Federal Reserve System

§ 225.13 Factors considered in acting on bank acquisition proposals.

(a) Factors requiring denial. As specified in section 3(c) of the BHC Act, the Board may not approve any application under this subpart if:

(1) The transaction would result in a monopoly or would further any combination or conspiracy to monopolize, or to attempt to monopolize, the business of banking in any part of the United States;

(2) The effect of the transaction may be substantially to lessen competition in any section of the country, tend to create a monopoly, or in any other manner be in restraint of trade, unless the Board finds that the transaction’s anti-competitive effects are clearly outweighed by its probable effect in meeting the convenience and needs of the community;

(3) The applicant has failed to provide the Board with adequate assurances that it will make available such information on its operations or activities, and the operations or activities of any affiliate of the applicant, that the Board deems appropriate to determine and enforce compliance with the BHC Act and other applicable federal banking statutes, and any regulations thereunder; or

(4) In the case of an application involving a foreign banking organization, the foreign banking organization is not subject to comprehensive supervision or regulation on a consolidated basis by the appropriate authorities in its home country, as provided in §211.24(c)(1)(ii) of the Board’s Regulation K (12 CFR 211.24(c)(1)(ii)).

(b) Other factors. In deciding applications under this subpart, the Board also considers the following factors with respect to the applicant, its subsidiaries, any banks related to the applicant through common ownership or management, and the bank or banks to be acquired:

(1) Financial condition. Their financial condition and future prospects, including whether current and projected capital positions and levels of indebtedness conform to standards and policies established by the Board.

(2) Managerial resources. The competence, experience, and integrity of the officers, directors, and principal shareholders of the applicant, its subsidiaries, and the banks and bank holding companies concerned; their record of compliance with laws and regulations; and the record of the applicant and its affiliates of fulfilling any commitments to, and any conditions imposed by, the Board in connection with prior applications.

(3) Convenience and needs of community. The convenience and needs of the communities to be served, including the record of performance under the Community Reinvestment Act of 1977 (12 U.S.C. 2901 et seq.) and regulations issued thereunder, including the Board’s Regulation BB (12 CFR part 228).

(c) Interstate transactions. The Board may approve any application or notice under this subpart by a bank holding company to acquire control of all or substantially all of the assets of a bank located in a state other than the home state of the bank holding company, without regard to whether the transaction is prohibited under the law of
any state, if the transaction complies
with the requirements of section 3(d) of
the BHC Act (12 U.S.C. 1842(d)).

(d) Conditional approvals. The Board
may impose conditions on any ap-
proval, including conditions to address
competitive, financial, managerial,
safety and soundness, convenience and
needs, compliance or other concerns, to
ensure that approval is consistent with
the relevant statutory factors and
other provisions of the BHC Act.

§ 225.14 Expedited action for certain
bank acquisitions by well-run bank
holding companies.

(a) Filing of notice—(1) Information re-
quired and public notice. As an alter-
native to the procedure provided in
§ 225.15, a bank holding company that
meets the requirements of paragraph
(c) of this section may satisfy the prior
approval requirements of § 225.11 in
connection with the acquisition of
shares, assets or control of a bank, or a
merger or consolidation between bank
holding companies, by providing the
appropriate Reserve Bank with a writ-
ten notice containing the following:

(i) A certification that all of the cri-
teria in paragraph (c) of this section
are met;

(ii) A description of the transaction
that includes identification of the com-
panies and insured depository institu-
tions involved in the transaction2 and
identification of each banking market
affected by the transaction;

(iii) A description of the effect of the
transaction on the convenience and
needs of the communities to be served
and of the actions being taken by the
bank holding company to improve the
CRA performance of any insured depos-
itory institution subsidiary that does
not have at least a satisfactory CRA
performance rating at the time of the
transaction;

(iv) Evidence that notice of the pro-
posal has been published in accordance
with § 225.16(b)(1);

(v)(A) If the bank holding company
has consolidated assets of $500 million
or more, an abbreviated consolidated
pro forma balance sheet as of the most
recent quarter showing credit and debit
adjustments that reflect the proposed
transaction, consolidated pro forma
risk-based capital ratios for the acquir-
ing bank holding company as of the
most recent quarter, and a description
of the purchase price and the terms and
sources of funding for the transaction;

(B) If the bank holding company has
consolidated assets of less than $500
million, a pro forma parent-only bal-
ance sheet as of the most recent quar-
ter showing credit and debit adjust-
ments that reflect the proposed trans-
action, and a description of the pur-
chase price, the terms and sources of
funding for the transaction, and the
sources and schedule for retiring any
debt incurred in the transaction;

(vi) If the bank holding company has
consolidated assets of less than $300
million, a list of and biographical in-
formation regarding any directors or
senior executive officers of the result-
ing bank holding company that are not
directors or senior executive officers of
the acquiring bank holding company or
of a company or institution to be ac-
quired;

(vii) For each insured depository in-
stitution whose Tier 1 capital, total
capital, total assets or risk-weighted
assets change as a result of the trans-
action, the total risk-weighted assets,
total assets, Tier 1 capital and total
capital of the institution on a pro forma
basis; and

(viii) The market indexes for each
relevant banking market reflecting the
pro forma effect of the transaction.

(2) Waiver of unnecessary information.
The Reserve Bank may reduce the in-
formation requirements in paragraph
(a)(1)(v) through (viii) of this section as
appropriate.

(b)(1) Action on proposals under this
section. The Board or the appropriate
Reserve Bank shall act on a proposal
submitted under this section or notify