FRB Order No. 2015-04
February 12, 2015

FEDERAL RESERVE SYSTEM

Simmons First National Corporation
Pine Bluff, Arkansas

Order Approving the Merger of Bank Holding Companies

Simmons First National Corporation ("Simmons"), Pine Bluff, Arkansas, has requested the Board's approval under section 3 of the Bank Holding Company Act ("BHC Act")[1] to merge with Liberty Bancshares, Inc. ("Liberty"), and thereby indirectly acquire its subsidiary bank, Liberty Bank, both of Springfield, Missouri.[2] Following the proposed acquisition, Liberty Bank, a state nonmember bank, would be merged into Simmons' subsidiary bank, Simmons First National Bank ("Simmons Bank"), Pine Bluff, Arkansas.[3]

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (79 Federal Register 42793 (2014)).[4] The time for submitting comments has expired, and the Board has considered the proposal and all comments received in light of the factors set forth in section 3 of the BHC Act.

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[1] 12 U.S.C. § 1842.

[2] Simmons has also requested the Board's approval to merge with Community First Bancshares, Inc. ("Community First"), Union City, Tennessee. See Community First Bancshares, Inc., FRB Order 2015-03 (February 12, 2015).

[3] The consolidation of Liberty Bank into Simmons Bank is subject to the approval of the Office of the Comptroller of the Currency ("OCC") pursuant to section 18(c) of the Federal Deposit Insurance Act. 12 U.S.C. § 1828(c).

[4] 12 CFR 262.3(b).

Simmons, with consolidated assets of approximately $4.8 billion, is the 185th largest depository organization in the United States, controlling approximately $4.0 billion in consolidated deposits.[5] Simmons operates in Arkansas, Kansas, and Missouri. Simmons is the 106th largest depository organization in Missouri, controlling deposits of approximately $207.0 million, which represent less than 1 percent of the total deposits of insured depository institutions in that state.[6]

Liberty, with consolidated assets of approximately $1.1 billion, is the 630th largest depository organization in the United States, controlling approximately $881.2 million in consolidated deposits. Liberty operates only in Missouri. Liberty is the 22nd largest depository organization in Missouri, controlling less than 1 percent of the total deposits of insured depository institutions in that state.

On consummation of the current proposals,[7] Simmons would become the 125th largest depository organization in the United States, with consolidated assets of approximately $7.8 billion, which represent less than 0.1 percent of the total assets of insured depository institutions in the United States. Simmons would control total deposits of approximately $6.4 billion. In Missouri, Simmons would become the 20th largest depository organization, controlling deposits of approximately $1.1 billion, which represent less than 1 percent of the total deposits of insured depository institutions in that state.[8]

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[5] Asset and nationwide deposit-ranking data are as of June 30, 2014, and are updated to reflect Simmons' acquisition on September 1, 2014, of Delta Trust and Banking Corporation, formerly headquartered in Little Rock, Arkansas, unless otherwise noted.

[6] State deposit data are as of June 30, 2014, unless otherwise noted. In this context, insured depository institutions include commercial banks, savings associations, and banks.

[7] Pro forma data include this request to merge with Liberty and Simmons' separate request to merge with Community First. See Community First Bancshares, Inc., infra note 2.

[8] Simmons' deposit-rankings in Arkansas and Kansas would remain unchanged. Simmons' separate request to merge with Community First does not involve any assets or deposits controlled in Missouri.

Interstate and Deposit Cap Analysis

Section 3(d) of the BHC Act generally provides that, if certain conditions are met, the Board may approve an application by a bank holding company to acquire control of a bank in a state other than the home state of the bank holding company without regard to whether the transaction is prohibited under state law.[9] Under this section, the Board may not approve an application that would permit an out-of-state bank holding company to acquire a bank in a host state if the bank has not been in existence for the lesser of the state statutory minimum period of time or five years.[10] In addition, the Board may not approve an interstate acquisition if the bank holding company controls or would control more than 10 percent of the total deposits of insured depository institutions in the United States, or 30 percent or more of the total deposits of insured depository institutions in the target bank's home state or in any state in which the acquirer and target have overlapping banking operations.[11]

For purposes of the BHC Act, the home state of Simmons is Arkansas and Liberty's home state is Missouri.[12] Simmons is well capitalized and well managed under applicable law and has a satisfactory Community Reinvestment Act ("CRA") rating.[13] Missouri has no minimum age requirement, and Liberty has been in existence for more than five years. On consummation of the proposed transactions, Simmons would control

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[9] 12 U.S.C. § 1842(d)(1)(A).

[10] 12 U.S.C. § 1842(d)(1)(B).

[11] 12 U.S.C. § 1842(d)(2)(A), (B). The acquiring and target institutions have overlapping banking operations in any state in which any bank to be acquired is located and the acquiring bank holding company controls any insured depository institution or a branch. For purposes of section 3(d) of the BHC Act, the Board considers a bank to be located in the states in which the bank is chartered or headquartered or operates a branch. See 12 U.S.C. § 1841(o)(4)–(7).

[12] See 12 U.S.C. § 1841(o)(4). A bank holding company's home state is the state in which the total deposits of all banking subsidiaries of such company were the largest on July 1, 1966, or the date on which the company became a bank holding company, whichever is later. A state bank's home state is the state in which the bank is chartered.

[13] 12 U.S.C. §§ 2901–2908.

less than 1 percent of the total amount of consolidated deposits in insured depository institutions in the United States. In addition, the combined organization would control less than 1 percent of the total amount of deposits of insured depository institutions in Liberty's home state, Missouri, the only state in which Simmons and Liberty have overlapping banking operations. Accordingly, in light of all the facts of record, the Board is not prohibited from approving 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 market. The BHC Act also prohibits the Board from approving a proposal that would substantially lessen competition in any relevant banking market, unless the anticompetitive effects of the proposal 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.[14]

Simmons Bank and Liberty Bank compete directly only in the Springfield, Missouri, banking market (the "Springfield banking market").[15] The Board has considered the competitive effects of this proposal on the Springfield banking market in light of all the facts of record. In particular, the Board has considered the number of competitors that would remain in the banking market; the relative shares of total deposits in insured depository institutions in the market ("market deposits") controlled by Simmons and Liberty;[16] the concentration levels of market deposits and the increase in

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[14] 12 U.S.C. § 1842(c)(1).

[15] The Springfield banking market is defined as the counties of Christian, Dade, Dallas, Greene, Polk, Webster, and the northern half of Lawrence (including the townships of Red Oak, Green, Lincoln, Ozark, Turnback, Mount Vernon, and Vineyard, and the city of Mount Vernon) in Missouri. The subsidiary depository institutions of Liberty and Community First do not compete directly in any banking market. See Community First Bancshares, Inc., infra note 2.

[16] Deposit and market share data are as of June 30, 2014, 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,

those levels, as measured by the Herfindahl-Hirschman Index ("HHI") under the Department of Justice Bank Merger Competitive Review guidelines ("DOJ Bank Merger Guidelines");[17] and other characteristics of the markets.

Consummation of the proposal would be consistent with Board precedent and within the thresholds in the DOJ Bank Merger Guidelines in the Springfield banking market. On consummation, the Springfield banking market would remain unconcentrated as measured by the HHI, and numerous competitors would remain.[18]

The DOJ has advised the Board that consummation of the proposal would not likely have a significantly adverse effect on competition in any relevant banking market. In addition, the appropriate banking agencies have been afforded an opportunity to comment and have not objected to the proposal.

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significant competitors to commercial banks. See, e.g., Midwest Financial Group, 75 Federal Reserve Bulletin 386 (1989); and 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).

[17] Under the DOJ Bank Merger Guidelines, a market is considered unconcentrated if the post-merger HHI is under 1000, moderately concentrated if the post-merger HHI is between 1000 and 1800, and highly concentrated if the post-merger HHI exceeds 1800. The Department of Justice ("DOJ") has informed the Board that a bank merger or acquisition generally would 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. Although the DOJ and the Federal Trade Commission issued revised Horizontal Merger Guidelines in 2010 (see Press Release, Department of Justice (August 19, 2010), www.justice.gov/opa/pr/2010/August/10-at-938.html), the DOJ has confirmed that its Bank Merger Guidelines, which were issued in 1995, were not modified.

[18] Simmons Bank is the 39th largest depository institution in the Springfield banking market, controlling approximately $8.1 million in deposits, which represent less than 1 percent of market deposits. Liberty Bank is the fourth largest depository institution in the market, controlling approximately $586.3 million in deposits, which represent 6.88 percent of market deposits. On consummation of the proposed transaction, Simmons Bank would become the fourth largest depository institution in the market, controlling approximately $594.5 million in deposits, which represent 6.98 percent of market deposits. The HHI would increase by one point to 694, and 39 competitors would remain in the market.

Based on all of the facts of record, the Board concludes that consummation of the proposal would not have a significantly adverse effect on competition or on the concentration of resources in the Springfield banking market or in any other relevant banking market. Accordingly, the Board has determined that competitive considerations are consistent with approval.

Financial, Managerial, and Other Supervisory Considerations

In evaluating financial factors, the Board reviews the financial condition of the organizations involved on both parent-only and consolidated bases, as well as the financial condition of the subsidiary depository institutions and the organizations' significant nonbanking operations. In this evaluation, the Board considers a variety of information, including capital adequacy, asset quality, and earnings performance. The Board evaluates the financial condition of the combined organization, including its capital position, asset quality, liquidity, and earnings prospects, and the impact of the proposed funding of the transaction. The Board also considers the ability of the organization to absorb the costs of the proposal and the proposed integration of the operations of the institutions. In assessing financial factors, the Board considers capital adequacy to be especially important. The Board considers the future prospects of the organizations involved in the proposal in light of the financial and managerial resources and the proposed business plan.

The Board has considered the financial factors of the proposal. Simmons and Simmons Bank are both well capitalized and would remain so on consummation of the proposed acquisition. The proposed transaction is a bank holding company merger that is structured as an exchange of shares.[19] The asset quality, earnings, and liquidity of Simmons Bank and Liberty Bank are consistent with approval, and Simmons appears to have adequate resources to absorb the costs of the proposal and to complete integration of

[19] As part of the proposed transaction, each share of Liberty common stock would be exchanged for one share of Simmons common stock.

the institutions' operations. Based on its review of the record, the Board finds that the organization has sufficient financial resources to effect the proposal.

The Board also has considered the managerial resources of the organizations involved and of the proposed combined organization. The Board has reviewed the examination records of Simmons, Liberty, and their subsidiary depository institutions, including assessments of their management, risk-management systems, and operations. In addition, the Board has considered its supervisory experiences and those of other relevant bank supervisory agencies with the organizations and their records of compliance with applicable banking and anti-money-laundering laws.

Simmons, Liberty, and their subsidiary depository institutions are each considered to be well managed. Simmons' existing risk-management program and its directorate and senior management are considered to be satisfactory. The directors and senior executive officers of Simmons have substantial knowledge of and experience in the banking and financial services sectors.

The Board also has considered Simmons' plans for implementing the proposal. Simmons is devoting significant financial and other resources to address all aspects of the post-acquisition integration process for this proposal.[20] Simmons would implement its risk-management policies, procedures, and controls at the combined organization, and these are considered acceptable from a supervisory perspective. In addition, Simmons' and Liberty's management has the experience and resources to ensure that the combined organization operates in a safe and sound manner, and Simmons is proposing to integrate Liberty Bank's existing management and personnel in a manner that augments Simmons' management.[21]

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[20] Simmons plans to operate Liberty Bank as a separate entity until April 2015, at which time Simmons will integrate Liberty Bank into Simmons Bank.

[21] On consummation, Simmons will increase from 9 to 10 the number of seats on its board of directors. Nine directors currently serving on Simmons' board of directors, and one director nominated by Liberty's board of directors will serve on the board of the combined organization. On consummation of its separate request to merge with Community First, Simmons will further increase the number of seats on its board of

Simmons' supervisory record, managerial and operational resources, and plans for operating the combined institution after consummation provide a reasonable basis to conclude that managerial factors are consistent with approval.

Based on all the facts of record, the Board has concluded that considerations relating to the financial and managerial resources and future prospects of the organizations involved in the proposal, as well as the records of effectiveness of Simmons and Liberty in combatting money-laundering activities, are consistent with approval.

Convenience and Needs Considerations

In acting on a proposal under section 3 of the BHC Act, the Board must consider the effects of the proposal on the convenience and needs of the communities to be served and take into account the records of the relevant depository institutions under the CRA.[22] The CRA requires the federal financial supervisory agencies to encourage insured depository institutions to help meet the credit needs of the local communities in which they operate, consistent with their safe and sound operation,[23] and requires the appropriate federal financial supervisory agency to take into account a relevant depository institution's record of meeting the credit needs of its entire community, including low- and moderate-income ("LMI") neighborhoods, in evaluating bank expansionary proposals.[24]

The Board has considered all the facts of record, including reports of examination of the CRA performance of Simmons Bank and Liberty Bank, data reported

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directors to 12, and the two additional directors will be nominated by Community First's board of directors. The chairman and chief executive officer of Simmons will continue to serve in his role following the merger. The current chairman and chief executive officer of both Liberty and Liberty Bank will continue to serve in his role at Liberty Bank following the merger and will become a regional chairman of Simmons.

[22] 12 U.S.C. § 1842(c)(2); 12 U.S.C. § 2901 et seq.

[23] 12 U.S.C. § 2901(b).

[24] 12 U.S.C. § 2903.

by Simmons Bank and Liberty Bank under the Home Mortgage Disclosure Act ("HMDA"),[25] other information provided by Simmons, confidential supervisory information, and the public comment received on the proposal. The Board received one comment that objected to the proposal on the basis of Simmons Bank's fair lending record as reflected in 2012 HMDA data and Simmons Bank's disposition of branches in connection with previous acquisitions.

A. Records of Performance Under the CRA

As provided in the CRA, the Board evaluates an institution's performance record in light of examinations by the appropriate federal supervisors of the CRA performance records of the relevant institutions.[26] The CRA requires that the appropriate federal financial supervisor for a depository institution prepare a written evaluation of the institution's record of meeting the credit needs of its entire community, including LMI neighborhoods.[27] 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.

CRA Performance of Simmons Bank

Simmons Bank was assigned an overall "satisfactory" rating at its most recent CRA performance evaluation by the OCC in January 2013 ("Simmons Bank Evaluation"). Simmons Bank received "low satisfactory" ratings for both the Lending Test and Investment Test and a "high satisfactory" rating for the Service Test.[28]

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[25] 12 U.S.C. § 2801 et seq.

[26] See Interagency Questions and Answers Regarding Community Reinvestment, 75 Federal Register 11642, 11665 (2010).

[27] 12 U.S.C. § 2906.

[28] The Simmons Bank Evaluation was conducted using Large Bank CRA evaluation procedures. The evaluation period for data reported under the Home Mortgage Disclosure Act was 2009 through 2011, and for community development loans, investments, services, and retail services was September 30, 2008, through January 2, 2013.

Examiners noted that Simmons Bank had a good level of community development services in the states in which the bank maintained an ongoing presence.[29] The Board has consulted with the OCC regarding the Simmons Bank Evaluation.

Examiners found that the bank's overall lending activity was adequate and reflected adequate responsiveness to its assessment area credit needs. Simmons Bank's distribution of home mortgage loans by geography and to borrowers of different income levels was found to be adequate. In addition, the bank's distribution of small business loans to businesses of different sizes was considered adequate.

In evaluating the bank's performance under the Investment Test, examiners found that Simmons Bank had an overall adequate level of qualified community development investments. Examiners noted that there was an adequate level of qualified investments based on the investment opportunities compared to the dollar volume of investments the bank made in its assessment areas.

With respect to the bank's performance under the Service Test, examiners noted that branch locations were accessible to LMI geographies and individuals of different income levels. Examiners also noted that the institution provided a good level of community development services in the assessment areas in which the bank has maintained an ongoing presence. In addition, examiners found that Simmons Bank's opening and closing of branches had not adversely affected the accessibility of its delivery systems to LMI geographies or LMI individuals.

CRA Performance of Liberty Bank

Liberty Bank was assigned an overall "satisfactory" rating at its most recent CRA performance evaluation by the Federal Deposit Insurance Corporation in November

[29] The Simmons Bank Evaluation included full-scope reviews of at least one assessment area within each state in which Simmons Bank had an office. The states reviewed were Arkansas, Kansas, and Missouri.

2013 ("Liberty Bank Evaluation"). Liberty Bank received a "satisfactory" rating for the Lending Test and an "outstanding" rating for the Community Development Test.[30]

In evaluating the bank's performance under the Lending Test, examiners noted that the bank's overall level of lending was reasonable given the institution's asset size and financial condition and the credit needs of the assessment areas. Examiners found that the bank's geographic distribution of loans reflected a reasonable dispersion throughout the assessment areas, including the LMI geographies. Examiners further found that, given the demographics of the assessment areas, the overall loan distribution by borrower income characteristics reflected a reasonable penetration among businesses of different revenue sizes and individuals of different income levels.

With respect to the bank's performance under the Community Development Test, examiners determined that Liberty Bank demonstrated excellent responsiveness to the community development needs in the assessment areas. Examiners noted that Liberty Bank employees or officers had devoted time and lent technical expertise to an adequate number of community development services.

B. Fair Lending and Other Consumer Protection Laws

The Board has considered the records of Simmons Bank and Liberty Bank in complying with fair lending and other consumer protection laws. As part of this consideration, the Board reviewed the Simmons Bank and Liberty Bank Evaluations, assessed Simmons Bank's HMDA data, and considered the public comment on the application as well as other agencies' views on Simmons Bank's record of performance under fair lending laws. The Board also considered Simmons Bank's fair lending policies and procedures.

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[30] The Liberty Bank evaluation was conducted using the Intermediate Small Bank evaluation procedures, and examiners reviewed the bank's small business and residential lending activity from September 13, 2010, to November 4, 2013. These products were selected for analysis because they represented 79 percent of the bank's loan portfolio.

Review of HMDA Data and Branch Closings

The Board reviewed Simmons Bank's 2012 and 2013 HMDA data, as well as the bank's preliminary 2014 HMDA data through July 31, 2014, for the specific market areas addressed in the public comment (Little Rock, Arkansas, and Kansas City, Missouri). Within those markets, the Board focused its review on data related to home purchase, refinancing, and home improvement loans made or denied to borrowers of the races and ethnicities highlighted by the public comment, i.e., African Americans and Hispanics. In addition, the Board reviewed the bank's record of branch closings that followed previous acquisitions.

Simmons Bank's HMDA Data and Branch Closings

The commenter expressed concerns that, based on 2012 HMDA data, Simmons Bank is not meeting the credit needs of minority individuals in the communities served by the bank. The commenter alleges that there are inaccuracies in Simmons Bank's data reporting and that the bank is disguising potential violations of provisions of HMDA and the Equal Credit Opportunity Act. In particular, the commenter asserts that Simmons Bank is prescreening minority borrowers, citing the HMDA data in two market areas that for some loan types reflect a small number of denials.

The Board is concerned when HMDA data for an institution indicate lending disparities and believes that all lending institutions are obligated to ensure that their lending practices are based on criteria that are consistent with safe and sound lending but also provide equal access to credit by creditworthy applicants, regardless of their race or ethnicity. Although the HMDA data may reflect certain disparities in the rates of loan applications, originations, and denials among members of different racial or ethnic groups in certain local areas, HMDA data alone do not provide a sufficient basis on which to conclude whether the bank excluded or denied credit to any group on a prohibited basis.[31] Fully evaluating a bank's compliance with fair lending laws and

[31] 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 any

regulations would require a thorough review of the bank's application and underwriting policies and procedures, as well as access to information contained in the application files, to determine whether the observed lending disparities persist after taking into account legitimate underwriting factors.

The Board's review of Simmons Bank's HMDA data confirmed that the bank reported relatively high origination rates in the Little Rock and Kansas City market areas for government-secured mortgage loans for both nonminority and minority applicants.[32] The same HMDA data, however, show ordinary origination and denial rates when including all HMDA product categories. As such, the data are not consistent with evidence of prescreening.

Simmons provided information reflecting nondiscriminatory reasons for individual lending decisions (i.e., credit history, inadequate collateral, and debt-to-income ratio) on home purchase and home improvement loans cited by the commenter. Simmons also provided the Board with detailed information on Simmons Bank's procedures and policies to prevent prescreening.

The Board has consulted with, and placed great emphasis on the views of, the OCC regarding its evaluation of Simmons Bank's compliance with fair lending laws and regulations. The Simmons Bank Evaluation included review of 2012 HMDA data and, in January 2013, the OCC tested the accuracy of the bank's 2012 HMDA data. In February 2014, the OCC also conducted fair lending and compliance examinations of Simmons Bank. Based on consultations with the OCC regarding these reviews, the Board concludes that the bank's fair lending management program and the compliance management program are consistent with approval of this proposal.

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applicant's creditworthiness. In addition, the data do not account for the possibility that an institution entered the assessment area shortly before the close of the reporting period, thereby creating an unrepresentative sample.

[32] Government-secured loans are those under programs of the Federal Housing Administration, Farm Service Agency, Rural Housing Service, or Department of Veterans Affairs.

The commenter also alleges that Simmons has a business strategy of closing branches and reducing financial services, resulting in inconvenience to local communities. The Board analyzed the distribution of Simmons Bank's branches and the 2010 census data within the bank's assessment areas. The Board found that, of the bank's 112 branches, 20.6 percent are located in LMI census tracts. Of the population within Simmons Bank's assessment areas, 29.3 percent are in LMI geographies. As noted above, examiners on site believed that the branch locations of Simmons Bank provided a good level of services in the community and were readily accessible to individuals of different income levels.

Simmons has stated that Simmons Bank does not intend to close any branches in connection with the proposed transaction. Although the bank closed several branches in recent years, the bank has represented that the decisions were based on profitability analysis and proximity to other branches and that community impact was assessed prior to all closings. Further, the Board has considered that federal banking law provides a specific mechanism for addressing branch closings. Federal law requires an insured depository institution to provide notice to the public and to the appropriate federal supervisory agency before closing a branch.[33] The Board notes that the OCC examiners found that the Simmons Bank's opening and closing of branches had not adversely affected accessibility of its services in LMI geographies or to LMI individuals. The OCC will continue to review Simmons Bank's branch closing record in the course of conducting CRA performance evaluations.

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[33] 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 34844 (1999)), requires that a bank provide the public with at least 30 days' notice, and the appropriate federal supervisory agency with at least 90 days' notice, before the date of a 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.

Simmons' Fair Lending Program

Simmons has instituted policies and procedures to help ensure compliance with all fair lending and other consumer protection laws and regulations. The company's legal and compliance risk-management program includes written policies outlining the bank's responsibility for compliance with fair lending laws and regulations, provision for fair lending officers to serve within each of the bank's lending departments, and required annual fair lending training for applicable staff and the board of directors. Simmons also has a centralized underwriting procedure, an automated application process, a second review process, a documented exception process, and a standard pricing sheet.

C. Additional Information on Convenience and Needs of Communities to Be Served by the Combined Organization

In assessing the effects of a proposal on the convenience and needs of the communities to be served, the Board also considers the extent to which the proposal would result in public benefits.

Simmons represents that the proposal would provide opportunities to achieve various operational efficiencies and economies of scale, which would benefit current and future customers of the combined organization through more efficient and cost-effective banking services. Simmons asserts that the transaction has the potential to benefit all aspects of Liberty's operations, particularly its audit and loan review functions, online banking platform, and ATM systems. Simmons also states that the combined organization's larger lending limit would allow Simmons to better meet the lending needs of its corporate customers and more effectively compete for larger commercial customers.

Simmons states that the proposal would provide customers with an expanded network of over 112 branches in Arkansas, Kansas, and Missouri. Simmons notes that the combined organization would provide Liberty Bank's customers with an expanded and more sophisticated range of products and services than Liberty Bank currently offers, including an enhanced range of consumer services and deposit accounts.

D. Conclusion on Convenience and Needs Considerations

The Board has considered all the facts of record, including reports of examination of the CRA records of the institutions involved, information provided by Simmons, confidential supervisory information, and the public comment on the proposal. Based on the Board's analysis of the HMDA data, evaluation of the mortgage lending operations and compliance programs of Simmons Bank and Liberty Bank, review of examination reports, consultations with other agencies, and all the facts of record, the Board believes that the convenience and needs factor, including the CRA record of the insured depository institutions involved in this transaction, is consistent with approval of the application.

Financial Stability

The Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act") amended section 3 of the BHC Act to require the Board to consider "the extent to which a proposed acquisition, merger, or consolidation would result in greater or more concentrated risk to the stability of the United States banking or financial system."[34]

To assess the likely effect of a proposed transaction on the stability of the U.S. banking or financial system, the Board considers a variety of metrics that capture the systemic "footprint" of the resulting firm and the incremental effect of the transaction on the systemic footprint of the acquiring firm. These metrics include measures of the size of the resulting firm, the availability of substitute providers for any critical products and services offered by the resulting firm, the interconnectedness of the resulting firm with the banking or financial system, the extent to which the resulting firm contributes to the complexity of the financial system, and the extent of the cross-border activities of the

[34] Section 604(d) of the Dodd-Frank Act, Pub. L. No. 111-203, 123 Stat. 1376, 1601, codified at 12 U.S.C. § 1842(c)(7).

resulting firm.[35] These categories are not exhaustive, and additional categories could inform the Board's decision. In addition to these quantitative measures, the Board considers qualitative factors, such as the opaqueness and complexity of an institution's internal organization, that are indicative of the relative degree of difficulty of resolving the resulting firm. A financial institution that can be resolved in an orderly manner is less likely to inflict material damage to the broader economy.[36]

The Board has considered information relevant to risks to the stability of the U.S. banking or financial system. After consummation, Simmons would have approximately $7.8 billion in consolidated assets and would not be likely to pose systemic risks.[37] The Board generally presumes that a merger resulting in a firm with less than $25 billion in consolidated assets will not pose significant risks to the financial stability of the United States absent evidence that the transaction would result in a significant increase in interconnectedness, complexity, cross-border activities, or other risk factors. Such additional risk factors are not present in this transaction.

In light of all the facts and circumstances, this transaction would not appear to result in meaningfully greater or more concentrated risks to the stability of the U.S. banking or financial system. Based on these and all other facts of record, the Board has determined that considerations relating to financial stability are consistent with approval.

Conclusion

Based on the foregoing and all the facts of record, the Board has determined that the application should be, and hereby is, approved.[38] In reaching its

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[35] Many of the metrics considered by Board measure an institution's activities relative to the U.S. financial system.

[36] For further discussion of the financial stability standard, see Capital One Financial Corporation, FRB Order 2012-2 (February 14, 2012).

[37] Pro forma data include this request to merge with Liberty and Simmons' separate request to merge with Community First. See Community First Bancshares, Inc., infra note 2.

[38] A commenter requested that the Board hold public hearings on the proposal. Section 3(b) of the BHC Act does not require that the Board hold a public hearing on an application unless the appropriate supervisory authorities for the bank to be acquired

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 Simmons with all the conditions imposed in this order, including receipt of all required regulatory approvals, and on the commitments made to the Board in connection with the application. For purposes of this action, the conditions and commitments are deemed to be conditions imposed in writing by the Board in connection with its findings and decision herein and, as such, may be enforced in proceedings under applicable law.

The proposal may not be consummated before the 15th calendar day after the effective date of this Order or later than three months thereafter unless such period is extended for good cause by the Board or the Federal Reserve Bank of St. Louis acting under delegated authority.

By order of the Board of Governors,[39] effective February 12, 2015.

Margaret McCloskey Shanks (signed)
Margaret McCloskey Shanks
Deputy Secretary of the Board

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make a timely written recommendation of denial of the application. 12 CFR 225.16(e). The Board has not received such a recommendation from the appropriate supervisory authorities. Under its rules, the Board also may, in its discretion, hold a public hearing if appropriate to allow interested persons an opportunity to provide relevant testimony when written comments would not adequately represent their views. The Board has considered the commenter's request in light of all the facts of record. In the Board's view, the commenter has had ample opportunity to submit comments on the proposal and, in fact, submitted a written comment that the Board has considered in acting on the proposal. The commenter's request does not identify disputed issues of fact that are material to the Board's decision and that would be clarified by a public hearing. In addition, the request does not demonstrate why the written comment does not present the commenter's views adequately or why a 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 is not required or warranted in this case. Accordingly, the request for a public hearing on the proposal is denied.

[39] Voting for this action: Chair Yellen, Governors Tarullo, Powell, and Brainard. Absent and not voting: Vice Chairman Fischer.