

## FEDERAL RESERVE SYSTEM

SouthTrust Corporation  
SouthTrust of Alabama, Inc.  
SouthTrust Bank

All in Birmingham, Alabama

### Order Approving the Acquisition of Bank Holding Companies, Merger of Banks, and Establishment of Branches

SouthTrust Corporation (“SouthTrust”) and its wholly owned subsidiary, SouthTrust of Alabama, Inc. (“SouthTrust Alabama”), both bank holding companies subject to the provisions of the Bank Holding Company Act (“BHC Act”), have requested the Board’s approval under section 3 of the BHC Act (12 U.S.C. § 1842) to acquire Founders Bancshares (“Founders”) and its wholly owned subsidiaries, Skillman Bancshares (“Skillman”) and Founders National Bank (“Founders Bank”), all in Dallas, Texas. SouthTrust’s subsidiary bank, SouthTrust Bank (“SouthTrust Bank”), a state member bank in Birmingham, has requested the Board’s approval under section 18(c) of the Federal Deposit Insurance Act (12 U.S.C. § 1828(c)) (“Bank Merger Act”) to merge with Founders Bank, with SouthTrust Bank as the surviving entity.<sup>1</sup> In addition, SouthTrust Bank proposes to retain and operate branches at the main and branch offices of Founders Bank.<sup>2</sup>

---

<sup>1</sup> Under the proposal, SouthTrust Alabama would acquire all the issued and outstanding stock of Founders. Simultaneously with the acquisition of Founder’s stock, Founders and Skillman would merge with and into SouthTrust Alabama and Founders Bank would merge with and into SouthTrust Bank.

<sup>2</sup> See 12 U.S.C. §§ 321 & 1831u. The Founders Bank offices to be acquired by SouthTrust Bank are at 9696 Skillman Street and 10600 Forest Lane, both in Dallas.

Notice of the proposal, affording interested persons an opportunity to comment, has been published in accordance with the relevant statutes and the Board's Rules of Procedure (12 C.F.R. 262.3(b)) in the Federal Register (68 Federal Register 3,029 (2003)) and locally. As required by the BHC Act and the Bank Merger Act, reports on the competitive effects of the merger were requested from the U.S. Attorney General and the relevant banking agencies. The time for filing comments has expired, and the Board has considered the applications and all comments received in light of the factors set forth in section 3 of the BHC Act, the Bank Merger Act, and the statutory provisions that govern the retention and operation of interstate branches.

SouthTrust, with total assets of \$50.8 billion, is the largest banking organization in Alabama. SouthTrust operates depository institutions in Alabama, Florida, Georgia, Mississippi, North Carolina, South Carolina, Tennessee, and Texas. SouthTrust Bank is the 19<sup>th</sup> largest depository institution in Texas, controlling deposits of approximately \$1.8 billion, representing less than 1 percent of total deposits of insured depository institutions in the state ("state deposits").<sup>3</sup> Founders Bank is the 230<sup>th</sup> largest depository institution in Texas, controlling deposits of \$102.5 million, representing less than 1 percent of state deposits. On consummation of the proposal, SouthTrust Bank would become the 18<sup>th</sup> largest depository institution in Texas, controlling deposits of approximately \$1.9 billion, representing less than 1 percent of state deposits.

---

<sup>3</sup> Asset data are as of December 31, 2002. Deposit and state ranking data are as of June 30, 2002, and are adjusted to reflect mergers and acquisitions completed through December 6, 2002. In this context, depository institutions include commercial banks, savings banks, and savings associations.

### 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 SouthTrust is Alabama, and SouthTrust proposes to acquire a bank in Texas.<sup>4</sup> Based on a review of all the facts of record, including a review of relevant state statutes, the Board finds that all conditions for an interstate acquisition enumerated in section 3(d) are met in this case.<sup>5</sup> In light of all the facts of record, the Board is permitted to approve the proposal under section 3(d) of the BHC Act.

### Financial and Managerial Considerations

The BHC Act and the Bank Merger Act require the Board to consider the financial and managerial resources and future prospects of the companies and banks involved in a proposal and certain other supervisory factors under the BHC Act. In assessing the financial and managerial strength of SouthTrust and its subsidiaries, the Board has reviewed information provided by SouthTrust, confidential supervisory and examination information, and publicly reported and other financial information. Based on all the facts of record, the Board concludes

---

<sup>4</sup> See 12 U.S.C. § 1841(o)(4)(C).

<sup>5</sup> 12 U.S.C. § 1842(d)(1)(A) & (B), 1842(d)(2)(A) & (B). SouthTrust is well capitalized and well managed, as defined by applicable law. Founders Bank has been in existence and operated for the minimum period of time required by Texas law. On consummation of the proposal, SouthTrust would control less than 10 percent of the total amount of deposits of insured depository institutions in the United States. SouthTrust also would control less than 20 percent of the total deposits of insured depository institutions in Texas, the maximum percentage of total deposits in the state that is permitted under state law to be controlled by a bank holding company after an interstate acquisition. See Tx. Fin. Code Ann. § 202.002. All other requirements under section 3(d) of the BHC Act also would be met on consummation of the proposal.

that the financial and managerial resources and future prospects of the organizations involved in the proposal are consistent with approval, as are other supervisory factors under the BHC Act.

### Competitive Considerations

Section 3 of the BHC Act and the Bank Merger Act prohibit 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. The BHC Act and the Bank Merger Act also prohibit 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.<sup>6</sup>

SouthTrust Bank and Founders Bank compete directly in the Dallas, Texas, banking market (“Dallas banking market”).<sup>7</sup> SouthTrust Bank is the 21<sup>st</sup> largest depository institution in the market, controlling less than 1 percent of total deposits in depository institutions in the market (“market deposits”).<sup>8</sup> Founders Bank is the 41<sup>st</sup> largest depository institution in the market, also controlling less than 1 percent of market deposits. On consummation of the proposal, SouthTrust Bank would become the 16<sup>th</sup> largest depository institution in the market, controlling less than 1 percent of market deposits.

---

<sup>6</sup> 12 U.S.C. § 1842(c)(1)(A) & (B); 12 U.S.C. § 1828(c)(5)(A) & (B).

<sup>7</sup> The Dallas banking market is defined as Dallas and Rockwall Counties, Denton and Lewisville in Denton County, McKinney and Plano in Collin County, Forney and Terrell in Kaufman County, Midlothian, Waxahachie and Ferris in Ellis County, and Grapevine and Arlington in Tarrant County, all in Texas.

<sup>8</sup> Market share data are as of June 30, 2002, and are based on calculations in which the deposits of thrift institutions are included at 50 percent. See First Hawaiian, Inc., 77 Federal Reserve Bulletin 52 (1991).

The Board has reviewed the competitive effects of the proposal in the Dallas banking market in light of all the facts of record, including the number of competitors that would remain in the market, the relative share of market deposits controlled by SouthTrust Bank and Founders Bank, 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 market.<sup>9</sup>

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. In addition, no federal banking 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 result in any significantly adverse effects on competition or on the concentration of banking resources in the Dallas banking market or in any other relevant banking market.

#### Convenience and Needs Considerations

In acting on this proposal, the Board also must consider the convenience and needs of the communities to be served and take into account the records of performance of the relevant insured depository institutions under the Community Reinvestment Act (12 U.S.C. § 2901 *et seq.*) (“CRA”). The CRA requires the federal supervisory agencies to encourage insured depository institutions to help meet the credit needs of local communities in which they operate, consistent with safe and

---

<sup>9</sup> Under the DOJ Guidelines, 49 Federal Register 26,823 (1984), the HHI for the Dallas banking market would not increase and would remain moderately concentrated at 1,262 points. 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.

sound operation. The CRA requires the appropriate federal financial supervisory agency to take into account an insured depository institution's record of meeting the credit needs of its entire community, including low- and moderate-income ("LMI") neighborhoods, in evaluating bank expansion proposals. The Board has considered carefully the effects of the proposal on the convenience and needs of the communities to be served in light of all the facts of record, including confidential supervisory information, comments received on the proposal, information on the performance under the CRA of the relevant insured depository institutions, publicly available data, and information submitted by SouthTrust.

The Board received comments from five community organizations opposing the proposal and expressing concerns about the record of SouthTrust Bank in meeting the convenience and needs of the communities it serves. Four of the commenters criticized SouthTrust Bank's record of lending to LMI and minority borrowers and borrowers in LMI census tracts in several of the bank's assessment areas in Alabama, Georgia, Mississippi, North Carolina, and South Carolina.<sup>10</sup> These commenters also criticized SouthTrust Bank's high denial rates of mortgage applications by African Americans in North Carolina, Alabama, Mississippi, and Georgia and stated that the denial rates suggested that SouthTrust Bank did not offer, or use effectively, flexible mortgage lending products. In addition, all five commenters criticized SouthTrust Bank's record of providing community

---

<sup>10</sup> The commenters alleged, among other things, that SouthTrust Bank and its wholly owned subsidiary, SouthTrust Mortgage Corporation ("SouthTrust Mortgage"), engaged in disparate treatment of minority and nonminority individuals in mortgage lending by citing data submitted under the Home Mortgage Disclosure Act, 12 U.S.C. § 2801 *et seq.* ("HMDA").

development investments and services in one or more of the bank's assessment areas.<sup>11</sup>

A. CRA Performance Evaluations

As provided in the CRA, the Board has evaluated the convenience and needs factor in light of examinations of the CRA performance records of the relevant depository institutions by the appropriate federal supervisors. 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.<sup>12</sup>

SouthTrust Bank received a "satisfactory" CRA rating at its most recent CRA performance evaluation, as of April 2, 2001, from the Federal Reserve Bank of Atlanta. Founders Bank also received a "satisfactory" CRA rating at its most recent CRA performance evaluation, as of December 12, 1997, from the Office of the Comptroller of the Currency. SouthTrust has indicated that it intends to implement the CRA-related programs and activities and to offer the CRA-related products of SouthTrust Bank at the offices of Founders Bank on consummation of the proposal.

---

<sup>11</sup> Commenters requested that SouthTrust Bank develop relationships with community development credit unions and other community organizations and enter into commitments with specific community organizations. Neither the CRA nor the federal banking agencies' CRA regulations require depository institutions to make pledges or enter into agreements with any organization. Instead, the Board focuses on the existing record of an applicant and the programs that the applicant has in place to meet the credit needs of the communities it serves. See Fifth Third Bancorp, 80 Federal Reserve Bulletin 838 (1994).

<sup>12</sup> See Interagency Questions and Answers Regarding Community Reinvestment, 66 Federal Register 36,620 and 36,639 (2001).

## B. SouthTrust Bank's CRA Performance Record

### 1. Lending Test

Examiners rated SouthTrust Bank overall "high satisfactory" under the lending test at its most recent CRA performance examination for the review period January 1, 1999, through December 31, 2000.<sup>13</sup> Examiners concluded that the bank's lending reflected a good responsiveness to the credit needs of its assessment areas. They indicated that during the review period, SouthTrust Bank bought or originated 58,175 HMDA loans, totaling \$6.1 billion, in its assessment areas. Moreover, examiners commended SouthTrust Bank for originating more than 90 percent of its small business, HMDA, and small farm loans in its assessment areas. Examiners also noted that SouthTrust Bank's lending data reflected a good distribution of lending in geographies of different income levels and a good distribution of lending to borrowers of different income levels and businesses of different sizes.

As noted above, several commenters asserted that SouthTrust Bank's rate of denial for African-American applicants in some areas suggested that the bank did not offer, or use effectively, flexible lending products. Examiners reported that SouthTrust Bank used flexible lending practices in serving the credit needs of its assessment areas, which included a variety of affordable housing programs. In addition, since the examination, SouthTrust represented that SouthTrust Bank and SouthTrust Mortgage have made 2,821 loans totaling more than \$258 million through affordable loan programs. SouthTrust also represented that it continues to offer a variety of affordable housing programs, including a no-down-payment program that offers a fixed rate mortgage with no down payment and no closing costs. Moreover, SouthTrust offers a first-time homebuyer program designed for LMI borrowers to

---

<sup>13</sup> Examiners took into account the home mortgage originations and purchases of SouthTrust Bank and SouthTrust Mortgage in evaluating the performance of SouthTrust Bank.

obtain financing for a home in circumstances where a traditional loan program would not be available to them because of loan-to-value or down-payment requirements.

Examiners found that SouthTrust Bank made a relatively high amount of community development loans, totaling \$174.2 million. These loans funded the construction, renovation, and purchase of affordable single and multifamily housing and industrial development in such areas as Birmingham (\$1.9 million), Tampa, Florida (\$15.7 million), Atlanta, Georgia (\$3.8 million), Biloxi, Mississippi (\$404,000), Raleigh, North Carolina (\$7.7 million), Charleston, South Carolina (\$200,000), Memphis, Tennessee (\$2.8 million), and Beaumont, Texas (\$1.3 million). SouthTrust reported that during 2001 and 2002, the bank made more than 600 community development loans that totaled more than \$250 million throughout its assessment areas. These loans exceeded the amounts indicated in the following states: Alabama (\$38 million), Georgia (\$22 million), Mississippi (\$36 million), North Carolina (\$14 million), and South Carolina (\$8 million).

Commenters cited criticisms of SouthTrust Bank's lending performance and ratings assigned to the bank in several assessments areas in the bank's overall assessment area.<sup>14</sup> Commenters noted that the bank received "low satisfactory" ratings under the lending test for Mississippi and North Carolina. In addition, commenters noted that examiners characterized SouthTrust Bank's geographic distribution of mortgage loans and small business loans in North Carolina as poor. One commenter also noted that the bank's lending to borrowers of different income levels in Mississippi was considered by examiners to be poor. Several commenters pointed out examiner criticisms of

---

<sup>14</sup> In addition to the bankwide ratings, examiners also assigned overall ratings and separate ratings under the lending, investment and service tests for SouthTrust Bank's performance in six states, five multistate Metropolitan Statistical Areas ("MSAs"), and six other MSAs that are part of the bank's assessment areas.

SouthTrust Bank's community development lending in certain geographic areas in Alabama, North Carolina, South Carolina, and Tennessee.

Although examiners criticized the bank's lending and assigned ratings of "low satisfactory" in some assessment areas, examiners also commended the bank's lending performance in other areas and assigned the bank "high satisfactory" ratings under the lending test in those areas. For example, the bank received "high satisfactory" ratings under the lending test statewide in Alabama, Florida, and Texas. After considering SouthTrust Bank's entire record in all the assessment areas reviewed, examiners assigned a "high satisfactory" rating under the lending test for the bank as a whole.

Similarly, in considering the convenience and needs factor under the BHC Act and the Bank Merger Act, the Board has considered the overall record of lending of SouthTrust Bank in all the markets in which it participates. The Board has reviewed carefully the examiners' evaluation of the bank's lending performance in the assessment areas reviewed and the conclusions on the bank's overall record of lending in the performance evaluation. In addition, the Board has considered supervisory information, information provided by SouthTrust, and publicly available information on the bank's record of lending since the examination in certain assessment areas, including those areas highlighted by the commenters.

## 2. Investment Test

Examiners rated SouthTrust Bank "high satisfactory" for its record of responding to the community development needs of its overall assessment area through investments and stated that the bank made significant use of community development investments to support community development initiatives. Examiners indicated that the bank made a significant level of qualified community development investments and grants, which totaled more than \$146 million during

the assessment period.<sup>15</sup> Examiners also noted that SouthTrust Bank’s investment portfolio totaled approximately \$9.9 billion as of December 31, 2000. Overall, examiners found that SouthTrust Bank showed good responsiveness to credit and community development needs.

Examiners indicated that SouthTrust Bank exhibited an excellent responsiveness to credit and community development needs in Alabama through its investment activities and reported that the bank invested approximately \$31 million in community development financial institution investments (“CDFI investments”), low-income housing tax credits, and municipal bonds.<sup>16</sup> In Georgia, SouthTrust Bank invested approximately \$14 million in municipal bonds and Federal National Mortgage Association wraps (“FNMA wraps”).<sup>17</sup> Examiners also commended the bank for making an in-kind donation of a vacant branch in Georgia to a local business that conducts job training, credit counseling, and home ownership seminars to LMI individuals. Examiners reported that during the review period, SouthTrust Bank made qualifying investments of \$14.4 million in

---

<sup>15</sup> SouthTrust represented that since its most recent performance evaluation, it has increased the amount of its qualified investments for community development purposes by an additional \$90 million.

<sup>16</sup> CDFI investments are investments by depository institutions in private-sector financial intermediaries, including credit unions, that have community development as their primary purpose. One commenter criticized the bank’s commitment to community development in Alabama outside the Birmingham MSA. The Board notes that SouthTrust Bank received an “outstanding” rating under the investment test in Alabama, which included a review of the bank’s assessment areas outside Birmingham.

<sup>17</sup> FNMA wraps are investments in pools of mortgages backed by investment-grade bond issuances used to aid in CRA initiatives, such as affordable housing projects.

North Carolina, more than \$3.5 million in Mississippi, and \$1.7 million in Tennessee.<sup>18</sup>

SouthTrust represented that since the most recent examination, SouthTrust Bank has undertaken other measures to provide economic and community support to projects and programs that assist LMI and minority populations. SouthTrust stated that the bank provided a branch location for a community development credit union and conducted three faith-based empowerment conferences in Alabama. In addition, SouthTrust Bank hired a technical assistance manager to provide investment and technical assistance to community development credit unions, community development corporations, and nonprofit organizations in Alabama and North Carolina. SouthTrust also stated that SouthTrust Bank received approval from the Federal Home Loan Bank of Atlanta for funding from the Economic Development and Growth Enhancement Program to support an organization in Augusta, Georgia, that will construct an office building in a low-income census tract. In addition, SouthTrust represented that the bank obtained funding from the same Federal Home Loan Bank to support initiatives of six local housing organizations that serve LMI persons and their communities, including organizations in North Carolina.

---

<sup>18</sup> Commenters underscored that examiners gave SouthTrust Bank “low satisfactory” ratings under the investment test for Mississippi and the Charlotte MSA, and “needs to improve” ratings in the Augusta, Georgia, and Chattanooga, Tennessee, MSAs. However, examiners gave the bank “high satisfactory” ratings under the investment test in Georgia, North Carolina, and Tennessee. In addition, SouthTrust represented that since the last performance evaluation, it made three investments in the Augusta MSA, totaling \$2.4 million, and one in the Chattanooga MSA, totaling more than \$911,000. SouthTrust also represented that since the performance evaluation, SouthTrust Bank has made community development investments of \$44 million in Georgia, \$9.7 million in Tennessee, \$12 million in Mississippi, and \$18 million in North Carolina.

### 3. Service Test

Examiners rated SouthTrust Bank an overall “low satisfactory” in its most recent performance evaluation for its provision of community development and retail banking services.<sup>19</sup> Examiners found SouthTrust Bank’s delivery systems and branch locations reasonably accessible, and that its hours of operation were convenient to most portions of its overall assessment area. Examiners noted that 18 percent of the bank’s total branches were in LMI areas, which was highly representative of the number of families and businesses in LMI census tracts in SouthTrust Bank’s assessment areas. In addition, examiners found that SouthTrust Bank provided an adequate level of community development services and stated that personnel used their financial expertise to provide financial services to benefit residents in the bank’s assessment areas. Examiners also noted that the services provided were highly responsive to affordable housing needs in SouthTrust Bank’s assessment areas.

### C. HMDA

The Board also has carefully considered SouthTrust’s lending record in light of public comments received by the Board on HMDA data reported by SouthTrust.<sup>20</sup> In considering this proposal, the Board has reviewed publicly available HMDA data for 2000 and 2001 from SouthTrust Bank, SouthTrust Mortgage, and lenders that operate in SouthTrust Bank’s assessment

---

<sup>19</sup> Commenters noted that SouthTrust Bank was rated “low satisfactory” on the service test in North Carolina and the Chattanooga MSA.

<sup>20</sup> Based on 2001 HMDA data, commenters criticized SouthTrust’s record of home mortgage lending to African Americans, LMI borrowers, or borrowers in LMI census tracts in certain of the bank’s assessment areas in Alabama, North Carolina, and South Carolina. Commenters also expressed concern about the bank’s high rate of denials for African-American applicants in certain assessment areas in Alabama, Georgia, Mississippi, North Carolina, and South Carolina.

areas, and preliminary HMDA data from 2002 from SouthTrust Bank and SouthTrust Mortgage.<sup>21</sup> Moreover, the Board has reviewed information about the loan underwriting processes of SouthTrust Bank and SouthTrust Mortgage, including management and audit functions governing loan underwriting, the credit review processes, and fair lending training provided to personnel.

The HMDA data generally indicate disparities in the rate SouthTrust denies applications by African Americans compared with those by nonminority applicants in many of the markets reviewed. In addition, the data generally indicate that the number and dollar volume of HMDA-reportable loan originations by SouthTrust to African-American and LMI borrowers and borrowers in LMI census tracts, as a percentage of its total HMDA-reportable lending in 2000 and 2001, were below the percentage of the HMDA-reporting lenders in the aggregate in many of the areas reviewed.

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 their race, gender, or national origin. 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. HMDA data, moreover, provide only limited information about the covered loans.<sup>22</sup>

---

<sup>21</sup> As a part of its review, the Board has evaluated the HMDA data for SouthTrust Bank and SouthTrust Mortgage, separately and combined, in certain markets.

<sup>22</sup> The data do not, for example, 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 independent

HMDA data, therefore, have limitations that make them an inadequate basis, absent other information, for concluding that an institution has not assisted adequately in meeting its community's credit needs or has engaged in illegal lending discrimination.

Because of the limitations of HMDA data, the Board has considered these data carefully in light of other information, including confidential supervisory information, examination reports that provide on-site evaluation of the compliance with fair lending laws by SouthTrust Bank and SouthTrust Mortgage, and the overall lending and community development activities of SouthTrust. At the last examination, examiners found no violations of the substantive provisions of fair lending and consumer protection laws at SouthTrust Bank or SouthTrust Mortgage and no evidence of prohibited discrimination or other illegal credit practices.

In addition, the SouthTrust HMDA data generally indicate that the volume of home mortgage originations increased significantly from 2000 to 2001, and the percentage increases in originations in the markets reviewed were comparable with those of the aggregate of lenders. The volume of HMDA loans to African Americans, LMI borrowers, and borrowers in LMI census tracts also increased between 2000 and 2001 in a number of the markets reviewed. Moreover, the 2001 HMDA data indicate that the ratio of denial rates of applications from African Americans compared with denial rates for nonminorities was comparable with this ratio for the aggregate of lenders in many of the markets reviewed.

---

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.

As noted above, SouthTrust has in place a number of programs designed to help meet the credit needs of its communities, and examiners found that SouthTrust Bank has engaged in substantial lending throughout its assessment areas. In addition, SouthTrust has represented that it has undertaken several initiatives since its most recent performance evaluation and implemented additional programs in an effort to improve its lending to minority and LMI individuals and in LMI areas.

D. Conclusion on Convenience and Needs Considerations

In reviewing the effect of the proposal on the convenience and needs of the communities to be served, the Board has considered carefully all the facts of record, including the comments received and the responses to the comments, evaluations of the performance of SouthTrust Bank and Founders Bank under the CRA, the relevant HMDA data for SouthTrust Bank and SouthTrust Mortgage, other information provided by SouthTrust, and confidential supervisory information. The Board also has reviewed information submitted by SouthTrust on its CRA performance and activities to help ensure compliance with fair lending laws since the last performance evaluation.

The record indicates that SouthTrust has sound CRA performance overall in a number of areas. The record also indicates that there are opportunities for improvement in SouthTrust Bank's overall satisfactory CRA record, and in particular, its HMDA lending record, and the Board encourages SouthTrust to pursue those opportunities. Based on all the facts of record, and for the reasons discussed above, the Board concludes that considerations relating to the convenience and needs of the communities to be served, including the CRA performance records of the institutions involved in the proposal, are consistent with approval of the proposal.<sup>23</sup>

---

<sup>23</sup> Several commenters suggested that SouthTrust provided the Board with insufficient information when describing how it meets the convenience and needs

Conclusion

Based on the foregoing and all facts of record, the Board has determined that the applications should be, and hereby are, approved. In reaching its 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, the Bank Merger Act, and the statutory provisions that govern the retention and operation of interstate branches.

The Board's approval is specifically conditioned on compliance by SouthTrust and SouthTrust Bank with all the commitments and representations made in connection with the applications. These commitments, representations, and conditions are deemed to be conditions imposed in writing by the Board in connection with its findings and decisions and, as such, may be enforced in proceedings under applicable law.

---

of the communities it serves, and requested that SouthTrust provide the Board with specific information about its lending operations, level and types of community development loans and investments, and policies, practices, and initiatives for affordable loan products. The Board has accumulated a significant record in this case, including examination reports on the CRA and compliance records of SouthTrust, comments received from the public, information from SouthTrust in the application and in responses to requests for additional information from the Board, and responses by SouthTrust to the commenters. The Board has carefully evaluated the effect of the proposal on the convenience and needs of the communities to be served in light of all the information in the record and concludes that the record in this case is sufficient to warrant consideration of and action on the proposal at this time.

The proposed transactions may 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 Atlanta, acting pursuant to delegated authority.

By order of the Board of Governors,<sup>24</sup> effective March 19, 2003.

(signed) Robert deV. Frierson  
Robert deV. Frierson  
Deputy Secretary of the Board

---

<sup>24</sup> Voting for this action: Chairman Greenspan, Vice Chairman Ferguson, and Governors Gramlich, Bies, Olson, Bernanke, and Kohn.