern about possible branch closings after consummation of the proposal.[24]

A. CRA Performance Evaluations

As provided in the CRA, the Board has evaluated the convenience and needs factor in light of the evaluations by the appropriate federal supervisors of the CRA performance records of the insured depository institutions of both organizations. 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.[25]

Regions Bank received a "satisfactory" rating at its most recent CRA performance evaluation by the Federal Reserve Bank of Atlanta, as of October 22, 2001.[26] In addition, Union Planters' largest subsidiary bank, UPB-NA, received a "satisfactory" rating at its most recent CRA performance evaluation by the OCC, as of

[24] This commenter also expressed concern about Regions Bank and a UPB-NA subsidiary allegedly financing payday and car-title lending companies. Regions responded that Regions Bank and Union Planters have depository relationships with, and provide warehouse credit facilities to, entities engaged in payday and car-title lending. These payday and car-title lenders are licensed by the states where they operate and are subject to applicable state law. Regions stated that neither it nor Union Planters plays any role in the lending practices or credit review processes of their payday and car-title lender customers. The record in this case does not indicate that Regions, Union Planters, or any direct or indirect subsidiary of either organization engages in payday or car-title lending activities directly or through agency arrangements.

[25] See Interagency Questions and Answers Regarding Community Reinvestment, 66 Federal Register 36,620 and 36,639 (2001).

[26] Regions FSB, the only other insured depository institution controlled by Regions, is not examined by the OTS for CRA performance because it engages only in trust activities.

December 31, 1999. Union Planters also controls Lakeway Bank, which received a "satisfactory" rating at its most recent CRA performance evaluation by the FDIC, as of June 11, 2001.

New Regions has represented that it would continue the existing CRA program of each depository institution after consummation of this proposal.

B. CRA Performance of Regions Bank

As noted above, Regions Bank received an overall "satisfactory" rating for performance under the CRA.[27] Examiners found that Regions Bank exhibited a good level of responsiveness to the credit and community development needs of its overall assessment area. In particular, examiners commended the bank's loan distribution in LMI geographies for HMDA-reportable and small business loans.[28] Examiners also favorably noted Regions Bank's use of flexible lending programs to serve the credit needs of its overall assessment area, noting that the bank originated almost 3,000 loans totaling more than $242 million under those programs during its CRA evaluation period.

In addition, Regions Bank originated or purchased more than 6,700 HMDA-reportable loans totaling approximately $468 million to borrowers in LMI census tracts and more than 13,500 such loans totaling approximately

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[27] As part of the 2001 performance evaluation, 16 of Regions Bank's 91 assessment areas received full-scope reviews. The overall rating for Regions Bank is a composite of the bank's state ratings, which were derived from the full-scope reviews of its assessment areas. The evaluation period was January 1, 2000, through June 30, 2001.

[28] In this context, "small loans to businesses" are loans with original amounts totaling $1 million or less and "small business loans" are business loans in amounts of $1 million or less.

$672 million to LMI individuals during the evaluation period.[29] It also originated or purchased more than 8,400 small business loans totaling approximately $697 million to businesses in LMI census tracts. Examiners noted that the bank originated almost $50 million in community development loans during the evaluation period, thereby exhibiting an adequate level of community development lending.

During 2002 and 2003, Regions Bank originated or purchased more than 88,000 HMDA-reportable loans totaling approximately $9.3 billion, and more than 71,000 small business loans totaling almost $7.5 billion in its overall assessment area.[30] During the same time period, Regions Bank also engaged in a significant volume and amount of community development lending. The bank originated or purchased 479 community development loans totaling approximately $673 million in its overall assessment area. These loans generally were to entities engaged in the construction and renovation of affordable housing in LMI areas, for LMI individuals, or for senior citizens.

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[29] Examiners included the HMDA-reportable lending by Regions Mortgage, Inc., Montgomery, Alabama ("RMI"), in their assessment of Regions Bank's CRA performance.

[30] A commenter criticized the percentage of Regions Bank's small business loans originated in amounts of less than $100,000 in Arkansas, Louisiana, and Mississippi, stating that such loans were needed the most by minority- and female-owned businesses. Based on 2002 data on small business lending for the portions of Arkansas and Louisiana included in Regions Bank's combined assessment area, small business loans of $100,000 or less comprised 81.5 percent and 75.5 percent, respectively, of the bank's small business loan originations in those states. Although Mississippi is outside Regions Bank's combined CRA assessment area, the Board considered the bank's statewide small business lending data for 2002. The data indicate that 56.6 percent of the small business loans originated by the bank in Mississippi were in amounts of $100,000 or less. Examiners reviewed the geographic distribution of small business loans and the distribution of loans to businesses of different sizes and considered these distributions acceptable.

Examiners characterized as excellent the bank's volume of qualified community development investments and grants. They reported that Regions Bank made qualified investments totaling approximately $166 million and provided an additional $4.3 million in grants and contributions during its CRA evaluation period, thereby contributing to the bank's overall qualified investment portfolio of approximately $7.9 billion, as of September 2001. In addition, examiners commended Regions Bank's extensive use of investments to support community development initiatives both inside and outside the bank's assessment areas. Examiners also praised the bank for frequently acting as a leading investor in or grantor to various community development initiatives that did not routinely receive private funding.

Since its most recent CRA performance evaluation, Regions Bank has initiated several efforts to further strengthen its overall investment performance. The bank created the CRA Investment Committee to assess investment opportunities in all the bank's assessment areas. Regions Bank has also designated community development managers for each state where the bank operates. These managers work with community development organizations in their respective states to identify and pursue lending, investment, and service opportunities.

During the period 2001 through 2003, Regions Bank invested approximately $214.5 million in qualified low-income-housing tax credits and $2 million in qualified community development projects or entities throughout its overall assessment area. For example, the bank made direct investments in 2002 that provided technical and financial assistance to nonprofit community development corporations, minority-owned small businesses, and other community organizations in Alabama. Regions Bank was also a founding member of an organization designed to address a critical need for affordable housing in central

Alabama and made an equity investment in and a charitable contribution to this organization totaling $1 million during this period.

Examiners noted that 18 percent of the bank's branches were in LMI census tracts, which reasonably correlated with the percentage of families and businesses throughout Regions Bank's combined assessment area that were in LMI census tracts. Examiners considered Regions Bank's branches and alternative delivery systems, including ATMs, to be reasonably accessible to bank customers and the bank's hours of operation to be convenient for essentially all portions of its overall assessment area. They also noted that Regions Bank provided an adequate level of community development services, which included efforts by board members, officers, and employees of the bank to use their financial expertise to provide financial services that benefited the residents of its overall assessment area. Examiners found that the bank's community development services were highly responsive to affordable housing needs.

C. CRA Performance of Union Planters Bank

As noted above, UPB-NA received an overall "satisfactory" rating for performance under the CRA from the OCC, as of December 1999.[31] During its CRA evaluation period, UPB-NA purchased and originated more than 17,000 HMDA-reportable loans totaling approximately $1.5 billion in the six MSAs that represented approximately 63 percent of UPB-NA's deposits ("Representative MSAs").[32] Examiners noted that UPB-NA's overall lending

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[31] UPB-NA's 1999 CRA performance rating was a composite of the ratings for the bank's two multistate Metropolitan Statistical Areas ("MSAs") and twelve states. The bank's state ratings were based on the assessment areas in each state receiving full-scope reviews. The evaluation period was January 1, 1998, through December 31, 1999.

[32] These areas are the Miami and Ft. Lauderdale, Florida, MSAs (17.5 percent of UPB-NA's deposits); the Nashville, Tennessee, MSA (14 percent of UPB-NA's

record demonstrated an adequate distribution of loans to LMI borrowers and borrowers in LMI census tracts. During the evaluation period, the bank's percentage of home purchase and home improvement loans to borrowers in LMI areas generally exceeded the percentage of owner-occupied homes in those areas. Examiners determined that UPB-NA's distribution of HMDA-reportable loans in LMI census tracts was adequate or better in four of the six Representative MSAs and that its distribution of such loans to LMI individuals was good or excellent in four of the six Representative MSAs.

UPB-NA purchased or originated more than 7,200 small loans to businesses totaling approximately $660 million in the Representative MSAs during the evaluation period. Examiners found that UPB-NA's record for originating and purchasing such loans showed good geographic distribution in these areas, including LMI communities. Examiners noted that UPB-NA's level for originating small loans to businesses in LMI census tracts was adequate or better in all six Representative MSAs, with an excellent level of distribution in four of the six Representative MSAs. In the four Representative MSAs where small loans to farms comprised a material portion of the bank's lending record, UPB-NA originated or purchased approximately 580 such loans totaling almost $31 million during its CRA evaluation period.[33]

Examiners stated that UPB-NA's volume and amount of community development lending activities positively affected the bank's lending ratings in five

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deposits); the St. Louis, Missouri/Illinois, MSA (12 percent of UPB-NA's deposits); the Memphis, Tennessee/Arkansas/Mississippi, MSA (10 percent of UPB-NA's deposits); and the Jackson, Mississippi, MSA (9.7 percent of UPB-NA's deposits).

[33] Small loans to farms are loans with original amounts of $500,000 or less. Data on the small loans to farms in these areas do not include the Miami and Ft. Lauderdale MSAs.

of the six Representative MSAs. Examiners found that UPB-NA originated 47 community development loans in the Representative MSAs totaling approximately $44 million during the CRA evaluation period. These loans primarily supported affordable housing initiatives for LMI individuals and other kinds of initiatives to revitalize LMI census tracts.

According to information provided by Regions, UPB-NA originated or purchased in its overall assessment area almost 160,000 HMDA-reportable loans totaling more than $15.5 billion and almost 60,700 small business loans totaling approximately $5.8 billion during the period 2000 through 2003. Regions also represented that UPB-NA originated almost 260 community development loans totaling more than $137 million in its combined assessment area during the same time period. Excluding loans in multistate MSAs, these loans totaled more than $45 million in Mississippi, more than $17 million in Tennessee, and more than $6.5 million in Louisiana. UPB-NA's community development loans generally supported the construction of housing for LMI individuals, including elderly and disabled low-income individuals.

During the evaluation period, UPB-NA made more than 130 qualified investments totaling approximately $47 million in the Representative MSAs, primarily in securities backed by affordable housing mortgages. UPB-NA also made qualified investments in these MSAs in support of local community organizations dedicated to providing affordable housing and other community service and revitalization initiatives that benefited LMI census tracts and individuals.

Regions represented that UPB-NA made more than 1,200 investments totaling more than $23 million in CRA qualified projects in its assessment areas during the period 2000 through 2003. These investments totaled more than $750,000 in Florida, more than $7 million in Mississippi, and more than $5 million in Tennessee. Many of the investments were in the form of grants or donations to organizations serving the needs of LMI individuals and communities.[34]

Examiners noted that the bank's branches and ATMs were generally accessible to the communities it serves. They also noted, however, that UPB-NA provided few community development services in its assessment areas during the CRA evaluation period.

D. HMDA, Subprime, and Fair Lending Records

The Board has carefully considered the lending records of, and HMDA data reported by, Regions and Union Planters in light of the comments received. Based on a review of 2002 HMDA data, one commenter alleged that Regions has organized its mortgage lending operations in a manner that disproportionately directs higher cost subprime mortgage loans from a Regions Bank subsidiary, EquiFirst Corporation, Charlotte, North Carolina ("EquiFirst"),[35] to minority borrowers as compared with Regions' prime mortgage lending, which is

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[34] One commenter criticized UPB-NA's record for making qualified investments in Illinois and Iowa. According to information provided by Regions, UPB-NA has actively pursued qualified investment opportunities in its Illinois and Iowa assessment areas since its most recent CRA performance evaluation. These efforts have resulted in UPB-NA making qualified investments of more than $2 million in Illinois and tripling the amount of its qualified investments in Iowa since the bank's most recent CRA performance evaluation.

[35] Regions stated that EquiFirst relies on a network of independent mortgage brokers to originate its loans who use underwriting standards that are commonly accepted in the secondary market and that Regions sells the loans EquiFirst originates in this market. Regions also represented that the brokers in the EquiFirst network offer their clients a variety of prime and subprime mortgage loan products from EquiFirst and other mortgage lenders. In addition, Regions noted that the independent mortgage brokers generally provide their customers with options on available mortgage loan products, including the type of products (prime or subprime) and the provider (EquiFirst or another lender). In particular, Regions represented that EquiFirst does not require its brokers to offer EquiFirst products exclusively.

conducted by Regions Bank through RMI.[36] In addition, the commenter alleged that Regions Bank disproportionately denied applications for HMDA-reportable loans by minorities.[37]

The Board reviewed HMDA data reported by Regions Bank, including RMI (collectively, "Regions Prime Lenders") and EquiFirst in the MSAs identified by the commenter and other major markets served by Regions Bank.[38] The Board compared the HMDA data of the Regions Prime Lenders with the data of EquiFirst and the aggregate of lenders ("aggregate lenders") in the MSAs reviewed.[39]

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[36] Specifically, the commenter compared 2002 HMDA data reported for RMI and EquiFirst in the following MSAs: Atlanta, Birmingham, Montgomery, New Orleans, Memphis, and Nashville. The commenter asserted that RMI originated mortgage loans to white borrowers in greater volume and with greater frequency than to African-American borrowers in each MSA during 2002. The commenter also made the same allegations about Hispanic borrowers in the Orlando MSA. In addition, this commenter stated that EquiFirst originated a larger number of "higher cost" mortgage loans to minority borrowers than to white borrowers.

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.

[37] Based on an analysis of home purchase lending data for Regions, a commenter also alleged that Regions Bank relies heavily on its "subprime affiliates" to lend to African-American and LMI borrowers in Mississippi. HMDA data for Mississippi MSAs in 2002 indicate that Regions Bank, including RMI, received only five applications from African Americans and only 26 applications from LMI individuals. Neither Regions Bank nor RMI has a branch in Mississippi.

[38] The Board's review of the HMDA data for the Regions Prime Lenders included the Mobile and Little Rock/North Little Rock MSAs, as well as the MSAs cited by the commenter.

[39] 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.

HMDA data for 2002 indicate that in most of the MSAs reviewed, the number of HMDA-reportable loans originated by the Regions Prime Lenders to African Americans as a percentage of their total HMDA lending was lower than the percentage for aggregate lenders. These data also show a more pronounced disparity between the proportion of loans originated by the Regions Prime Lenders to African Americans in the Atlanta MSA and the proportion of loans originated by aggregate lenders. African Americans comprise almost 30 percent of the population in the Atlanta MSA, and the percentage of applications received by the Regions Prime Lenders from African Americans was significantly lower than the percentage for aggregate lenders.[40]

The data also indicate, however, that the percentage of loans extended by the Regions Prime Lenders to African Americans increased modestly in most markets from 2001 to 2002 and again from 2002 to 2003.[41] In addition, the denial disparity ratios[42] decreased from 2001 to 2002 in most of the MSAs. HMDA data in 2002 also indicate that lending by the Regions Prime Lenders to Hispanics was generally comparable to lending by the aggregate lenders in most markets reviewed and exceeded that of the aggregate lenders in the Orlando MSA, the market with the highest percentage of Hispanic individuals.[43]

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[40] During 2002, the Regions Prime Lenders engaged in significant overall volume of mortgage lending in the Atlanta MSA, receiving more than 4,200 loan applications and making more than 3,300 loans.

[41] In the Atlanta MSA, the percentage of loans extended by the Regions Prime Lenders to African Americans increased from 2001 to 2002 but decreased from 2002 to 2003.

[42] The denial disparity ratio equals the denial rate of a particular racial category (e.g., African Americans) divided by the denial rate for whites.

[43] The HMDA data for the Orlando MSA indicate that the Regions Prime Lenders originated a larger number and higher percentage of their HMDA-reportable loans to Hispanics than EquiFirst in 2001 and 2002.

The Board is concerned when the record of an institution indicates disparities in lending and believes that all banks 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 race or income level. The Board recognizes, however, that HMDA data alone provide an incomplete measure of an institution's lending in its community because these data cover only a few categories of housing-related lending, and provide only limited information about covered loans.[44] Moreover, HMDA data indicating that one affiliate is lending to minorities or LMI individuals to a greater extent than another affiliate do not, without more information, indicate that either affiliate has engaged in discriminatory lending on a prohibited basis.

Because of the limitations of HMDA data, the Board has considered these data carefully in light of other information, including examination reports that provide on-site evaluations of compliance with fair lending laws by the subsidiary depository institutions of Regions and Union Planters and their lending subsidiaries, including EquiFirst. Examiners found no substantive violations of fair lending laws or regulations or other illegal credit practices at any of the depository institution subsidiaries of either organization or their lending subsidiaries.

In Regions Bank's 2001 consumer compliance examination, examiners found the bank's marketing efforts overall were broad-based and designed to cover all of the bank's markets. As part of this examination, examiners reviewed the bank's

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[44] 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. Credit history problems and excessive debt levels relative to income (reasons most frequently cited for a credit denial) are not available from HMDA data.

lending in minority tracts of the Atlanta MSA.[45] Examiners found no evidence that Regions Bank was deliberately excluding any geographic areas from its HMDA-reportable lending efforts in the Atlanta market and also found that no areas in the Atlanta MSA were excluded from the bank's broad-based marketing efforts.

The record also indicates that Regions has taken several steps to ensure that the lending operations of Regions Bank and its subsidiaries, including EquiFirst, comply with fair lending laws. Regions Bank and its mortgage division have established compliance departments to help ensure compliance with federal and state banking laws and regulations, particularly those related to fair lending and consumer protection. These compliance departments are responsible for implementing fair lending and consumer protection compliance programs and procedures, which include providing annual fair lending training to all bank employees involved in lending transactions, performing a second review of all loan applications before they are denied, and conducting regular compliance audits and fair lending reviews of loan documentation by product and business line.

Based on a review of the loans it sold to the Federal National Mortgage Association ("Fannie Mae") during 2002, RMI concluded that measures were needed to increase its originations to minority borrowers. To help achieve this goal, RMI initiated an emerging markets program featuring a Community Lending Alliance ("CLA") involving Fannie Mae to increase RMI's lending in underserved markets. RMI has pledged to use its best efforts to originate $1 billion in mortgage loans in underserved markets between August 8, 2003, and September 2, 2005, through the CLA. Regions represents that according to Fannie Mae, RMI has already closed $725 million in loans under the CLA, almost 20 percent of which were to minority loan applicants, including African Americans.

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[45] Minority census tract means a census tract with a minority population of 80 percent or more.

Regions also represents that EquiFirst, which originates all its loans through mortgage brokers, uses computer software to help ensure compliance with applicable federal and state fair lending laws and regulations. According to Regions, this automated compliance program generates all required disclosures for mortgage loan originations and closings. Regions reports that EquiFirst recently enhanced the software to include stand-alone programs for comparative analyses and "predatory" lending testing to supplement the reviews of EquiFirst's originations already performed by Regions Bank. In addition, EquiFirst staff conducts compliance testing, self-assessments, and audits of a sample of mortgage loan originations each month, and also conducts a second review of all denied mortgage loan applications.

Compliance with fair lending and consumer protection laws at UPB-NA and its consumer-loan affiliates is managed and monitored by each lending department or division separately, with oversight and assistance from the bank's Corporate Compliance division. Generally, UPB-NA's compliance programs and procedures provide for automated testing of loan portfolios for compliance with fair lending laws and regulations and include ongoing automated monitoring of rates of application denials and loan distributions for HMDA-reportable loans to minorities in each market, auditing major bank departments for compliance with all other consumer protection laws every 12 to 18 months, and quarterly automated training in fair lending and consumer protection for all staff involved in the bank's lending process.

Regions stated that, although it has not decided which organization's fair lending policies and programs will be implemented at New Regions, it expects that the New Regions' compliance program would draw from the best practices of the existing compliance programs at both organizations. Regions also indicated that the compliance program for Regions Bank, including RMI, after consummation of the proposal, would include UPB-NA's methodology for reviewing HMDA data, which uses denial disparity ratios and penetration rates for loans to minorities to analyze lending performance in the bank's assessment areas.

The Board also has considered the HMDA data in light of other information, including the CRA performance records of Regions' and Union Planters' subsidiary banks that are detailed above. These established efforts demonstrate that, on balance, the records of performance of Regions and Union Planters in meeting the convenience and needs of their communities are consistent with approval of this proposal. The record in this case also reflects an opportunity for the Regions Prime Lenders to improve the percentage of their overall applications for HMDA-reportable loans from, and the percentage of overall HMDA-reportable originations to, African-American borrowers, particularly in the Atlanta MSA. As noted above, RMI's internal review has identified the need to originate more loans to minority borrowers and it appears to have taken affirmative steps to improve this aspect of its lending operations through its emerging markets initiative that features the CLA with Fannie Mae. The Board also notes that Regions Bank, including RMI, should be better equipped on consummation of the proposal to identify the MSAs where it is underperforming in terms of originating mortgage loans to African Americans after the methodology of its internal analysis of HMDA-reportable lending has been updated. The Board expects that Regions Bank, including RMI, will continue to take steps to improve its mortgage lending performance to African-American borrowers, particularly in the Atlanta MSA. The Federal Reserve System will monitor and evaluate the performance of Regions Bank as part of the supervisory process, including assessments of this performance in subsequent consumer compliance examinations.

E. Branch Closings

A commenter expressed concern that this proposal would result in possible branch closings and requested that Regions identify which branches it would close. The Board has carefully considered these comments in light of all the facts of record. Regions represented that the number of branch closings, relocations, or consolidations related to the proposed acquisition would be small because there is little geographic overlap with Union Planters. Regions also represented that no decision has been made about the number or locations of branches to be closed, relocated, or consolidated, or about which organization's branch closing policy would be in effect at New Regions on consummation of the proposal.

The Board has considered carefully Regions' and UPB-NA's branch closing policies and Regions' record of opening and closing branches. Under their policies, Regions and UPB-NA must review a number of factors before identifying a branch for closure, consolidation, or relocation, including deposit levels, the potential impact on the community, and other relevant factors. Examiners reviewed Regions' branch closing policy as part of the most recent CRA evaluation of Regions Bank and found it to be in compliance with federal law.

The Board also has considered that federal banking law provides a specific mechanism for addressing branch closings.[46] 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 and the OCC will continue to review the branch closing record of Regions Bank and UPB-NA, respectively, in the course of conducting CRA performance evaluations.

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[46] 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.

F. Conclusion on Convenience and Needs Factor

The Board has carefully considered all the facts of record, including reports of examination of the CRA records of the institutions involved, information provided by Regions, comments on the proposal, and confidential supervisory information. Based on a review of the entire record, and for the reasons discussed above, the Board concludes that considerations relating to the convenience and needs factor, including the CRA performance records of the relevant depository institutions, are consistent with approval.

Nonbanking Activities

New Regions also has filed notice under sections 4(c)(8) and 4(j) of the BHC Act to acquire Regions FSB and thereby engage in the activity of operating a savings association. Through Regions FSB, New Regions would accept a small amount of deposits and provide trust and asset management services. The Board has determined by regulation that the activity of owning, controlling, or operating a savings association is permissible for a bank holding company, provided that the savings association directly and indirectly engages only in activities that are permissible for a bank holding company to conduct under section 4(c)(8) of the BHC Act.[47]

In order to approve New Regions' notice to acquire Regions FSB, the Board is required by section 4(j)(2)(A) of the BHC Act to determine that the acquisition "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."[48]

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[47] 12 C.F.R. 225.28(b)(4).

[48] 12 U.S.C. § 1843(j)(2)(A).

As part of its evaluation of these factors, the Board considers the financial condition and managerial resources of the notificant, its subsidiaries, and the companies to be acquired, and the effect of the proposed transaction on those resources. For the reasons discussed 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. The Board reviewed the competitive effects of the proposal in the Birmingham banking market. Regions FSB maintains its only office in Birmingham, and Union Planters does not compete in this banking market. Based on all the facts of record, the Board concludes that it is unlikely that significantly adverse competitive effects would result from the acquisition of Regions FSB.

The Board also has reviewed carefully the public benefits of the acquisition of Regions FSB. The record indicates that consummation of the proposed thrift acquisition, when considered in the broader context of Regions' acquisition of Union Planters, would result in benefits to the customers and communities that the institutions serve. On consummation, the proposal would allow Regions to provide customers of Regions FSB, along with the customers of Regions Bank, UPB-NA, Lakeway Bank, and Regions' other direct and indirect subsidiaries, with access to a broader array of commercial banking products and services. Moreover, Regions' customers would have access to an expanded network of branch offices and ATMs.

The Board 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 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 consistent with approval of New Region's notice.

As noted above, New Regions also has proposed to acquire Union Planters Hong Kong, Inc. The Board has concluded that all the factors required to be considered under the Federal Reserve Act and Regulation K are consistent with approval.

Financial Holding Company Election

New Regions filed with the Board an election to become a financial holding company pursuant to sections 4(k) and (l) of the BHC Act and section 225.82 of Regulation Y. New Regions has certified that the subsidiary depository institutions controlled by Regions and Union Planters are well capitalized and well managed and will remain so on consummation of the proposal. New Regions has provided all the information required for financial holding company election under Regulation Y.

As noted above, the Board has reviewed the examination ratings received by the subsidiary depository institutions controlled by Regions and Union Planters under the CRA and other relevant examinations and information. Based on all the facts of record, the Board has determined that New Regions' election to become a financial holding company will become effective on consummation of the proposal, if on that date Regions Bank, Regions FSB, UPB-NA, and Lakeway Bank remain well capitalized and well managed and all institutions subject to the CRA are rated at least "satisfactory" at their most recent performance evaluations.[49]

Conclusion

Based on the foregoing and in light of all the facts of record, the Board has determined that the applications and notice should be, and hereby are,

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[49] This determination includes the financial holding company elections by UPHC and Franklin Financial, which also will become effective on consummation of the proposal.

approved.[50] In reaching this 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 and other applicable statutes. The Board's approval is specifically conditioned on compliance by New Regions with the conditions in this order and with all the commitments made to the Board in connection with this proposal and the receipt of all other regulatory approvals. The Board's approval of the nonbanking aspects of the proposal also is subject to all the conditions set forth in Regulation Y, including those in sections 225.7 and 225.25(c) of Regulation Y (12 C.F.R. 225.7 and 225.25(c)), and to 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

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[50] Two commenters requested that the Board hold a public 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 any of the banks to be acquired makes a timely written recommendation of denial of the application. The Board has not received such a recommendation from any supervisory authority. Under its rules, the Board also 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 clarify factual issues related to the application and to provide an opportunity for testimony. 12 C.F.R. 225.16(e). In addition, section 4 of the BHC Act and the Board's rules thereunder provide for a hearing on a notice to acquire a nonbanking company if there are disputed issues of material facts that cannot be resolved in some other manner. 12 C.F.R. 225.25(a)(2). The Board has considered carefully the commenters' requests in light of all the facts of record. In the Board's view, the public has had ample opportunity to submit comments on the proposal, and in fact, the commenters have submitted written comments that the Board has considered carefully in acting on the proposal. The commenters' requests fail to identify disputed issues of fact that are material to the Board's decisions that would be clarified by a public hearing or meeting. 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.

finds necessary to ensure compliance with, and to prevent evasion of, the provisions of the BHC Act and the Board's regulations and orders issued thereunder. For purposes of these actions, the commitments and conditions 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 bank acquisitions 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 date of this order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Atlanta acting pursuant to delegated authority.

By order of the Board of Governors,[51] effective June 16, 2004.

(signed)

Robert deV. Frierson
Deputy Secretary of the Board

[51] Voting for this action: Chairman Greenspan, Vice Chairman Ferguson, and Governors Gramlich, Bies, Olson, Bernanke, and Kohn.

APPENDIX A
Banking Markets in which Regions and Union Planters Compete Directly

Alabama Banking Markets

Decatur
Morgan County, and the portion of the City of Decatur in Limestone County.

Florence
Colbert and Lauderdale Counties.

Huntsville
Madison County, and Limestone County, excluding the Town of Ardmore and the portion of the City of Decatur in Limestone County.

Mobile
Mobile County, and the towns of Bay Minette, Daphne, Fairhope, Loxley, Robertsdale, and Spanish Fort.

Arkansas Banking Markets

Blytheville
Mississippi County, and the towns of Virginia, Holland, Cooter, and Pemiscot.

Corning
Clay County.

Jonesboro
Craighead and Poinsett Counties.

Newport
Jackson County.

Paragould
Greene County.

Florida Banking Market

West Palm Beach
The portion of Palm Beach County east of Loxahatchee, and the towns of Indiantown and Hobe Sound.

Louisiana Banking Markets

Baton Rouge
Ascension, East Baton Rouge, Iberville, Livingston, and West Baton Rouge Parishes; the northern half of Assumption Parish; and the Town of Union in St. James Parish.

Houma-Thibodaux
Lafourche and Terrebonne Parishes.

New Orleans
Jefferson, Orleans, Plaquemines, St. Bernard, St. Charles, St. John the Baptist, and St. Tammany Parishes; and St. James Parish, excluding the Town of Union.

Tennessee Banking Markets

Chattanooga
Hamilton and Marion Counties, excluding the portion of the Town of Monteagle in Marion County; and Catoosa, Dade, and Walker Counties in Georgia.

Clarksville
Montgomery and Stewart Counties; and Christian County in Kentucky.

Cookeville
Jackson, Overton, and Putnam Counties.

Fayetteville
Lincoln County, excluding the portion of the Town of Petersburg in this county.

Knoxville
Anderson, Knox, Loudon, Roane, and Union Counties; the portion of Blount County northwest of Chilhowee Mountain; and the towns of Blaine, Buffalo Springs, Chestnut Hill, Danridge, Dumplin, Friends Station, Harriman, Hodges, Kodak, Joppa, Lea Springs, New Market, Oliver Springs, Powder Springs, Seymour, and Strawberry Plains.

Memphis
Fayette, Shelby, and Tipton Counties; Crittenden County in Arkansas; and De Soto and Tate Counties in Mississippi.

Nashville
Cheatham, Davidson, Robertson, Rutherford, Sumner, Williamson, and Wilson Counties.

<u>Texas Banking Market</u>

Houston
Houston Ranally Metropolitan Area.

APPENDIX B
Market Data

Unconcentrated Banking Market

Clarksville, Tennessee/Kentucky
Regions operates the 14th largest depository institution in the market, controlling deposits of $13.5 million, representing less than 1 percent of market deposits. Union Planters operates the 13th largest depository institution in the market, controlling deposits of $38.9 million, representing approximately 2.1 percent of market deposits. After the proposed merger, New Regions would operate the 12th largest depository institution in the market, controlling deposits of $52.4 million, representing approximately 2.8 percent of market deposits. Thirteen depository institutions would remain in the banking market. The HHI would increase by 3 points to 977.

Moderately Concentrated Banking Markets

Chattanooga, Tennessee/Georgia
Regions operates the 16th largest depository institution in the market, controlling deposits of $77.6 million, representing approximately 1.4 percent of market deposits. Union Planters operates the 17th largest depository institution in the market, controlling deposits of $71.7 million, representing approximately 1.3 percent of market deposits. After the proposed merger, New Regions would operate the seventh largest depository institution in the market, controlling deposits of $149.3 million, representing approximately 2.6 percent of market deposits. Twenty-four depository institutions would remain in the banking market. The HHI would increase by 4 points to 1343.

Cookeville, Tennessee
Regions operates the 13th largest depository institution in the market, controlling deposits of $31.1 million, representing approximately 2.3 percent of market deposits. Union Planters operates the fifth largest depository institution in the market, controlling deposits of $135.5 million, representing approximately 9.9 percent of market deposits. After the proposed merger, New Regions would operate the fourth largest depository institution in the market, controlling deposits of $166.6 million, representing approximately 12.2 percent of market deposits. Thirteen depository institutions would remain in the banking market. The HHI would increase by 45 points to 1110.

Decatur, Alabama
Regions operates the largest depository institution in the market, controlling deposits of $203.8 million, representing approximately 14.9 percent of market deposits. Union Planters operates the seventh largest depository institution in the market, controlling deposits of $112.8 million, representing approximately 8.3 percent of market deposits. After the proposed merger, New Regions would remain the largest depository institution in the market, controlling deposits of approximately $316.7 million, representing approximately 23.2 percent of market deposits. Thirteen depository institutions would remain in the banking market. The HHI would increase by 246 points to 1425.

Florence, Alabama
Regions operates the eighth largest depository institution in the market, controlling deposits of $116.5 million, representing approximately 6.2 percent of market deposits. Union Planters operates the 12th largest depository institution in the market, controlling deposits of $29.7 million, representing approximately 1.6 percent of market deposits. After the proposed merger, New Regions would operate the sixth largest depository institution in the market, controlling deposits of $146.2 million, representing approximately 7.8 percent of market deposits. Thirteen depository institutions would remain in the banking market. The HHI would increase by 19 points to 1257.

Houma-Thibodaux, Louisiana
Regions operates the fifth largest depository institution in the market, controlling deposits of $157.1 million, representing approximately 6.9 percent of market deposits. Union Planters operates the 11th largest depository institution in the market, controlling deposits of $52.6 million, representing approximately 2.3 percent of market deposits. After the proposed merger, New Regions would operate the fourth largest depository institution in the market, controlling deposits of approximately $209.6 million, representing approximately 9.1 percent of market deposits. Thirteen depository institutions would remain in the banking market. The HHI would increase by 31 points to 1757.

Huntsville, Alabama
Regions operates the largest depository institution in the market, controlling deposits of $913.8 million, representing approximately 21.6 percent of market deposits. Union Planters operates the ninth largest depository institution in the market, controlling deposits of $103.2 million, representing approximately 2.4 percent of market deposits. After the proposed merger, New Regions would remain the largest depository institution in the market, controlling deposits of

approximately $1 billion, representing approximately 24 percent of market deposits. Thirteen depository institutions would remain in the banking market. The HHI would increase by 105 points to 1339.

Jonesboro, Arkansas
Regions operates the fourth largest depository institution in the market, controlling deposits of $160.3 million, representing approximately 9 percent of market deposits. Union Planters operates the second largest depository institution in the market, controlling deposits of $199.4 million, representing approximately 11.2 percent of market deposits. After the proposed merger, New Regions would operate the second largest depository institution in the market, controlling deposits of approximately $359.6 million, representing approximately 20.2 percent of market deposits. Fifteen depository institutions would remain in the banking market. The HHI would increase by 202 points to 1713.

Knoxville, Tennessee
Regions operates the 22nd largest depository institution in the market, controlling deposits of $32.2 million, representing less than 1 percent of market deposits. Union Planters operates the seventh largest depository institution in the market, controlling deposits of $462.8 million, representing approximately 5.2 percent of market deposits. After the proposed merger, New Regions would operate the seventh largest depository institution in the market, controlling deposits of $495 million, representing approximately 5.5 percent of market deposits. Thirty-one depository institutions would remain in the banking market. The HHI would increase by 4 points to 1118.

Nashville, Tennessee
Regions operates the 11th largest depository institution in the market, controlling deposits of $463.6 million, representing approximately 2.4 percent of market deposits. Union Planters operates the fourth largest depository institution in the market, controlling deposits of $1.1 billion, representing approximately 5.5 percent of market deposits. After the proposed merger, New Regions would operate the fourth largest depository institution in the market, controlling deposits of approximately $1.5 billion, representing approximately 7.9 percent of market deposits. Thirty-five depository institutions would remain in the banking market. The HHI would increase by 26 points to 1105.

New Orleans, Louisiana
Regions operates the fourth largest depository institution in the market, controlling deposits of $1.3 billion, representing approximately 7.4 percent of market deposits.

Union Planters operates the 26th largest depository institution in the market, controlling deposits of $60.5 million, representing less than 1 percent of market deposits. After the proposed merger, New Regions would remain the fourth largest depository institution in the market, controlling deposits of approximately $1.4 billion, representing approximately 7.8 percent of market deposits. Thirty-eight depository institutions would remain in banking market. The HHI would increase by 5 points to 1628.

West Palm Beach, Florida
Regions operates the 53rd largest depository institution in the market, controlling deposits of $1.3 million, representing less than 1 percent of market deposits. Union Planters operates the 14th largest depository institution in the market, controlling deposits of $274.5 million, representing approximately 1.3 percent of market deposits. After the proposed merger, New Regions would operate the 14th largest depository institution in the market, controlling deposits of approximately $275.8 million, representing approximately 1.3 percent of market deposits. Fifth-five depository institutions would remain in the banking market. The HHI would not increase, remaining at 1325.

Highly Concentrated Banking Markets

Baton Rouge, Louisiana
Regions operates the sixth largest depository institution in the market, controlling deposits of $288.6 million, representing approximately 3.5 percent of market deposits. Union Planters operates the fourth largest depository institution in the market, controlling deposits of $638.5 million, representing approximately 7.7 percent of market deposits. After the proposed merger, New Regions would operate the third largest depository institution in the market, controlling deposits of $927.1 million, representing approximately 11.1 percent of market deposits. Thirty-two depository institutions would remain in the banking market. The HHI would increase by 53 points to 1832.

Blytheville, Arkansas
Regions operates the fifth largest depository institution in the market, controlling deposits of $31.5 million, representing approximately 6.8 percent of market deposits. Union Planters operates the seventh largest depository institution in the market, controlling deposits of $23.6 million, representing approximately 5.1 percent of market deposits. After the proposed merger, New Regions would operate the third largest depository institution in the market, controlling deposits of $55.1 million, representing approximately 11.8 percent of market deposits.

Six depository institutions would remain in the banking market. The HHI would increase by 69 points to 2505.

Corning, Arkansas
Regions operates the fourth largest depository institution in the market, controlling deposits of $21.4 million, representing approximately 10 percent of market deposits. Union Planters operates the fifth largest depository institution in the market, controlling deposits of $19.5 million, representing approximately 9.1 percent of market deposits. After the proposed merger, New Regions would operate the third largest depository institution in the market, controlling deposits of approximately $41 million, representing approximately 19 percent of market deposits. Six depository institutions would remain in the banking market. The HHI would increase by 180 points to 2343.

Fayetteville,Tennessee
Regions operates the second largest depository institution in the market, controlling deposits of $77.1 million, representing approximately 20.3 percent of market deposits. Union Planters operates the seventh largest depository institution in the market, controlling deposits of $18.6 million, representing approximately 4.9 percent of market deposits. After the proposed merger, New Regions would remain the second largest depository institution in the market, controlling deposits of approximately $95.6 million, representing approximately 25.2 percent of market deposits. Six depository institutions would remain in the banking market. The HHI would increase by 199 points to 1998.

Houston, Texas
Regions operates the 33rd largest depository institution in the market, controlling deposits of $196.7 million, representing less than 1 percent of market deposits. Union Planters operates the 20th largest depository institution in the market, controlling deposits of $494.2 million, representing less than 1 percent of market deposits. After the proposed merger, New Regions would operate the 13th largest depository institution in the market, controlling deposits of $690.9 million, representing less than 1 percent of market deposits. Eighty-three depository institutions would remain in the banking market. The HHI would not increase, remaining at 2641.

Memphis, Tennessee/Arkansas/Mississippi
Regions operates the 11th largest depository institution in the market, controlling deposits of $324.1 million, representing approximately 1.3 percent of market deposits. Union Planters operates the third largest depository institution in the

market, controlling deposits of $3.7 billion, representing approximately 15.5 percent of market deposits. After the proposed merger, New Regions would operate the second largest depository institution in the market, controlling deposits of approximately $4.1 billion, representing approximately 16.8 percent of market deposits. Fifty-one depository institutions would remain in the banking market. The HHI would increase by 41 points to 2250.

Mobile, Alabama
Regions operates the largest depository institution in the market, controlling deposits of $2.2 billion, representing approximately 37.3 percent of market deposits. Union Planters operates the eighth largest depository institution in the market, controlling deposits of $120.1 million, representing approximately 2.1 percent of market deposits. After the proposed merger, New Regions would remain the largest depository institution in the market, controlling deposits of approximately $2.3 billion, representing approximately 39.4 percent of market deposits. Seventeen depository institutions would remain in the banking market. The HHI would increase by 155 points to 2310.

Newport, Arkansas
Regions operates the fourth largest depository institution in the market, controlling deposits of $4.5 million, representing approximately 2.5 percent of market deposits. Union Planters operates the third largest depository institution in the market, controlling deposits of $37.4 million, representing approximately 20.9 percent of market deposits. After the proposed merger, New Regions would operate the second largest depository institution in the market, controlling deposits of approximately $42 million, representing approximately 23.4 percent of market deposits. Three depository institutions would remain in the banking market. The HHI would increase by 106 points to 3964.

Paragould, Arkansas
Regions operates the eighth largest depository institution in the market, controlling deposits of $17.4 million, representing approximately 3.1 percent of market deposits. Union Planters operates the fourth largest depository institution in the market, controlling deposits of $61.2 million, representing approximately 10.8 percent of market deposits. After the proposed merger, New Regions would operate the second largest depository institution in the market, controlling deposits of approximately $78.5 million, representing approximately 13.9 percent of market deposits. Eight depository institutions would remain in the banking market. The HHI would increase by 66 points to 2525.