

FEDERAL RESERVE press release



For immediate release

May 21, 2001

The Federal Reserve Board today announced its approval of the application by CB&T Bancshares, Inc., Vivian, Louisiana, to become a bank holding company by acquiring all the shares of Citizens Bank & Trust Company, also in Vivian.

Attached is the Board's Order relating to this action.

Attachment

FEDERAL RESERVE SYSTEM

CB&T Bancshares, Inc.
Vivian, Louisiana

Order Approving the Formation
of a Bank Holding Company

CB&T Bancshares, Inc. ("CB&T") has requested the Board's approval under section 3 of the Bank Holding Company Act ("BHC Act") (12 U.S.C. § 1842) to become a bank holding company by acquiring all the shares of Citizens Bank & Trust Company, also in Vivian ("Citizens").

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (66 Federal Register 17,711 (2001)), and the time for filing comments has expired. The Board has considered the application and all comments received in light of the factors set forth in section 3 of the BHC Act.

CB&T is a newly organized corporation formed for the purpose of acquiring control of Citizens. Citizens is the 116th largest commercial banking organization in Louisiana, controlling approximately \$45 million in deposits, representing less than 1 percent of total deposits in commercial banking organizations in the state.¹

The proposal involves the acquisition of a commercial bank by CB&T, which does not currently control any commercial bank. Based on all the facts of record, the Board concludes that the proposal would not have any significantly adverse effects on competition or on the concentration of banking resources in any relevant banking market. Accordingly, the Board

¹ State deposit data are as of December 31, 2000.

has determined that competitive factors under section 3 of the BHC Act are consistent with approval.

Section 3 of the BHC Act also requires the Board to consider the financial and managerial resources and future prospects of the companies and banks involved in a proposal, the convenience and needs of the communities to be served, and certain other supervisory factors. The Board has carefully considered these factors in light of all the facts of record. The Board has carefully reviewed all the financial information provided by CB&T regarding the proposal, including the assessment of the financial resources of Citizens made in confidential examination reports by its primary federal regulator.² Citizens is currently well-capitalized and would continue to be well-capitalized upon consummation of the proposal. The proposal is consistent with the Board's guidelines, including the Board's Policy Statement on the Formation of Small Bank Holding Companies,

² As part of the proposal, minority shareholders holding less than 1,000 shares of Citizens will only have the option of receiving fair cash value in exchange for their shares. Protestants contend that they do not want to sell their shares and that the amount of cash that Citizens will pay to each shareholder per share is inadequate. The federal courts have indicated that the Board must analyze all the proposals under the BHC Act in light of the factors enumerated in the BHC Act and may consider issues of shareholders' rights only to the extent those matters relate to the factors enumerated in the BHC Act. See Western Bancshares, Inc. v. Board of Governors, 480 F.2d 749 (10th Cir. 1973). The Board considered the expected total expense of redeeming minority shares as part of its evaluation of the financial resources in this case. Disputes between shareholders and management regarding redemptions related to reorganization, the fairness of the valuation of shares, and related shareholder issues raised by Protestants are otherwise matters of state and federal securities law and state corporate law and are not related to statutory factors that the Board is charged with reviewing under the BHC Act.

which applies to CB&T because it will have assets of less than \$150 million.³

The Board has also carefully reviewed the management resources of CB&T in light of reports of current and past examination and other supervisory information.⁴ Based on all the facts of record, the Board concludes that the managerial resources and future prospects of the institutions involved, and other supervisory factors, are consistent with approval. In addition, considerations relating to the convenience and needs of the communities to be served, including the record of performance of the institution involved under the Community Reinvestment Act (12 U.S.C. § 2901 et seq.), are consistent with approval.⁵

Based on the foregoing and all the facts of record, the Board has determined that the application should be, and hereby is, approved. The Board's approval is expressly conditioned on the compliance by CB&T with all the commitments and representations made in connection with this application and the conditions referenced in this order. For purposes of this action, the commitments and conditions relied on by the Board in reaching its decision are deemed to be conditions imposed in writing by the Board in connection with its findings and decision, and, as such, may be enforced in proceedings under applicable law.

³ See 12 C.F.R. 225, App. C.

⁴ The Board also considered a comment received regarding the current management of Citizens.

⁵ Citizens received an “outstanding” rating from its primary federal supervisor, the Federal Deposit Insurance Corporation (“FDIC”), at its most recent evaluation for CRA performance, as of October 1, 1998.

The transaction shall not be consummated before the fifteenth calendar day after the effective date of this order or later than three months after the effective date of this order, unless such period is extended for good cause by the Board or the Federal Reserve Bank of Dallas, acting pursuant to delegated authority.

By order of the Board of Governors,⁶ effective May 21, 2001.

(signed)

Robert deV. Frierson
Associate Secretary of the Board

⁶ Voting for this action: Chairman Greenspan, Vice Chairman Ferguson, and Governors Meyer and Gramlich. Absent and not voting: Governor Kelley.