



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON, D. C. 20551

SCOTT G. ALVAREZ
GENERAL COUNSEL

March 2, 2017

Joseph Daly, Esq.
Luse Gorman, PC
5335 Wisconsin Avenue, N.W., Suite 780
Washington, D.C. 20015

Dear Mr. Daly:

This is in response to your letter, dated and received on February 24, 2017, to the Federal Reserve Bank of Atlanta requesting a waiver from an application requirement under the Bank Holding Company Act of 1956, as amended (“BHC Act”),¹ for First Guaranty Bancshares, Inc. (“First Guaranty”), Hammond, Louisiana, a bank holding company, to acquire Premier Bancshares, Inc. (“Premier”), a bank holding company, and thereby indirectly acquire its wholly owned subsidiary state non-member bank, Synergy Bank, S.S.B., (“Synergy Bank”) both of McKinney, Texas.

The purpose of the proposed transaction is to facilitate the merger of Synergy Bank with and into First Guaranty’s wholly owned subsidiary state non-member bank, First Guaranty Bank, Hammond, Louisiana. The transaction would occur as follows: (1) Premier would merge with and into First Guaranty, with First Guaranty as the resulting entity; (2) immediately thereafter, Premier Delaware Bancshares, Inc. (“Premier Delaware”), Dover, Delaware, which is wholly owned by Premier and which wholly owns First Guaranty Bank, would merge with and into First Guaranty, with First Guaranty as the resulting entity; and (3) immediately thereafter, Synergy Bank will merge with and into First Guaranty Bank, with First Guaranty Bank as the resulting entity (“Bank Merger”). You have indicated that the transaction steps would occur on the same business day and that First Guaranty would not operate Synergy Bank as a separate entity.

Section 3 of the BHC Act and the Board’s Regulation Y require the approval of the Board before the merger or consolidation of bank holding companies and

¹ 12 U.S.C. § 1841 *et seq.*

before a bank holding company may acquire direct or indirect ownership or control of a bank.² First Guaranty is merging with Premier and Premier Delaware and acquiring ownership of Synergy Bank. Accordingly, First Guaranty would be required to obtain the Board's approval under section 3 of the BHC Act and Regulation Y before merging with Premier and Premier Delaware.

In certain circumstances, however, in order to avoid duplication of regulatory review by federal banking regulators, the Board's rules provide that a bank holding company seeking to merge with another bank holding company or acquire shares or control of a bank need not obtain the Board's prior approval. Specifically, section 225.12(d)(2) of the Board's Regulation Y provides that a bank holding company need not receive the Board's approval if the transaction is subject to review by a federal banking agency under section 18(c) of the Federal Deposit Insurance Act ("the Bank Merger Act"),³ and meets certain other criteria.⁴ Your proposal meets all of the applicable criteria, and First Guaranty has provided all necessary information.

The proposed Bank Merger requires the prior approval of the Federal Deposit Insurance Corporation ("FDIC") under the Bank Merger Act.⁵ In acting on the merger proposal, the FDIC must consider the impact the acquisition would have on competition, the financial and managerial resources and future prospects of the combined organization, the convenience and needs of the communities served by First Guaranty Bank and Synergy Bank, the institutions' records of performance under the Community Reinvestment Act, the institutions' effectiveness in combating money laundering activities, and risks to the stability of the United States banking or financial system.⁶ Because this transaction involves a merger of banks with different home states, the FDIC also must consider various additional factors.⁷ These criteria are substantially similar to the criteria the Board would consider under section 3 of the BHC Act.⁸

² 12 U.S.C. § 1842(a); 12 CFR 225.11.

³ 12 U.S.C. § 1828(c).

⁴ 12 CFR 225.12(d)(2).

⁵ 12 U.S.C. § 1828(c). First Guaranty Bank filed a Bank Merger Act application with the FDIC dated February 23, 2017, requesting prior approval of the Bank Merger. First Guaranty has provided the Board with a copy of the application.

⁶ 12 U.S.C. §§ 1828(c)(5) & (11), 2902(3)(E), 2903(a)(2).

⁷ 12 U.S.C. § 1831u.

⁸ See 12 U.S.C. § 1842(c); 12 CFR 225.13.

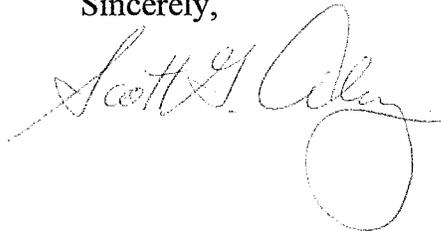
Additionally, First Guaranty would acquire control of Synergy Bank only for the short time necessary to complete the merger of Synergy Bank with and into First Guaranty Bank. At no time would Synergy Bank operate as a separate subsidiary bank of First Guaranty. Following the transaction, the separate corporate existence of Synergy Bank would cease, and First Guaranty Bank would continue to operate as a state non-member bank. Under these circumstances, review of the transaction under section 3 of the BHC Act would be duplicative of the review under the Bank Merger Act.

Based on a review of these and other facts presented, the Legal Division believes that no regulatory purpose would be served by requiring First Guaranty to file a formal application under section 3 of the BHC Act. The Legal Division, therefore, would not recommend that the Board take action to require a filing of a formal application by First Guaranty in connection with the transaction described above. This opinion is subject to the receipt by First Guaranty, First Guaranty Bank, Premier, Premier Delaware, and Synergy Bank of all other necessary regulatory approvals and compliance with any terms and conditions that may be imposed upon approval of the proposal.

This opinion is based on all the facts and representations presented to Federal Reserve staff. Any material change in those facts or representations should be communicated immediately to Federal Reserve staff and may cause this opinion to be reconsidered. This opinion is limited to this proposal and does not apply to any other transaction.

If you have any questions regarding this matter, please contact Keisha Patrick at (202) 452-3559 or Has Rahamatalli at (202) 452-2243 of my staff.

Sincerely,

A handwritten signature in cursive script, appearing to read "Scott G. Allen". The signature is written in black ink and is positioned below the word "Sincerely,".

cc: Federal Deposit Insurance Corporation