



Comptroller of the Currency
Administrator of National Banks

Southeastern District
Marquis One Tower, Suite 600
245 Peachtree Center Ave., N.E.
Atlanta, Georgia 30303

Corporate Decision #2001-12 June 2001

DECISION OF THE COMPTROLLER OF THE CURRENCY ON THE APPLICATION OF FIRST NATIONAL BANK OF PHILLIPS COUNTY, HELENA, ARKANSAS, TO PURCHASE CERTAIN ASSETS AND ASSUME CERTAIN LIABILITIES (THE WEST HELENA AND MARVEL, ARKANSAS BRANCHES) OF UNION PLANTERS BANK, N.A., MEMPHIS, TENNESSEE UNDER THE TITLE AND CHARTER OF FIRST NATIONAL BANK OF PHILLIPS COUNTY, HELENA, ARKANSAS.

DECISION

Introduction

On April 5, 2001, application was made to the Office of the Comptroller of the Currency for prior authorization for First National Bank of Phillips County, Helena, Arkansas (hereinafter, FNB) to purchase certain assets and assume certain liabilities (the West Helena and Marvel, Arkansas branches) of Union Planters Bank, N.A., Memphis, Tennessee (hereinafter, UP). This application was based on an agreement finalized between the proponents on March 20, 2001.

The Financial Institutions Involved

As of December 31, 2000, FNB, a BIF-insured, national bank, had total deposits of \$112.3 million. As of the same date, the three offices of UP, a BIF-insured, national bank subject to the agreement had total deposits of \$47.4 million. FNB is 100% owned and controlled by Southern Development Corporation, Arkadelphia, Arkansas.

Competitive Analysis

The relevant geographic market for this proposal is Phillips County, Arkansas. This is the area where competition between FNB and UP is direct and immediate. Within this market, four commercial banks compete for approximately \$265 million in deposits as of June 30, 2000. FNB is the second largest depository institution with approximately 37 percent of the market's total deposits. UP ranks third with approximately 19 percent of the market's deposits. Upon consummation of the transaction, FNB would become the largest depository institution with approximately 56 percent of the market's deposits. An affiliate of FNB, Delta State Bank, controls another 2.5 percent of the market's deposits. On an aggregate basis, the two affiliated banks would control nearly 59 percent of the post-merger market deposits. While the proposed

transaction would eliminate some direct competition in the relevant geographic market, UP has expressed an unwillingness to remain in the market. UP's market deposits have declined nearly 50 percent since 1996. In addition, the market appears unattractive for new entry. Approximately 37 percent of the county's residents live below the poverty level and its population has declined nearly 9 percent from the 1990 census. The county's median income is only 67 percent that of the State. Furthermore, as a designated community development financial institution, the purchase of the deposits further evidences FNB's continued dedication to the county. Accordingly, any adverse competitive effects would be mitigated by the aforementioned factors.

Therefore, consummation of this proposal would not have a significantly adverse effect on competition in the Phillips County banking market. The Department of Justice, in a report dated May 15, 2001, also expressed this conclusion.

Banking Factors

The Bank Merger Act requires the OCC to consider "...the financial and managerial resources and future prospects of the existing and proposed institutions, and convenience and needs of the community to be served." We find that the financial and managerial resources of FNB and UP do not raise concerns that would cause the application to be disapproved. The future prospects of the proponents, individually and combined, are considered favorable.

Convenience and Needs

This transaction affects the Phillips County Federal Reserve market. The branches being acquired will remain open. As noted earlier, FNB is a designated community development financial institution and as such has made a significant commitment to the community, both financially and socially. FNB has a diverse line of products that will provide existing CFB customers access to a full range of banking services. FNB intends to make the transaction as transparent as possible to existing UP customers through customer counseling and statement flyers explaining the transaction and services available. There were no public comments received relative to this transaction. It is expected that the resulting bank will meet the convenience and needs of the communities to be served.

Community Reinvestment Act

A review of the record of this application and other information available to the OCC as a result of its regulatory responsibilities, revealed no evidence that the applicants' record of helping to meet the credit needs of their communities, including low-and moderate-income neighborhoods, is less than satisfactory.

Conclusion

We have analyzed this proposal pursuant to the Bank Merger Act (12 U.S.C. 1828(c)) and find that it will not significantly lessen competition in any relevant market. Other factors considered in evaluating this proposal are satisfactory. Accordingly, the application is approved.

-signed-

05/23/01

John O. Stein
Licensing Manager

Dated