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Governor

STATE OF ALABAMA STATE BANKING DEPARTMENT



Mike Hill
Superintendent of Banks

October 9, 2020

VIA EMAIL (ATR.BankMergers@usdoj.gov)

United States Department of Justice
Antitrust Division
950 Pennsylvania Avenue, NW
Washington, D.C. 20530-0001

RE: Bank Merger Competitive Analysis

Ladies and Gentlemen:

The Alabama State Banking Department is an agency of the State of Alabama. Established in 1911, we charter, regulate, and examine banks and trust companies that are organized as Alabama institutions. We also have regulatory and licensing authority over certain other lenders, mortgage brokers, and finance providers engaged in the business of lending in Alabama. Today, we supervise 98 Alabama-chartered banks, with asset sizes ranging from approximately \$15.5 million to approximately \$143.4 billion.

We appreciate the opportunity to provide our comments to the United States Department of Justice (the "DOJ" or "you") about your competitive analysis of bank mergers. This is a very important matter, and as we explain in further detail below, we believe that the DOJ, in consultation with the federal banking agencies, should re-examine certain of your long-standing positions.

Our comments below apply only to merger transactions that involve small banks. For purposes of this letter, we intend for "small banks" to mean banks that have assets of less than \$3 billion. That amount is consistent with the threshold assigned to "small" bank holding companies by the United States Congress¹ and the Board of Governors of the Federal Reserve System (the "Federal Reserve") in the Federal Reserve's Small Bank Holding Company and Savings and Loan Holding Company Policy Statement (the "Policy Statement") at 12 C.F.R. Part 225, Appendix C. While we have oversight over both large and small institutions, the vast majority of the banks that we supervise are small banks. We believe that small banks, and especially small banks in rural areas, face unique challenges under your existing competitive analysis framework.

¹ Economic Growth, Regulatory Relief, and Consumer Protection Act, Pub. L. No. 115-174, § 207, 132 Stat. 1296, 1312 (2018).

The Statutory Framework

From time to time in this letter, we refer to the Bank Merger Act and the Bank Holding Company Act. In those references, we specifically mean the Bank Merger Act at 12 U.S.C. § 1828(c)(5) and the Bank Holding Company Act at 12 U.S.C. § 1842(c)(1), which are the foundational statutes for the existing competitive analysis framework. Those two statutes are substantially similar to one another, and we show the Bank Merger Act provision here, with emphasis added to certain words and clauses that we discuss in more detail below.

The responsible agency shall not approve—

- (A) any proposed merger transaction which would ***result in a monopoly***, or which would be in furtherance of any ***combination or conspiracy to monopolize or to attempt to monopolize*** the business of banking in ***any part of the United States***, or
- (B) any other proposed merger transaction whose effect in ***any section of the country*** may be ***substantially to lessen competition***, or to ***tend to create a monopoly***, or which in any other manner would be in restraint of trade, ***unless it finds that the anticompetitive effects of the proposed transaction are clearly outweighed in the public interest by the probable effect of the transaction in meeting the convenience and needs of the community to be served.***

In every case, the responsible agency shall take into consideration the financial and managerial resources and future prospects of the existing and proposed institutions, ***the convenience and needs of the community to be served***, and the risk to the stability of the United States banking or financial system.

The Problem

The current competitive factors framework unnecessarily restricts common-sense, community-benefitting combinations of small banks that operate in close proximity to one another. Particularly in rural areas, the existing framework can force a selling bank to disregard the potential buyers operating closest to it, even though a nearby buyer usually is more likely than a distant bank to focus on the selling bank's community, customers, and employees. In the classic case, which we have observed often, a distant buyer acquires a small bank for the seller's stable base of low-cost core deposits. The distant bank then uses those deposits to fund loan growth in other areas. Over time, the distant bank pays less and less attention to the selling bank's constituents, including the lending needs of the selling bank's local community.

Exhibits A and B to this letter highlight the difficulties that small banks face under the current competitive factors framework. Exhibit A analyzes the 53 banking markets that the Federal Reserve

has defined for Alabama.² In each market, we identified the "top five" institutions—those with the five highest deposit shares in the market—and we determined whether certain combinations among those five institutions would satisfy the 1,800/200 Herfindahl-Hirschman Index ("HHI") threshold that the DOJ and federal banking agencies currently use in their screening process. Exhibit B analyzes the 84 banks and thrifts headquartered in Alabama that had total assets of less than \$500 million as of June 30, 2020. For each institution, we determined the Federal Reserve-defined banking market in which the institution has its highest level of deposits. We then calculated the HHI changes that would result from a combination of that institution with the largest other Alabama-based small bank in the same market (based on the in-market deposit shares of the other Alabama-based small banks operating in the market).³

The results shown in Exhibits A and B paint a bleak picture for the prospect of combinations between two small banks operating near one another in Alabama, especially in rural areas. Looking at the "top five" institutions in Alabama's 53 banking markets, relatively few in-market small bank combinations would pass the current screening criteria. In particular, transactions between two small banks appear to be almost impossible in banking markets that have less than \$1 billion in total deposits. The same theme holds true when looking at the 84 institutions in Alabama with less than \$500 million in assets. Most notably, 22 of those 84 institutions primarily operate (*i.e.*, they have their greatest deposit amounts) in a banking market that has less than \$500 million in total deposits. Not a single one of those 22 banks—many of which are very small—could satisfy the 1,800/200 threshold in a merger with the largest other Alabama-based small bank in the same market. In fact, the closest any of those 22 institutions could come would be in a transaction that would result in an HHI of 2,774 and an HHI change of 742.

We acknowledge that the DOJ and federal banking agencies have long had a statutory obligation to protect competition in the banking industry. However, we view the extreme challenges described above, particularly with respect to small banks operating in rural and semi-rural areas, as undesirable from a policy standpoint. The current framework for evaluating mergers and acquisitions in those contexts actually tends to inhibit transactions that yield pro-competitive, or at least competition-neutral, results. Today's banking industry is highly competitive—at June 30, 2020, there were over 5,000 institutions insured by the Federal Deposit Insurance Corporation (the "FDIC"). Almost every one of those institutions is free to compete just about anywhere it wants. The competitive environment for banks has become turbo-charged over the last 50 years, as online services have become widespread, branching restrictions have been eliminated, and credit unions, agricultural lenders, and others have encroached into the depository and lending spaces that once were almost the sole province of commercial banks. In fact, given the many types of competitors in today's market, we question whether the existing locally-focused, deposit share-driven HHI framework even marginally accounts for many of the factors that now constrain the competitive behavior of United States banks.

² We conducted our analysis on the CASSIDI website maintained by the Federal Reserve Bank of St. Louis, using deposit share amounts and market definitions as of June 30, 2019.

³ In our experience, the most likely buyer of a bank having assets of less than \$500 million is another small bank.

As evidence of increased levels of competition, many banks would cite the long-running decline in industry-wide net interest margin shown in the chart below.⁴ Some might tie the beginning of that decline to the development of the internet and the passage of the 1994 Riegle-Neal Interstate Banking and Branching Efficiency Act ("Riegle-Neal"), both of which significantly opened up expansion opportunities (geographic and otherwise) for banks.



On top of the competitive pressures that apply to banks generally, small banks in rural areas face unique headwinds. They are disproportionately affected by compliance and other fixed costs, and their size and resources can limit their ability to respond to technological advances and other marketplace innovations. Management succession can be a challenge, also, as recruitment of highly qualified managers to rural areas has become increasingly difficult in recent decades. When those types of factors lead a small bank to pursue a sale transaction, we believe, because of the HHI framework, there are simply too few local buyers available to it.

In light of the challenging competitive environment that America's small banks face today, we encourage the DOJ and federal banking agencies to work together to loosen the competitive analysis that applies to small bank transactions. In particular, as discussed further below, we suggest that you take an expanded view of geographic market areas, that you give greater consideration to the community benefit that can be achieved by permitting a combination of two nearby small banks, and that you craft a bright-line competitive factors exemption for small bank combinations that fall under certain dollar thresholds. Those three steps, we believe, will better enable small banks to engage in common-sense transactions that benefit their communities, all in a way that does not materially affect today's highly competitive banking environment.

⁴ Federal Reserve Bank of St. Louis, <https://fred.stlouisfed.org/series/USNIM>.

Solution #1 – Expand Geographic Market Definitions

Geographic markets are too narrowly defined under today's competitive factors framework. Using Alabama for context, we have 53 Federal Reserve-defined banking markets. 29 of those are single county markets, and 12 are very nearly single county markets. Thus, 41 of our 53 defined markets are effectively bounded by county lines.

For the reasons set forth below, we believe that the long-standing county-lines approach to geographic banking markets is flawed. To better reflect the competitive pressures that banks face today, the DOJ could adopt several approaches. First, in keeping with a number of federal and state banking statutes,⁵ it might consider states as a whole as the relevant geographic markets. That approach would provide the ease of application of the current framework by using pre-determined geographic markets. If the DOJ believes that a state-by-state approach is too broad, the DOJ should adopt the approach it uses in non-banking contexts as detailed in Section 4.2 of the 2010 Horizontal Merger Guidelines. The DOJ most likely would adopt the geographic market analysis it uses in other contexts based on the locations of suppliers, as set out in Section 4.2.1 of those guidelines. That dynamic approach would be better suited to determine economically relevant geographic market areas that account for actual market conditions in a variety of urban, semi-rural, and rural markets, without being wedded to county lines. At the very least, in defining the relevant geographic market in rural and semi-rural areas, the DOJ should employ a presumption that the relevant geographic market includes each competing financial institution within 30 miles of the banking office being acquired, without regard to county lines.

The following are our observations about the current county-lines approach to geographic banking markets:

- *Disregard of Nearby Competitors; Mutually Exclusive Markets.* A county lines approach disregards nearby competitors. Assume that County X is immediately to the north of County Y. Bank A is located in County X, 10 miles north of the county border. Bank B is located in County Y, 10 miles south of the county border. A county lines approach pretends that Bank A and Bank B do not compete at all, even though they are only 20 miles from one another. It would take this position even if Bank A were closer to Bank B than to other institutions in County X.

Staying with the example, a county lines approach also mistakenly treats markets as mutually exclusive. Assume that Bank C also is located in County Y, 20 miles south of Bank B. Based on a county-lines approach, Bank A and Bank B would not be viewed as competitors at all, but Bank B and Bank C would be viewed as full competitors. That would be the case even though Bank B is as close to Bank A as Bank B is to Bank C. That simply cannot be correct.

⁵ See 12 U.S.C. § 1831u(b)(2) and Alabama Code § 5-13B-6(b) as examples, each of which evaluates deposit concentrations on a state-wide basis.

- Disregard of Threat of Entry, Distant Competitors, and Online Competitors. A county lines approach does not account for the competitive threats posed by potential new entrants, distant competitors, and online competitors. A bank today—even one operating without a significant competitor within its county lines—faces substantial competitive pressure from the mere prospect that a new entrant could branch next door in relatively short order. That bank also has to consider the many banks and non-banks today that consciously limit their brick-and-mortar presence, but that travel far-and-wide, or simply set up shop online, for loan and deposit relationships.

We note that during the COVID-19 pandemic, the long-running trend away from in-person bank lobby transactions has only steepened. Ultimately, individuals and businesses today can relatively easily establish and maintain banking relationships far outside of the county in which they are located. That threat forces institutions everywhere to keep their rates, products, and services competitive.

- Inconsistent Market Sizes. The average county size in Alabama is 782.39 square miles.⁶ However, there is a fairly substantial difference between our largest county by area (Baldwin County, 1,589.78 square miles⁷) and our smallest county by area (Etowah County, 534.99 square miles⁸). Those differences, based on 1800s-era mapping considerations, effectively give "large county" institutions an advantage over "small county" institutions in bank merger transactions.

For other context, Georgia's 159 counties have an average area of 373.74 square miles,⁹ and Arizona's 15 counties have an average area of 7,599.33 square miles.¹⁰ Not coincidentally, Georgia has roughly five times as many Federal Reserve-defined banking markets as Arizona (91 versus 18), despite having about half the geographic size (59,425 square miles versus 113,990 square miles).

Banks in Alabama and Georgia are just as capable as banks in Arizona of competing with institutions located a moderate distance away, and there is no good reason for market sizes to vary so much from state to state. The disparities exist only because of an adherence to an arbitrary county-lines approach that, as we discuss below, no longer has relevance.

⁶ U.S. Census Bureau, <https://www.census.gov/geographies/reference-files/2010/geo/state-area.html>. Alabama has 67 counties and a total area of 52,420 square miles, for an average of 782.39 square miles.

⁷ U.S. Census Bureau, <https://www.census.gov/quickfacts/baldwincountyalabama>.

⁸ U.S. Census Bureau, <https://www.census.gov/quickfacts/etowahcountyalabama>.

⁹ U.S. Census Bureau, <https://www.census.gov/geographies/reference-files/2010/geo/state-area.html>. Georgia has 159 counties and a total area of 59,425 square miles, for an average of 373.74 square miles.

¹⁰ *Id.* Arizona has 15 counties and a total area of 113,990 square miles, for an average of 7,599.33 square miles.

- Outdated Legal Basis. As noted above, the total area of an average Alabama county is 782.39 square miles. The United States has a total area of 3,796,742 square miles,¹¹ meaning that an average Alabama county represents 0.0206% of the area of the United States. Considering the text of the Bank Merger Act and the Bank Holding Company Act, it is unclear why such a small area should be the "part of the United States" or the "section of the country" that must be evaluated for competitive factors considerations. In fact, when it more recently passed Riegle-Neal (in 1994), Congress seemed to be concerned with nationwide and statewide concentrations, rather than the much smaller areas that are evaluated in the DOJ's current competitive factors framework.¹²

We recognize that the United States Supreme Court looked to county boundaries in its 1963 *Philadelphia National* decision.¹³ In evaluating the combination of Philadelphia-based The Philadelphia National Bank and Philadelphia-based Girard Trust Corn Exchange Bank, the Court defined the relevant geographic market to be a four-county area. They seemingly arrived at that market definition, though, because then-applicable Pennsylvania law permitted Philadelphia-headquartered banks to branch only within that four-county area.¹⁴

Branching laws and dynamics have changed significantly since *Philadelphia National*. State-based restrictions on out-of-county branching eased over time and are now non-existent. Two federal acts—Riegle-Neal in 1994 and the Dodd-Frank Wall Street Reform and Consumer Protection Act in 2010—first loosened and then removed altogether restrictions on interstate banking and branching. Today, banks with strong capital and solid safety-and-soundness positions can branch almost as freely as they would like. Ultimately, whatever reasons there might have been in 1963 to limit banking markets to county-based areas, those reasons have long been gone.¹⁵

¹¹ *Id.*

¹² See 12 U.S.C. § 1831u(b)(2).

¹³ *United States v. Philadelphia National Bank et al.*, 374 U.S. 321 (1963).

¹⁴ See *id.* at 361.

¹⁵ An Alabama branching case also shows how much has changed over time. *Sand Mountain Bank v. Albertville National Bank et al.*, 442 So.2d 13 (Ala. 1983), involved three banks headquartered in Marshall County, Alabama. Sand Mountain Bank had its principal office in Boaz, and Albertville National Bank and First State Bank of Albertville had their principal offices in Albertville, roughly six (6) miles away. In 1980, Boaz-based Sand Mountain Bank placed an ATM and a night depository into operation one mile inside the Albertville city limits. The two Albertville-based banks objected, citing Alabama's branching laws. At the time, Alabama generally prohibited branching in any form, except as provided by local laws or general laws of local application. An Alabama statute applicable to Marshall County would have permitted Sand Mountain Bank to establish other branches and "branch places of business" in Marshall County, but not in an incorporated municipality in Marshall County (like Albertville) in which another bank was already established. The Alabama Supreme Court sided with the Albertville-based banks, finding that an ATM and a night depository effectively constituted a "branch place of business" under Alabama law. ***In doing so, it prohibited Sand Mountain Bank from crossing city lines to establish an in-county ATM and night depository less than 10 miles from its headquarters location.*** A prohibition like this is unthinkable today.

In our experience, for a small bank in any given area, it is not unusual to see direct competition from institutions located up to 30 miles away, and in some cases, even farther, irrespective of county boundaries. In addition, even where a small bank does not often directly compete with a particular institution located 30 miles away, the proximity of that institution, and the competitive threat it poses, inherently affects the small bank's behavior.

In light of our experience, our view is that county lines are not an appropriate mechanism for determining an institution's relevant geographic market. The more dynamic geographic market principles set forth in the 2010 Horizontal Merger Guidelines would seem to provide a better approach, although at the very least, we encourage the DOJ to presume that a transaction in a rural or semi-rural area occurs in the context of a geographic market that has at least a 30-mile radius. Of course, depending on the circumstances, the geographic market might be even broader.

Alternatively, and more expansively, we believe it also would be reasonable for the DOJ and federal banking agencies to evaluate competition across a state as a whole, rather than on a more local basis. That alternate approach would better reflect the highly competitive banking environment faced by banks everywhere, it would be consistent with the concentration approaches of Riegle-Neal and certain state statutes, and it would mitigate some of the shortcomings of a more local analysis, which substantially underestimates the constraints posed by non-bank competitors, potential new entrants, distant competitors, and online competitors.

Solution #2 – Give More Consideration to Community Benefit

The Bank Merger Act states that "in every case," the competitive factors analysis should take into account the convenience and needs of the community to be served. We agree with that sentiment—we believe that the convenience and needs of a selling bank's community should be at the forefront of the considerations in a small bank merger. In the competitive factors context, however, the industry's perception over the years has been that community benefit usually has not been a prominent focus unless the selling bank is in troubled condition. We believe the federal banking statutes allow for and support the competitive factors analysis placing greater emphasis on the community benefit of a proposed transaction.

Over the years, we have seen a number of small banks in rural areas decide to pursue sale transactions. Many forces have driven those decisions, but some of the most common are management succession issues, the dispersion over time of the shareholder base outside of the local community, competitive pressures, compliance costs, and local economic factors, which sometimes include declining trends in population and/or job opportunities. When transactions are driven by those types of factors, the selling bank often desires to leave its customers, employees, and community in the hands of another institution that is likely to care about them. Many times, the most attractive candidate to the selling bank is the nearest other small bank. The nearest other small bank, in turn, often is likely to be interested. It knows that if it acts right—in other words, if it continues to offer competitive products and services to the selling bank's constituents—its proximity to and knowledge of the selling bank's community and customer base makes it likely to retain what it acquires.

Unfortunately, the existing competitive factors framework often prohibits what we would view as the "best case" transaction. Unlike in large bank transactions, small banks cannot readily

solve competitive factors issues through divestitures. The selling bank effectively is forced to find its buyer in a distant area. As we note above, in our experience, distant banks can have a tendency to fade away from a selling bank's community over time.

Based on that experience, we believe that community benefit often clearly outweighs competitive considerations in a combination transaction between a small bank and its nearest other small bank competitor. We note that combinations between two nearby small banks can lead to certain efficiencies, many of which can be particularly beneficial to the selling bank's customers. In this regard, the acquiring small bank often is larger than the seller and has more products and services to offer, even before the combination takes place. The selling bank's customers get an immediate benefit from that. Following the combination, the resulting institution can reduce duplicative compliance and other fixed costs, and the savings generated can enable the acquirer to invest in additional products, services, and technological advancements.

To borrow from one of America's great movies,¹⁶ sometimes the George Baileys of the world have high deposit shares simply because they take care of people. In most cases today, high deposit share in rural areas exists because a small bank has offered really competitive services over a really long period of time to a community that it really cares about. The current competitive factors framework effectively holds that against small banks, and that is unfortunate. We ask the DOJ and federal banking agencies to place far more emphasis on the community benefits of small bank combinations than they have in the past. We believe that focusing more on the actual, demonstrated track record of acquirers in serving particular local areas, customers, and communities gives a clearer picture of the probable effect of the transaction in meeting the convenience and needs of the community to be served. That track record and probable effect should not take a back seat to HHI, a single number designed to measure the potential for a hypothetical and undemonstrated negative, anticompetitive impact.

Solution #3 – Exempt Certain Small Bank Transactions

We believe that certain small bank combination transactions should be exempt from competitive factors analysis altogether. In particular, if the resulting bank in a transaction would have assets of less than what the Federal Reserve considers "small" (*i.e.*, the threshold for "small" bank holding companies under the Policy Statement, which is \$3 billion today), and if the transaction involves a target bank with assets of less than 1/6 of that same threshold (*i.e.*, \$500 million today), the transaction should be deemed to "pass" on competitive factors grounds. Transactions meeting that criteria often provide the community benefits addressed above.¹⁷ They also involve very small institutions, and we believe they are unlikely to affect competition in any material way. Accordingly, we believe a "smallness" exemption of this type is consistent with the concepts of materiality and

¹⁶ *It's a Wonderful Life*, produced and directed by Frank Capra (Liberty Films 1946).

¹⁷ We note that Alabama Code § 5-13B-6(a)(3) requires us to consider whether a proposed acquisition of an Alabama institution may have a significantly adverse effect on the convenience and needs of the community(ies) in Alabama that are served by the target institution. We take that directive very seriously, and in proposing this Solution #3, we are not suggesting that "small" transactions be exempt from an evaluation of convenience and needs considerations.

community benefit that are set forth in the competitive factors provisions of the Bank Merger Act and the Bank Holding Company Act.

Regarding the competitive materiality of small bank combinations, in the United States today, our 5,000+ FDIC-insured institutions have approximately \$21.138 trillion in total assets.¹⁸ A \$3 billion bank represents approximately 0.0142% of that amount, and a \$500 million bank represents 0.0024% of that amount. In light of those very small percentages, and using terms from the Bank Merger Act and the Bank Holding Company Act, we do not believe that a \$3 billion bank could possibly have a "monopoly" in America today, and we do not believe the acquisition of a \$500 million bank could "substantially" lessen competition.

We note that the Office of the Comptroller of the Currency (the "OCC") already provides a competitive factors exemption on the grounds of "smallness." In its Licensing Manual for Business Combinations, the OCC states that "geographic markets with populations of less than 10,000 are not economically significant for the purpose of [competitive factors] analysis, and therefore, any anticompetitive effects in these markets are considered negligible. Generally, the OCC does not object to a proposed combination in such a market on anticompetitive grounds."¹⁹ While we find the OCC's test somewhat narrow, the concept is right.

Another notable "smallness" exemption applies to many business combination transactions outside of the banking context. Specifically, pre-merger Hart-Scott-Rodino (HSR) notifications are not required to be filed with the DOJ or Federal Trade Commission when the size of a transaction is below a certain threshold. Currently, the "size-of-transaction" threshold is \$94 million. Most banks with less than \$500 million in assets today would not command an acquisition price of \$94 million, and transactions involving them therefore would largely fall under the "size-of-transaction" threshold.²⁰

Moving back to *Philadelphia National*, we do not believe that decision limits the DOJ and federal banking agencies from exempting merger transactions between small banks from a competitive factors review. *Philadelphia National* involved the proposed combination of the second and third largest banks headquartered in the Philadelphia metropolitan area, one of which was the 21st largest bank in America at the time.²¹ It was decided at a time when commercial banks were the only institutions permitted by law to accept demand deposits.²² Today, commercial banks are far from alone in being able to take demand deposits. The Northern Trust Company is the 21st largest

¹⁸ FDIC Statistics at a Glance, June 30, 2020, <https://www.fdic.gov/bank/statistical/stats/>.

¹⁹ Office of the Comptroller of the Currency, *Comptroller's Licensing Manual—Business Combinations*, page 5, footnote 3 (Version 1.1, July 2018).

²⁰ We acknowledge that federal antitrust law does not exempt a transaction from competitive factors considerations solely because the transaction is exempt from pre-merger HSR notification requirements. We raise this point only to note that "smallness" exceptions exist in other areas of federal antitrust law.

²¹ *Philadelphia National* at 330-31

²² *Id.* at 326.

bank in the country, with approximately \$150.9 billion in total assets.²³ The second and third largest banks operating in the Philadelphia market are TD Bank, National Association, and PNC Bank, National Association, with total deposits in that market of \$23.5 billion and \$20.0 billion, respectively.²⁴ Simply put, a small bank today, and especially one that operates in a rural area, faces starkly different circumstances than those at issue in *Philadelphia National*.

We believe that our proposed "smallness" exemption is appropriate and that it would better enable small banks to engage in desirable combination transactions. If the DOJ and federal banking agencies are inclined to adopt this "smallness" exemption, we ask that you do so jointly and on an express basis. Unless the exemption is consistent among the agencies and clear for all to see, small banks will continue to experience a chilling effect when considering merger transactions with nearby institutions. In this regard, if a proposed transaction in the current environment does not satisfy the 1,800/200 HHI threshold, the parties are forced to endure delays and costs that otherwise would not apply. In some cases, those delays and costs turn out to be extreme. Many small banks do not have the stamina and capacity to endure a drawn-out competitive factors review, and as a result, many common-sense, community-benefiting transactions are simply never pursued. An express, consistently adopted exemption would alleviate this problem.

Other Observations

We offer the following other observations about the existing competitive factors framework:

- **Capacity.** We believe the DOJ and federal banking agencies should give more weight to the capacity of the institutions—and particularly the large institutions—that operate in rural banking markets. Most of Alabama's banking markets contain at least one branch of a very large institution. While a small bank in that market may work harder than the large bank to cultivate local relationships, and therefore may have greater deposit share, the small bank is significantly constrained by the presence of the large bank. The large bank always has far greater products and services than the small bank, including significant online capabilities, all of which force the small bank to "behave" from a competitive standpoint. In effect, the large bank has infinite capacity in relation to the small bank, and we do not believe that deposit share-based HHI calculations properly reflect that capacity.
- **Online and Non-Bank Competition.** From a public reporting standpoint, it is very difficult to gauge the market presence of online providers, credit unions, agricultural lenders, wealth management providers, consumer finance companies, and other types of non-bank competitors. From our experience, though, we believe that small banks everywhere face significant competition from those types of providers. We encourage the DOJ and federal banking agencies to find ways to better account for the competitive effects of non-bank providers.

²³ FDIC Institution Directory, <https://www7.fdic.gov/idasp/advSearchLanding.asp>.

²⁴ CASSIDI, <https://cassidi.stlouisfed.org/markets/search>.

To the extent that you continue to evaluate competition based on deposit share, the deposits of a credit union or thrift in a market should be given full weight unless that institution does not provide business lending services, in which case a 50% weight would seem appropriate. For providers that do not report deposits on a location-by-location basis, including credit unions and online lenders, the DOJ and federal banking agencies should formulate methods to allocate total deposits. Perhaps a simple pro rata allocation among all relevant markets would work, with some "extra" weighting toward a headquarters site. If a pro rata allocation were to overstate the actual deposits in a market, we do not believe the overstatement would be all that material, as the provider almost certainly would have the capacity and desire to take on the allocated deposit share.

- HHI Thresholds in the 2010 Horizontal Merger Guidelines. As Exhibits A and B show, most of the small bank combination transactions that we address in this letter would face scrutiny even under the higher HHI thresholds set forth in the 2010 Horizontal Merger Guidelines. Nevertheless, with 5,000+ FDIC-insured institutions in America, the banking industry is almost certainly more competitive than the various other industries whose combinations are currently analyzed under the higher thresholds of the 2010 Horizontal Merger Guidelines. For that reason, we generally believe it would be a step in the right direction to apply the 2010 Horizontal Merger Guideline HHI thresholds to the bank merger competitive analysis.

Notwithstanding our view on that point, we firmly believe that deposit share-based HHI calculations understate the competition that banks face in the United States today. We especially believe that a transaction that results in only a 200-point HHI change would be very unlikely to have a material competitive effect in any market, including in a moderately or highly concentrated market. The 2010 Horizontal Merger Guidelines would invite scrutiny upon a 100-point HHI change in certain circumstances, and we encourage the DOJ and federal banking agencies to give banks more leeway in that regard.

Having been on the ground in Alabama for a long time, we care deeply about ensuring that Alabama's communities—and especially its small communities—continue to benefit from the presence of strong, community-focused small banks. The policy changes that we propose here, we believe, would be consistent with and would promote that goal.

We very much appreciate the DOJ's interest in this matter, and we thank you for the opportunity to be a part of your decision-making process.

Sincerely,



Mike Hill
Alabama Superintendent of Banks

EXHIBIT A

Alabama's 53 Banking Markets

Our analysis of Alabama's 53 Federal Reserve-defined banking markets is attached to this exhibit. Our notable conclusions are as follows:

- Of the 53 banking markets, 24 markets have total deposits of less than \$500 million. In those 24 markets, only six of the 88 in-market transactions that we tested satisfy the 1,800/200 HHI threshold. Of those six transactions, only four involve the merger of two small banks. In all four cases, the "target" is not headquartered in the relevant market, and the in-market deposits of the "target" are less than \$18 million.
- Of the 53 banking markets, 11 markets have total deposits of at least \$500 million but less than \$1 billion. In those 11 markets, only nine of the 66 in-market transactions that we tested satisfy the 1,800/200 HHI threshold. Of those nine transactions, only three involve the merger of two small banks. In two of those three cases, the "target" is not headquartered in the relevant market, and the in-market deposits of the "target" are less than \$28 million. In the one remaining case, the banks operate in a market that has more than \$900 million in total deposits, making that market a relatively large "small" market. The transaction combines the institutions with only the 2nd and 5th largest deposit shares in the market.
- In the 18 Alabama banking markets with total deposits of \$1 billion or more, in-market transactions are far more likely to pass the existing screening process, with 80 of the 108 transactions that we tested satisfying the 1,800/200 HHI threshold. Of those 80 transactions, though, only seven are between two small banks.
- In the 35 markets with total deposits of less than \$1 billion, 20 markets have at least five banks operating in them. In those 20 markets, a merger of the 2nd largest deposit share bank and the 4th largest deposit share bank satisfies the 1,800/200 HHI threshold in only two cases, notwithstanding the existence of the market-leading bank. In the two cases that satisfy the threshold, the "target" has in-market deposits of less than \$24 million. Only one of the two cases involves the merger of two small banks, and in that one case, the "target" is not headquartered in the relevant market.

Alexander City Area

<u>Top 5 Banks</u>	<u>In-Market Deposits</u>
Valley National Bank	288.929
Wells Fargo Bank, N.A.	78.067
River Bank & Trust	69.966
PNC Bank, N.A.	51.113
Truist Bank	25.604
TOP 5 TOTAL	513.679
 Institutions in Market	 7
TOTAL DEPOSITS IN MARKET	550.337

	<u>Pre-Merger HHI</u>	<u>Post-Merger HHI</u>	<u>HHI Change</u>	<u>Pass 1800/200 Test?</u>	<u>Merger of Small Banks?</u>
5th Largest Into Largest?	3,250	3,738	488	No	No
5th Largest Into 2nd Largest?	3,250	3,382	132	Yes	
4th Largest Into Largest?	3,250	4,225	975	No	
4th Largest Into 2nd Largest?	3,250	3,513	263	No	
3rd Largest Into Largest?	3,250	4,585	1,335	No	
3rd Largest Into 2nd Largest?	3,250	3,611	361	No	

Anniston Area

<u>Top 5 Banks</u>	<u>In-Market Deposits</u>
Regions Bank	392.799
Wells Fargo Bank, N.A.	291.499
Southern States Bank	286.930
Truist Bank	281.683
NobleBank & Trust	221.870
TOP 5 TOTAL	1,474.781
 Institutions in Market	 12
TOTAL DEPOSITS IN MARKET	2,095.721

	<u>Pre-Merger HHI</u>	<u>Post-Merger HHI</u>	<u>HHI Change</u>	<u>Pass 1800/200 Test?</u>	<u>Merger of Small Banks?</u>
5th Largest Into Largest?	1,250	1,647	397	Yes	No
5th Largest Into 2nd Largest?	1,250	1,544	294	Yes	No
4th Largest Into Largest?	1,250	1,754	504	Yes	No
4th Largest Into 2nd Largest?	1,250	1,624	374	Yes	No
3rd Largest Into Largest?	1,250	1,763	513	Yes	No
3rd Largest Into 2nd Largest?	1,250	1,631	381	Yes	No

Auburn/Opelika Area

<u>Top 5 Banks</u>	<u>In-Market Deposits</u>
AuburnBank	681.428
BBVA USA	418.481
Regions Bank	297.603
South State Bank, N.A.	245.129
Wells Fargo Bank, N.A.	222.163
TOP 5 TOTAL	1,864.804
 Institutions in Market	 18
TOTAL DEPOSITS IN MARKET	2,973.269

	<u>Pre-Merger HHI</u>	<u>Post-Merger HHI</u>	<u>HHI Change</u>	<u>Pass 1800/200 Test?</u>	<u>Merger of Small Banks?</u>
5th Largest Into Largest?	1,126	1,469	343	Yes	No
5th Largest Into 2nd Largest?	1,126	1,336	210	Yes	No
4th Largest Into Largest?	1,126	1,504	378	Yes	No
4th Largest Into 2nd Largest?	1,126	1,358	232	Yes	No
3rd Largest Into Largest?	1,126	1,585	459	Yes	No
3rd Largest Into 2nd Largest?	1,126	1,408	282	Yes	No

Barbour County

<u>Top 5 Banks</u>	<u>In-Market Deposits</u>
MidSouth Bank	100.540
22nd State Bank	98.085
BBVA USA	88.272
Trustmark National Bank	73.043
Ameris Bank	34.962
TOP 5 TOTAL	394.902
 Institutions in Market	 7
TOTAL DEPOSITS IN MARKET	425.195

	<u>Pre-Merger HHI</u>	<u>Post-Merger HHI</u>	<u>HHI Change</u>	<u>Pass 1800/200 Test?</u>	<u>Merger of Small Banks?</u>
5th Largest Into Largest?	1,914	2,302	388	No	No
5th Largest Into 2nd Largest?	1,914	2,293	379	No	
4th Largest Into Largest?	1,914	2,726	812	No	
4th Largest Into 2nd Largest?	1,914	2,706	792	No	
3rd Largest Into Largest?	1,914	2,895	981	No	
3rd Largest Into 2nd Largest?	1,914	2,871	957	No	

Birmingham Area

<u>Top 5 Banks</u>	<u>In-Market Deposits</u>
Regions Bank	13,376.756
BBVA USA	10,158.352
Wells Fargo Bank, N.A.	3,807.964
ServisFirst Bank	3,033.131
Synovus Bank	2,025.507
TOP 5 TOTAL	32,401.710
 Institutions in Market	 53
TOTAL DEPOSITS IN MARKET	42,436.235

	<u>Pre-Merger HHI</u>	<u>Post-Merger HHI</u>	<u>HHI Change</u>	<u>Pass 1800/200 Test?</u>	<u>Merger of Small Banks?</u>
5th Largest Into Largest?	1,758	2,059	301	No	
5th Largest Into 2nd Largest?	1,758	1,986	228	No	
4th Largest Into Largest?	1,758	2,208	450	No	
4th Largest Into 2nd Largest?	1,758	2,100	342	No	
3rd Largest Into Largest?	1,758	2,323	565	No	
3rd Largest Into 2nd Largest?	1,758	2,187	429	No	

Bullock County

<u>Top 2 Banks</u>	<u>In-Market Deposits</u>
AmeriFirst Bank	64.749
Community Bank and Trust Alabama	42.092
TOP 2 TOTAL	106.841
 Institutions in Market	 2
TOTAL DEPOSITS IN MARKET	106.841

	<u>Pre-Merger HHI</u>	<u>Post-Merger HHI</u>	<u>HHI Change</u>	<u>Pass 1800/200 Test?</u>	<u>Merger of Small Banks?</u>
Smallest Into Largest?	5,225	10,000	4,775	No	

Butler County

<u>Top 5 Banks</u>	<u>In-Market Deposits</u>
Trustmark National Bank	98.783
Hancock Whitney Bank	77.564
First Citizens Bank	38.808
Community Neighbor Bank	32.814
Truist Bank	16.077
TOP 5 TOTAL	264.046
 Institutions in Market	 7
TOTAL DEPOSITS IN MARKET	281.484

	<u>Pre-Merger HHI</u>	<u>Post-Merger HHI</u>	<u>HHI Change</u>	<u>Pass 1800/200 Test?</u>	<u>Merger of Small Banks?</u>
5th Largest Into Largest?	2,381	2,782	401	No	
5th Largest Into 2nd Largest?	2,381	2,696	315	No	
4th Largest Into Largest?	2,381	3,199	818	No	
4th Largest Into 2nd Largest?	2,381	3,024	643	No	
3rd Largest Into Largest?	2,381	3,349	968	No	
3rd Largest Into 2nd Largest?	2,381	3,141	760	No	

Camden Area

<u>Top 2 Banks</u>	<u>In-Market Deposits</u>
Town-Country National Bank	89.070
Community Neighbor Bank	52.334
TOP 2 TOTAL	141.404
 Institutions in Market	 2
TOTAL DEPOSITS IN MARKET	141.404

	<u>Pre-Merger HHI</u>	<u>Post-Merger HHI</u>	<u>HHI Change</u>	<u>Pass 1800/200 Test?</u>	<u>Merger of Small Banks?</u>
Smallest Into Largest?	5,337	10,000	4,663	No	

Carrollton (GA) Area

<u>Top 5 Banks</u>	<u>In-Market Deposits</u>		<u>Pre-Merger HHI</u>	<u>Post-Merger HHI</u>	<u>HHI Change</u>	<u>Pass 1800/200 Test?</u>	<u>Merger of Small Banks?</u>
Bank OZK	702.661	5th Largest Into Largest?	1,740	2,159	419	No	
Truist Bank	525.178	5th Largest Into 2nd Largest?	1,740	2,053	313	No	
Synovus Bank	419.548	4th Largest Into Largest?	1,740	2,236	496	No	
United Community Bank	215.924	4th Largest Into 2nd Largest?	1,740	2,111	371	No	
American Commerce Bank, N.A.	182.391	3rd Largest Into Largest?	1,740	2,704	964	No	
TOP 5 TOTAL	2,045.702	3rd Largest Into 2nd Largest?	1,740	2,460	720	No	
Institutions in Market	10						
TOTAL DEPOSITS IN MARKET	2,473.166						

Chatom Area

<u>Top 2 Banks</u>	<u>In-Market Deposits</u>		<u>Pre-Merger HHI</u>	<u>Post-Merger HHI</u>	<u>HHI Change</u>	<u>Pass 1800/200 Test?</u>	<u>Merger of Small Banks?</u>
The First, N.A.	117.221	Smallest Into Largest?	5,690	10,000	4,310	No	
SmartBank	53.736						
TOP 2 TOTAL	170.957						
Institutions in Market	2						
TOTAL DEPOSITS IN MARKET	170.957						

Cherokee County

<u>Top 5 Banks</u>	<u>In-Market Deposits</u>		<u>Pre-Merger HHI</u>	<u>Post-Merger HHI</u>	<u>HHI Change</u>	<u>Pass 1800/200 Test?</u>	<u>Merger of Small Banks?</u>
First Southern State Bank	82.890	5th Largest Into Largest?	2,237	2,861	624	No	
Regions Bank	75.446	5th Largest Into 2nd Largest?	2,237	2,805	568	No	
Peoples Bank of Alabama	52.883	4th Largest Into Largest?	2,237	3,116	879	No	
Union State Bank	43.051	4th Largest Into 2nd Largest?	2,237	3,037	800	No	
The Southern Bank Company	30.587	3rd Largest Into Largest?	2,237	3,317	1,080	No	
TOP 5 TOTAL	284.857	3rd Largest Into 2nd Largest?	2,237	3,220	983	No	
Institutions in Market	5						
TOTAL DEPOSITS IN MARKET	284.857						

Choctaw County

<u>Top 3 Banks</u>	<u>In-Market Deposits</u>		<u>Pre-Merger HHI</u>	<u>Post-Merger HHI</u>	<u>HHI Change</u>	<u>Pass 1800/200 Test?</u>	<u>Merger of Small Banks?</u>
Regions Bank	81.330	Smallest Into Largest	3,438	5,372	1,934	No	
First US Bank	76.671	Smallest Into 2nd Largest	3,438	5,262	1,824	No	
West Alabama Bank & Trust	52.892	2nd Largest Into Largest	3,438	6,242	2,804	No	
TOP 3 TOTAL	210.893						
Institutions in Market	3						
TOTAL DEPOSITS IN MARKET	210.893						

Clay County

<u>Top 3 Banks</u>	<u>In-Market Deposits</u>
FirstState Bank	171.374
Truist Bank	26.040
First Bank of Alabama	6.896
TOP 3 TOTAL	204.310
Institutions in Market	3
TOTAL DEPOSITS IN MARKET	204.310

	<u>Pre-Merger HHI</u>	<u>Post-Merger HHI</u>	<u>HHI Change</u>	<u>Pass 1800/200 Test?</u>	<u>Merger of Small Banks?</u>
Smallest Into Largest	7,210	7,776	566	No	
Smallest Into 2nd Largest	7,210	7,296	86	Yes	No
2nd Largest Into Largest	7,210	9,348	2,138	No	

Columbus (GA) Area

<u>Top 5 Banks</u>	<u>In-Market Deposits</u>
Synovus Bank	6,494.887
Truist Bank	999.276
Wells Fargo Bank, N.A.	844.574
Southern States Bank	178.002
Regions Bank	166.807
TOP 5 TOTAL	8,683.546
Institutions in Market	14
TOTAL DEPOSITS IN MARKET	9,266.153

	<u>Pre-Merger HHI</u>	<u>Post-Merger HHI</u>	<u>HHI Change</u>	<u>Pass 1800/200 Test?</u>	<u>Merger of Small Banks?</u>
5th Largest Into Largest?	5,128	5,380	252	No	
5th Largest Into 2nd Largest?	5,128	5,167	39	Yes	No
4th Largest Into Largest?	5,128	5,397	269	No	
4th Largest Into 2nd Largest?	5,128	5,169	41	Yes	No
3rd Largest Into Largest?	5,128	6,406	1,278	No	
3rd Largest Into 2nd Largest?	5,128	5,324	196	Yes	No

Coosa County

<u>Single Bank</u>	<u>In-Market Deposits</u>
First Bank	19.682
Institutions in Market	1
TOTAL DEPOSITS IN MARKET	19.682

N/A

Covington County

<u>Top 5 Banks</u>	<u>In-Market Deposits</u>
CCB Community Bank	316.045
Southern Independent Bank	190.551
Wells Fargo Bank, N.A.	107.112
Cadence Bank, N.A.	64.550
Regions Bank	61.090
TOP 5 TOTAL	739.348
Institutions in Market	8
TOTAL DEPOSITS IN MARKET	783.429

	<u>Pre-Merger HHI</u>	<u>Post-Merger HHI</u>	<u>HHI Change</u>	<u>Pass 1800/200 Test?</u>	<u>Merger of Small Banks?</u>
5th Largest Into Largest?	2,552	3,181	629	No	
5th Largest Into 2nd Largest?	2,552	2,931	379	No	
4th Largest Into Largest?	2,552	3,217	665	No	
4th Largest Into 2nd Largest?	2,552	2,953	401	No	
3rd Largest Into Largest?	2,552	3,655	1,103	No	
3rd Largest Into 2nd Largest?	2,552	3,217	665	No	

Crenshaw County

<u>Top 4 Banks</u>	<u>In-Market Deposits</u>
First Citizens Bank	107.430
Brantley Bank and Trust Company	46.889
First National Bank of Dozier	27.407
Truist Bank	20.671
TOP 4 TOTAL	202.397
Institutions in Market	4
TOTAL DEPOSITS IN MARKET	202.397

	<u>Pre-Merger HHI</u>	<u>Post-Merger HHI</u>	<u>HHI Change</u>	<u>Pass 1800/200 Test?</u>	<u>Merger of Small Banks?</u>
4th Largest Into Largest?	3,642	4,726	1,084	No	
4th Largest Into 2nd Largest?	3,642	4,115	473	No	
3rd Largest Into Largest?	3,642	5,079	1,437	No	
3rd Largest Into 2nd Largest?	3,642	4,269	627	No	
2nd Largest Into Largest?	3,642	6,101	2,459	No	

Cullman County

<u>Top 5 Banks</u>	<u>In-Market Deposits</u>
Regions Bank	254.856
Merchants Bank of Alabama	246.172
Peoples Bank of Alabama	222.233
Traditions Bank	218.234
EvaBank	157.407
TOP 5 TOTAL	1,098.902
Institutions in Market	12
TOTAL DEPOSITS IN MARKET	1,661.027

	<u>Pre-Merger HHI</u>	<u>Post-Merger HHI</u>	<u>HHI Change</u>	<u>Pass 1800/200 Test?</u>	<u>Merger of Small Banks?</u>
5th Largest Into Largest?	1,119	1,410	291	Yes	No
5th Largest Into 2nd Largest?	1,119	1,400	281	Yes	Yes
4th Largest Into Largest?	1,119	1,522	403	Yes	No
4th Largest Into 2nd Largest?	1,119	1,508	389	Yes	Yes
3rd Largest Into Largest?	1,119	1,530	411	Yes	No
3rd Largest Into 2nd Largest?	1,119	1,516	397	Yes	Yes

Dallas County

<u>Top 5 Banks</u>	<u>In-Market Deposits</u>
Trustmark National Bank	140.097
Marion Bank and Trust Company	98.084
First Cahawba Bank	86.194
Regions Bank	81.024
Wells Fargo Bank, N.A.	51.081
TOP 5 TOTAL	456.480
Institutions in Market	6
TOTAL DEPOSITS IN MARKET	477.305

	<u>Pre-Merger HHI</u>	<u>Post-Merger HHI</u>	<u>HHI Change</u>	<u>Pass 1800/200 Test?</u>	<u>Merger of Small Banks?</u>
5th Largest Into Largest?	2,032	2,660	628	No	
5th Largest Into 2nd Largest?	2,032	2,471	439	No	
4th Largest Into Largest?	2,032	3,028	996	No	
4th Largest Into 2nd Largest?	2,032	2,729	697	No	
3rd Largest Into Largest?	2,032	3,092	1,060	No	
3rd Largest Into 2nd Largest?	2,032	2,774	742	No	

Decatur Area

<u>Top 5 Banks</u>	<u>In-Market Deposits</u>
Regions Bank	444.765
Bank Independent	336.689
Renasant Bank	322.666
BBVA USA	177.284
Progress Bank and Trust	171.281
TOP 5 TOTAL	1,452.685
Institutions in Market	14
TOTAL DEPOSITS IN MARKET	2,154.702

	<u>Pre-Merger HHI</u>	<u>Post-Merger HHI</u>	<u>HHI Change</u>	<u>Pass 1800/200 Test?</u>	<u>Merger of Small Banks?</u>
5th Largest Into Largest?	1,200	1,528	328	Yes	No
5th Largest Into 2nd Largest?	1,200	1,448	248	Yes	Yes
4th Largest Into Largest?	1,200	1,539	339	Yes	No
4th Largest Into 2nd Largest?	1,200	1,457	257	Yes	No
3rd Largest Into Largest?	1,200	1,818	618	No	
3rd Largest Into 2nd Largest?	1,200	1,668	468	Yes	No

DeKalb County

<u>Top 5 Banks</u>	<u>In-Market Deposits</u>
Regions Bank	195.350
First State Bank of DeKalb County	150.449
First Southern State Bank	129.809
BBVA USA	117.958
First Fidelity Bank	90.126
TOP 5 TOTAL	683.692
 Institutions in Market	 9
TOTAL DEPOSITS IN MARKET	914.002

	<u>Pre-Merger HHI</u>	<u>Post-Merger HHI</u>	<u>HHI Change</u>	<u>Pass 1800/200 Test?</u>	<u>Merger of Small Banks?</u>
5th Largest Into Largest?	1,377	1,798	421	Yes	No
5th Largest Into 2nd Largest?	1,377	1,701	324	Yes	Yes
4th Largest Into Largest?	1,377	1,928	551	No	
4th Largest Into 2nd Largest?	1,377	1,802	425	No	
3rd Largest Into Largest?	1,377	1,984	607	No	
3rd Largest Into 2nd Largest?	1,377	1,844	467	No	

Demopolis Area

<u>Top 5 Banks</u>	<u>In-Market Deposits</u>
Robertson Banking Company	210.686
First Bank of Linden	66.507
Trustmark National Bank	52.701
Sweet Water State Bank	33.459
Regions Bank	17.781
TOP 5 TOTAL	381.134
 Institutions in Market	 5
TOTAL DEPOSITS IN MARKET	381.134

	<u>Pre-Merger HHI</u>	<u>Post-Merger HHI</u>	<u>HHI Change</u>	<u>Pass 1800/200 Test?</u>	<u>Merger of Small Banks?</u>
5th Largest Into Largest?	3,650	4,166	516	No	
5th Largest Into 2nd Largest?	3,650	3,813	163	Yes	No
4th Largest Into Largest?	3,650	4,621	971	No	
4th Largest Into 2nd Largest?	3,650	3,957	307	No	
3rd Largest Into Largest?	3,650	5,179	1,529	No	
3rd Largest Into 2nd Largest?	3,650	4,133	483	No	

Dothan Area

<u>Top 5 Banks</u>	<u>In-Market Deposits</u>
ServisFirst Bank	553.669
Regions Bank	546.075
Wells Fargo Bank, N.A.	399.579
BBVA USA	364.849
MidSouth Bank	202.764
TOP 5 TOTAL	2,066.936
 Institutions in Market	 17
TOTAL DEPOSITS IN MARKET	3,209.512

	<u>Pre-Merger HHI</u>	<u>Post-Merger HHI</u>	<u>HHI Change</u>	<u>Pass 1800/200 Test?</u>	<u>Merger of Small Banks?</u>
5th Largest Into Largest?	1,036	1,254	218	Yes	No
5th Largest Into 2nd Largest?	1,036	1,251	215	Yes	No
4th Largest Into Largest?	1,036	1,428	392	Yes	No
4th Largest Into 2nd Largest?	1,036	1,422	386	Yes	No
3rd Largest Into Largest?	1,036	1,465	429	Yes	No
3rd Largest Into 2nd Largest?	1,036	1,459	423	Yes	No

Enterprise Area

<u>Top 5 Banks</u>	<u>In-Market Deposits</u>
Synovus Bank	218.842
Wells Fargo Bank, N.A.	166.651
The Citizens Bank	114.071
BankPlus	110.877
Troy Bank & Trust Company	107.403
TOP 5 TOTAL	717.844
 Institutions in Market	 16
TOTAL DEPOSITS IN MARKET	1,085.447

	<u>Pre-Merger HHI</u>	<u>Post-Merger HHI</u>	<u>HHI Change</u>	<u>Pass 1800/200 Test?</u>	<u>Merger of Small Banks?</u>
5th Largest Into Largest?	1,147	1,546	399	Yes	No
5th Largest Into 2nd Largest?	1,147	1,451	304	Yes	No
4th Largest Into Largest?	1,147	1,559	412	Yes	No
4th Largest Into 2nd Largest?	1,147	1,461	314	Yes	No
3rd Largest Into Largest?	1,147	1,571	424	Yes	No
3rd Largest Into 2nd Largest?	1,147	1,470	323	Yes	No

Escambia County

<u>Top 5 Banks</u>	<u>In-Market Deposits</u>
United Bank	201.341
Trustmark National Bank	137.250
The First National Bank and Trust	128.911
Escambia County Bank	61.872
Regions Bank	59.413
TOP 5 TOTAL	588.787
 Institutions in Market	 11
TOTAL DEPOSITS IN MARKET	684.452

	<u>Pre-Merger HHI</u>	<u>Post-Merger HHI</u>	<u>HHI Change</u>	<u>Pass 1800/200 Test?</u>	<u>Merger of Small Banks?</u>
5th Largest Into Largest?	1,835	2,346	511	No	
5th Largest Into 2nd Largest?	1,835	2,183	348	No	
4th Largest Into Largest?	1,835	2,367	532	No	
4th Largest Into 2nd Largest?	1,835	2,198	363	No	
3rd Largest Into Largest?	1,835	2,943	1,108	No	
3rd Largest Into 2nd Largest?	1,835	2,590	755	No	

Etowah County

<u>Top 5 Banks</u>	<u>In-Market Deposits</u>
The Exchange Bank of Alabama	241.389
Regions Bank	237.700
Wells Fargo Bank, N.A.	198.018
BBVA USA	107.558
River Bank & Trust	91.459
TOP 5 TOTAL	876.124
 Institutions in Market	 12
TOTAL DEPOSITS IN MARKET	1,137.518

	<u>Pre-Merger HHI</u>	<u>Post-Merger HHI</u>	<u>HHI Change</u>	<u>Pass 1800/200 Test?</u>	<u>Merger of Small Banks?</u>
5th Largest Into Largest?	1,429	1,771	342	Yes	Yes
5th Largest Into 2nd Largest?	1,429	1,765	336	Yes	No
4th Largest Into Largest?	1,429	1,831	402	No	
4th Largest Into 2nd Largest?	1,429	1,825	396	No	
3rd Largest Into Largest?	1,429	2,168	739	No	
3rd Largest Into 2nd Largest?	1,429	2,157	728	No	

Evergreen Area

<u>Top 3 Banks</u>	<u>In-Market Deposits</u>
Bank of Evergreen	50.751
Regions Bank	32.497
Truist Bank	21.869
TOP 3 TOTAL	105.117
 Institutions in Market	 3
TOTAL DEPOSITS IN MARKET	105.117

	<u>Pre-Merger HHI</u>	<u>Post-Merger HHI</u>	<u>HHI Change</u>	<u>Pass 1800/200 Test?</u>	<u>Merger of Small Banks?</u>
Smallest Into Largest	3,720	5,728	2,008	No	
Smallest Into 2nd Largest	3,720	5,006	1,286	No	
2nd Largest Into Largest	3,720	6,705	2,985	No	

Fayette County

<u>Top 4 Banks</u>	<u>In-Market Deposits</u>
The Citizens Bank of Fayette	146.263
West Alabama Bank & Trust	48.699
Regions Bank	42.821
First National Bank	9.724
TOP 4 TOTAL	247.507
 Institutions in Market	 4
TOTAL DEPOSITS IN MARKET	247.507

	<u>Pre-Merger HHI</u>	<u>Post-Merger HHI</u>	<u>HHI Change</u>	<u>Pass 1800/200 Test?</u>	<u>Merger of Small Banks?</u>
4th Largest Into Largest?	4,194	4,658	464	No	
4th Largest Into 2nd Largest?	4,194	4,349	155	Yes	Yes
3rd Largest Into Largest?	4,194	6,239	2,045	No	
3rd Largest Into 2nd Largest?	4,194	4,875	681	No	
2nd Largest Into Largest?	4,194	6,520	2,326	No	

Florence Area

<u>Top 5 Banks</u>	<u>In-Market Deposits</u>
Bank Independent	796.551
First Metro Bank	529.005
BBVA USA	254.693
Regions Bank	226.280
First Southern Bank	220.383
TOP 5 TOTAL	2,026.912
Institutions in Market	13
TOTAL DEPOSITS IN MARKET	2,839.724

	<u>Pre-Merger HHI</u>	<u>Post-Merger HHI</u>	<u>HHI Change</u>	<u>Pass 1800/200 Test?</u>	<u>Merger of Small Banks?</u>
5th Largest Into Largest?	1,508	1,944	436	No	Yes
5th Largest Into 2nd Largest?	1,508	1,798	290	Yes	
4th Largest Into Largest?	1,508	1,955	447	No	
4th Largest Into 2nd Largest?	1,508	1,805	297	No	
3rd Largest Into Largest?	1,508	2,012	504	No	
3rd Largest Into 2nd Largest?	1,508	1,843	335	No	

Franklin County

<u>Top 5 Banks</u>	<u>In-Market Deposits</u>
CB&S Bank, Inc.	279.838
Community Spirit Bank	103.791
Valley State Bank	100.690
Bank Independent	84.857
First Metro Bank	26.224
TOP 5 TOTAL	595.400
Institutions in Market	5
TOTAL DEPOSITS IN MARKET	595.400

	<u>Pre-Merger HHI</u>	<u>Post-Merger HHI</u>	<u>HHI Change</u>	<u>Pass 1800/200 Test?</u>	<u>Merger of Small Banks?</u>
5th Largest Into Largest?	3,021	3,435	414	No	Yes
5th Largest Into 2nd Largest?	3,021	3,175	154	Yes	
4th Largest Into Largest?	3,021	4,361	1,340	No	
4th Largest Into 2nd Largest?	3,021	3,518	497	No	
3rd Largest Into Largest?	3,021	4,611	1,590	No	
3rd Largest Into 2nd Largest?	3,021	3,611	590	No	

Greene County

<u>Top 2 Banks</u>	<u>In-Market Deposits</u>
Merchants & Farmers Bank	53.945
Citizens Trust Bank	10.876
TOP 2 TOTAL	64.821
Institutions in Market	2
TOTAL DEPOSITS IN MARKET	64.821

	<u>Pre-Merger HHI</u>	<u>Post-Merger HHI</u>	<u>HHI Change</u>	<u>Pass 1800/200 Test?</u>	<u>Merger of Small Banks?</u>
Smallest Into Largest?	7,207	10,000	2,793	No	

Greensboro Area

<u>Top 2 Banks</u>	<u>In-Market Deposits</u>
The Citizens Bank	77.816
Peoples Bank of Greensboro	77.636
TOP 2 TOTAL	155.452
Institutions in Market	2
TOTAL DEPOSITS IN MARKET	155.452

	<u>Pre-Merger HHI</u>	<u>Post-Merger HHI</u>	<u>HHI Change</u>	<u>Pass 1800/200 Test?</u>	<u>Merger of Small Banks?</u>
Smallest Into Largest?	5,000	10,000	5,000	No	

Gulf Shores Area

<u>Top 5 Banks</u>	<u>In-Market Deposits</u>		<u>Pre-Merger HHI</u>	<u>Post-Merger HHI</u>	<u>HHI Change</u>	<u>Pass 1800/200 Test?</u>	<u>Merger of Small Banks?</u>
Regions Bank	345.325	5th Largest Into Largest?	1,169	1,506	337	Yes	No
Centennial Bank	317.784	5th Largest Into 2nd Largest?	1,169	1,479	310	Yes	No
The First, N.A.	145.657	4th Largest Into Largest?	1,169	1,519	350	Yes	No
Truist Bank	137.356	4th Largest Into 2nd Largest?	1,169	1,491	322	Yes	No
Wells Fargo Bank, N.A.	132.515	3rd Largest Into Largest?	1,169	1,540	371	Yes	No
TOP 5 TOTAL	1,078.637	3rd Largest Into 2nd Largest?	1,169	1,510	341	Yes	No
Institutions in Market	19						
TOTAL DEPOSITS IN MARKET	1,647.198						

Huntsville Area

<u>Top 5 Banks</u>	<u>In-Market Deposits</u>		<u>Pre-Merger HHI</u>	<u>Post-Merger HHI</u>	<u>HHI Change</u>	<u>Pass 1800/200 Test?</u>	<u>Merger of Small Banks?</u>
Regions Bank	1,627.931	5th Largest Into Largest?	932	1,207	275	Yes	No
BBVA USA	1,073.308	5th Largest Into 2nd Largest?	932	1,113	181	Yes	No
ServisFirst Bank	888.251	4th Largest Into Largest?	932	1,246	314	Yes	No
Synovus Bank	652.198	4th Largest Into 2nd Largest?	932	1,139	207	Yes	No
Wells Fargo Bank, N.A.	571.268	3rd Largest Into Largest?	932	1,360	428	Yes	No
TOP 5 TOTAL	4,812.956	3rd Largest Into 2nd Largest?	932	1,214	282	Yes	No
Institutions in Market	32						
TOTAL DEPOSITS IN MARKET	8,223.065						

Jackson Area

<u>Top 5 Banks</u>	<u>In-Market Deposits</u>		<u>Pre-Merger HHI</u>	<u>Post-Merger HHI</u>	<u>HHI Change</u>	<u>Pass 1800/200 Test?</u>	<u>Merger of Small Banks?</u>
First US Bank	241.493	5th Largest Into Largest?	2,852	3,579	727	No	
BancorpSouth Bank	170.366	5th Largest Into 2nd Largest?	2,852	3,365	513	No	
SmartBank	62.016	4th Largest Into Largest?	2,852	3,611	759	No	
Sweet Water State Bank	53.240	4th Largest Into 2nd Largest?	2,852	3,388	536	No	
Regions Bank	50.964	3rd Largest Into Largest?	2,852	3,737	885	No	
TOP 5 TOTAL	578.079	3rd Largest Into 2nd Largest?	2,852	3,476	624	No	
Institutions in Market	6						
TOTAL DEPOSITS IN MARKET	582.052						

Jackson County

<u>Top 5 Banks</u>	<u>In-Market Deposits</u>		<u>Pre-Merger HHI</u>	<u>Post-Merger HHI</u>	<u>HHI Change</u>	<u>Pass 1800/200 Test?</u>	<u>Merger of Small Banks?</u>
FNB Bank	287.622	5th Largest Into Largest?	2,126	2,501	375	No	
First Jackson Bank, Inc.	183.365	5th Largest Into 2nd Largest?	2,126	2,365	239	No	
First Southern State Bank	176.066	4th Largest Into Largest?	2,126	2,933	807	No	
Regions Bank	108.477	4th Largest Into 2nd Largest?	2,126	2,640	514	No	
Peoples Independent Bank	50.402	3rd Largest Into Largest?	2,126	3,436	1,310	No	
TOP 5 TOTAL	805.932	3rd Largest Into 2nd Largest?	2,126	2,961	835	No	
Institutions in Market	8						
TOTAL DEPOSITS IN MARKET	879.145						

LaGrange (GA) Area

<u>Top 5 Banks</u>	<u>In-Market Deposits</u>
South State Bank, N.A.	272.757
Synovus Bank	261.207
Truist Bank	158.682
Farmers and Merchants Bank	123.448
Colony Bank	121.809
TOP 5 TOTAL	937.903
Institutions in Market	12
TOTAL DEPOSITS IN MARKET	1,404.940

	<u>Pre-Merger HHI</u>	<u>Post-Merger HHI</u>	<u>HHI Change</u>	<u>Pass 1800/200 Test?</u>	<u>Merger of Small Banks?</u>
5th Largest Into Largest?	1,201	1,537	336	Yes	No
5th Largest Into 2nd Largest?	1,201	1,523	322	Yes	No
4th Largest Into Largest?	1,201	1,542	341	Yes	No
4th Largest Into 2nd Largest?	1,201	1,527	326	Yes	No
3rd Largest Into Largest?	1,201	1,639	438	Yes	No
3rd Largest Into 2nd Largest?	1,201	1,621	420	Yes	No

Lamar County

<u>Top 5 Banks</u>	<u>In-Market Deposits</u>
The Bank of Vernon	115.035
Citizens State Bank	44.896
West Alabama Bank & Trust	41.422
First State Bank of the South, Inc.	39.828
First National Bank	28.351
TOP 5 TOTAL	269.532
Institutions in Market	5
TOTAL DEPOSITS IN MARKET	269.532

	<u>Pre-Merger HHI</u>	<u>Post-Merger HHI</u>	<u>HHI Change</u>	<u>Pass 1800/200 Test?</u>	<u>Merger of Small Banks?</u>
5th Largest Into Largest?	2,664	3,562	898	No	
5th Largest Into 2nd Largest?	2,664	3,015	351	No	
4th Largest Into Largest?	2,664	3,925	1,261	No	
4th Largest Into 2nd Largest?	2,664	3,156	492	No	
3rd Largest Into Largest?	2,664	3,976	1,312	No	
3rd Largest Into 2nd Largest?	2,664	3,176	512	No	

Macon County

<u>Top 3 Banks</u>	<u>In-Market Deposits</u>
PNC Bank, N.A.	65.279
Liberty Bank and Trust Company	24.235
AuburnBank	14.953
TOP 3 TOTAL	
Institutions in Market	3
TOTAL DEPOSITS IN MARKET	104.467

	<u>Pre-Merger HHI</u>	<u>Post-Merger HHI</u>	<u>HHI Change</u>	<u>Pass 1800/200 Test?</u>	<u>Merger of Small Banks?</u>
Smallest Into Largest	4,648	6,437	1,789	No	
Smallest Into 2nd Largest	4,648	5,312	664	No	
2nd Largest Into Largest	4,648	7,547	2,899	No	

Marion County

<u>Top 5 Banks</u>	<u>In-Market Deposits</u>
State Bank & Trust	212.579
The Citizens Bank of Winfield	144.411
First National Bank	107.598
PeoplesTrust Bank	78.751
Wells Fargo Bank, N.A.	61.013
TOP 5 TOTAL	604.352
Institutions in Market	7
TOTAL DEPOSITS IN MARKET	643.884

	<u>Pre-Merger HHI</u>	<u>Post-Merger HHI</u>	<u>HHI Change</u>	<u>Pass 1800/200 Test?</u>	<u>Merger of Small Banks?</u>
5th Largest Into Largest?	2,134	2,760	626	No	
5th Largest Into 2nd Largest?	2,134	2,559	425	No	
4th Largest Into Largest?	2,134	2,942	808	No	
4th Largest Into 2nd Largest?	2,134	2,683	549	No	
3rd Largest Into Largest?	2,134	3,238	1,104	No	
3rd Largest Into 2nd Largest?	2,134	2,884	750	No	

Marshall County

<u>Top 5 Banks</u>	<u>In-Market Deposits</u>		<u>Pre-Merger HHI</u>	<u>Post-Merger HHI</u>	<u>HHI Change</u>	<u>Pass 1800/200 Test?</u>	<u>Merger of Small Banks?</u>
Citizens Bank & Trust	363.803	5th Largest Into Largest?	1,223	1,586	363	Yes	No
Regions Bank	351.204	5th Largest Into 2nd Largest?	1,223	1,573	350	Yes	No
BancorpSouth Bank	183.690	4th Largest Into Largest?	1,223	1,628	405	Yes	Yes
First Bank of Boaz	174.224	4th Largest Into 2nd Largest?	1,223	1,614	391	Yes	No
Wells Fargo Bank, N.A.	155.925	3rd Largest Into Largest?	1,223	1,650	427	Yes	No
TOP 5 TOTAL	1,228.846	3rd Largest Into 2nd Largest?	1,223	1,635	412	Yes	No
Institutions in Market	19						
TOTAL DEPOSITS IN MARKET	1,769.568						

Mobile Area

<u>Top 5 Banks</u>	<u>In-Market Deposits</u>		<u>Pre-Merger HHI</u>	<u>Post-Merger HHI</u>	<u>HHI Change</u>	<u>Pass 1800/200 Test?</u>	<u>Merger of Small Banks?</u>
Regions Bank	2,909.347	5th Largest Into Largest?	1,353	1,888	535	No	
BBVA USA	1,231.147	5th Largest Into 2nd Largest?	1,353	1,580	227	Yes	No
Hancock Whitney Bank	1,047.147	4th Largest Into Largest?	1,353	1,906	553	No	
PNC Bank, N.A.	962.027	4th Largest Into 2nd Largest?	1,353	1,587	234	Yes	No
Wells Fargo Bank, N.A.	929.779	3rd Largest Into Largest?	1,353	1,955	602	No	
TOP 5 TOTAL	7,079.447	3rd Largest Into 2nd Largest?	1,353	1,608	255	Yes	No
Institutions in Market	32						
TOTAL DEPOSITS IN MARKET	10,061.038						

Monroeville Area

<u>Top 5 Banks</u>	<u>In-Market Deposits</u>		<u>Pre-Merger HHI</u>	<u>Post-Merger HHI</u>	<u>HHI Change</u>	<u>Pass 1800/200 Test?</u>	<u>Merger of Small Banks?</u>
Trustmark National Bank	105.380	5th Largest Into Largest?	2,209	2,766	557	No	
United Bank	101.892	5th Largest Into 2nd Largest?	2,209	2,747	538	No	
Peoples Exchange Bank	59.362	4th Largest Into Largest?	2,209	2,809	600	No	
Cadence Bank, N.A.	35.686	4th Largest Into 2nd Largest?	2,209	2,789	580	No	
Regions Bank	33.127	3rd Largest Into Largest?	2,209	3,207	998	No	
TOP 5 TOTAL	335.447	3rd Largest Into 2nd Largest?	2,209	3,174	965	No	
Institutions in Market	7						
TOTAL DEPOSITS IN MARKET	353.975						

Montgomery Area

<u>Top 5 Banks</u>	<u>In-Market Deposits</u>		<u>Pre-Merger HHI</u>	<u>Post-Merger HHI</u>	<u>HHI Change</u>	<u>Pass 1800/200 Test?</u>	<u>Merger of Small Banks?</u>
Regions Bank	1,865.195	5th Largest Into Largest?	1,156	1,490	334	Yes	No
BBVA USA	1,543.160	5th Largest Into 2nd Largest?	1,156	1,432	276	Yes	No
ServisFirst Bank	743.163	4th Largest Into Largest?	1,156	1,496	340	Yes	No
Synovus Bank	663.315	4th Largest Into 2nd Largest?	1,156	1,437	281	Yes	No
Wells Fargo Bank, N.A.	652.675	3rd Largest Into Largest?	1,156	1,537	381	Yes	No
TOP 5 TOTAL	5,467.508	3rd Largest Into 2nd Largest?	1,156	1,471	315	Yes	No
Institutions in Market	26						
TOTAL DEPOSITS IN MARKET	8,530.853						

Perry County

<u>Top 3 Banks</u>	<u>In-Market Deposits</u>
Marion Bank and Trust Company	109.201
West Alabama Bank & Trust	15.946
Cadence Bank, N.A.	13.479
TOP 3 TOTAL	138.626
Institutions in Market	3
TOTAL DEPOSITS IN MARKET	138.626

	<u>Pre-Merger HHI</u>	<u>Post-Merger HHI</u>	<u>HHI Change</u>	<u>Pass 1800/200 Test?</u>	<u>Merger of Small Banks?</u>
Smallest Into Largest	6,432	7,964	1,532	No	
Smallest Into 2nd Largest	6,432	6,656	224	No	
2nd Largest Into Largest	6,432	8,244	1,812	No	

Pickens County

<u>Top 2 Banks</u>	<u>In-Market Deposits</u>
West Alabama Bank & Trust	235.767
BankFirst Financial Services	111.449
TOP 2 TOTAL	347.216
Institutions in Market	2
TOTAL DEPOSITS IN MARKET	347.216

	<u>Pre-Merger HHI</u>	<u>Post-Merger HHI</u>	<u>HHI Change</u>	<u>Pass 1800/200 Test?</u>	<u>Merger of Small Banks?</u>
Smallest Into Largest?	5,641	10,000	4,359	No	

Pike County

<u>Top 5 Banks</u>	<u>In-Market Deposits</u>
Troy Bank & Trust Company	683.518
Wells Fargo Bank, N.A.	72.283
Regions Bank	68.261
Truist Bank	23.906
First Cahawba Bank	7.836
TOP 5 TOTAL	855.804
Institutions in Market	5
TOTAL DEPOSITS IN MARKET	855.804

	<u>Pre-Merger HHI</u>	<u>Post-Merger HHI</u>	<u>HHI Change</u>	<u>Pass 1800/200 Test?</u>	<u>Merger of Small Banks?</u>
5th Largest Into Largest?	6,523	6,669	146	Yes	Yes
5th Largest Into 2nd Largest?	6,523	6,538	15	Yes	No
4th Largest Into Largest?	6,523	6,969	446	No	
4th Largest Into 2nd Largest?	6,523	6,570	47	Yes	No
3rd Largest Into Largest?	6,523	7,797	1,274	No	
3rd Largest Into 2nd Largest?	6,523	6,657	134	Yes	No

Pulaski (TN) Area

<u>Top 5 Banks</u>	<u>In-Market Deposits</u>
First National Bank of Pulaski	361.193
Bank of Frankewing	217.241
Truist Bank	68.798
FNB Bank	55.112
CB&S Bank, Inc.	45.737
TOP 5 TOTAL	748.081
Institutions in Market	7
TOTAL DEPOSITS IN MARKET	776.490

	<u>Pre-Merger HHI</u>	<u>Post-Merger HHI</u>	<u>HHI Change</u>	<u>Pass 1800/200 Test?</u>	<u>Merger of Small Banks?</u>
5th Largest Into Largest?	3,121	3,669	548	No	
5th Largest Into 2nd Largest?	3,121	3,451	330	No	
4th Largest Into Largest?	3,121	3,782	661	No	
4th Largest Into 2nd Largest?	3,121	3,518	397	No	
3rd Largest Into Largest?	3,121	3,945	824	No	
3rd Largest Into 2nd Largest?	3,121	3,617	496	No	

<u>Randolph County</u>							
<u>Top 5 Banks</u>	<u>In-Market Deposits</u>		<u>Pre-Merger HHI</u>	<u>Post-Merger HHI</u>	<u>HHI Change</u>	<u>Pass 1800/200 Test?</u>	<u>Merger of Small Banks?</u>
Southern States Bank	119.041	5th Largest Into Largest?	2,814	3,361	547	No	
First Bank of Alabama	111.977	5th Largest Into 2nd Largest?	2,814	3,329	515	No	
First Bank	42.758	4th Largest Into Largest?	2,814	3,437	623	No	
FirstState Bank	27.811	4th Largest Into 2nd Largest?	2,814	3,400	586	No	
Wells Fargo Bank, N.A.	24.419	3rd Largest Into Largest?	2,814	3,772	958	No	
TOP 5 TOTAL	326.006	3rd Largest Into 2nd Largest?	2,814	3,715	901	No	
Institutions in Market	5						
TOTAL DEPOSITS IN MARKET	326.006						
<u>Sumter County</u>							
<u>Top 3 Banks</u>	<u>In-Market Deposits</u>		<u>Pre-Merger HHI</u>	<u>Post-Merger HHI</u>	<u>HHI Change</u>	<u>Pass 1800/200 Test?</u>	<u>Merger of Small Banks?</u>
Investar Bank, N.A.	82.325	Smallest Into Largest	3,521	5,423	1,902	No	
Regions Bank	69.885	Smallest Into 2nd Largest	3,521	5,135	1,614	No	
West Alabama Bank & Trust	44.878	2nd Largest Into Largest	3,521	6,483	2,962	No	
TOP 3 TOTAL	197.088						
Institutions in Market	3						
TOTAL DEPOSITS IN MARKET	197.088						
<u>Talladega County</u>							
<u>Top 5 Banks</u>	<u>In-Market Deposits</u>		<u>Pre-Merger HHI</u>	<u>Post-Merger HHI</u>	<u>HHI Change</u>	<u>Pass 1800/200 Test?</u>	<u>Merger of Small Banks?</u>
First Bank of Alabama	352.419	5th Largest Into Largest?	2,439	2,852	413	No	
Regions Bank	143.190	5th Largest Into 2nd Largest?	2,439	2,607	168	Yes	No
Cadence Bank, N.A.	122.761	4th Largest Into Largest?	2,439	3,035	596	No	
Renasant Bank	58.224	4th Largest Into 2nd Largest?	2,439	2,681	242	No	
Southern States Bank	40.338	3rd Largest Into Largest?	2,439	3,695	1,256	No	
TOP 5 TOTAL	716.932	3rd Largest Into 2nd Largest?	2,439	2,949	510	No	
Institutions in Market	9						
TOTAL DEPOSITS IN MARKET	829.983						
<u>Tuscaloosa Area</u>							
<u>Top 5 Banks</u>	<u>In-Market Deposits</u>		<u>Pre-Merger HHI</u>	<u>Post-Merger HHI</u>	<u>HHI Change</u>	<u>Pass 1800/200 Test?</u>	<u>Merger of Small Banks?</u>
Regions Bank	683.068	5th Largest Into Largest?	1,126	1,439	313	Yes	No
Bryant Bank	616.893	5th Largest Into 2nd Largest?	1,126	1,409	283	Yes	No
Synovus Bank	438.901	4th Largest Into Largest?	1,126	1,487	361	Yes	No
SmartBank	331.508	4th Largest Into 2nd Largest?	1,126	1,452	326	Yes	No
Cadence Bank, N.A.	287.628	3rd Largest Into Largest?	1,126	1,604	478	Yes	No
TOP 5 TOTAL	2,357.998	3rd Largest Into 2nd Largest?	1,126	1,558	432	Yes	No
Institutions in Market	22						
TOTAL DEPOSITS IN MARKET	3,542.276						

<u>Winston County</u>							
<u>Top 5 Banks</u>	<u>In-Market Deposits</u>		<u>Pre-Merger HHI</u>	<u>Post-Merger HHI</u>	<u>HHI Change</u>	<u>Pass 1800/200 Test?</u>	<u>Merger of Small Banks?</u>
BankFirst Financial Services	266.692	5th Largest Into Largest?	6,004	6,488	484	No	
First National Bank	42.074	5th Largest Into 2nd Largest?	6,004	6,081	77	Yes	Yes
Pinnacle Bank	17.392	4th Largest Into Largest?	6,004	6,552	548	No	
Premier Bank of the South	12.562	4th Largest Into 2nd Largest?	6,004	6,091	87	Yes	Yes
Traditions Bank	11.099	3rd Largest Into Largest?	6,004	6,762	758	No	
TOP 5 TOTAL	349.819	3rd Largest Into 2nd Largest?	6,004	6,124	120	Yes	Yes
Institutions in Market	5						
TOTAL DEPOSITS IN MARKET	349.819						

SUMMARY INFORMATION

Yellow =	Total Deposits of < \$500 million
Blue =	Total Deposits of at least \$500 million but less than \$1 billion
Merger of Small Banks =	Both Parties Have < \$3 Billion in Assets (i.e., Small Bank Holding Company Policy Statement Threshold)

All Deposit and HHI Figures Based on Weighted Deposits

Deposit Amounts in Millions

Average HHI Change (All Transactions)	709
Average HHI Change (5th Largest into Largest)	436
Average HHI Change (5th Largest into 2nd Largest)	292
Average HHI Change (4th Largest into 2nd Largest)	383

EXHIBIT B

Alabama's Institutions with Less Than \$500 Million in Assets

Our analysis of the 84 banks and thrifts headquartered in Alabama that have total assets of less than \$500 million is attached to this exhibit. Our notable conclusions are as follows:

- 22 of the 84 institutions primarily operate (*i.e.*, they have their greatest deposit amounts) in a banking market that has less than \$500 million in total deposits. None of those 22 institutions could satisfy the 1,800/200 threshold in a merger with the largest other Alabama-based small bank in the same market.
- 18 of the 84 institutions primarily operate in a banking market that has at least \$500 million, but less than \$1 billion, of total deposits. Only four of those 18 institutions could satisfy the 1,800/200 threshold in a merger with the largest other Alabama-based small bank in the same market. Two of those four institutions have less than \$31 million in total assets. The other two primarily operate in a market that has more than \$900 million in total deposits, making that market a relatively large "small" market.
- 43 of the 84 institutions primarily operate in a banking market that has at least \$1 billion of total deposits.²⁵ In those larger markets, **all but one** of the 43 institutions could satisfy the 1,800/200 threshold in a merger with the largest other Alabama-based small bank in the same market.

²⁵ One of the 84 institutions has recently relocated from one banking market to another, and current information about that institution is not readily available on CASSIDI.

<u>Name</u>	<u>Asset Size</u>	<u>Market</u>	<u>Buyer (Largest Other In-Market AL Community Bank)</u>	<u>Post-Merger HHI Level</u>	<u>HHI Change</u>	<u>Pass 1800/200 Test?</u>
The Peoples Bank of Red Level	\$15,522.00	Covington County	CCB Community Bank	2,685	133	Yes
Alamerica Bank	\$18,389.00	Birmingham Area	Oakworth Capital Bank	1,758	0	Yes
First Progressive Bank	\$30,474.00	Escambia County	United Bank	2,022	187	Yes
The First National Bank of Dozier	\$37,316.00	Crenshaw County	First Citizens Bank	5,079	1,437	No
Security Federal Savings Bank	\$37,396.00	Birmingham Area	Oakworth Capital Bank	1,758	0	Yes
Community Bank and Trust - Alabama	\$49,503.00	Bullock County	AmeriFirst Bank	10,000	4,775	No
Bank of Brewton	\$50,401.00	Escambia County	United Bank	2,177	342	No
Commonwealth National Bank	\$50,752.00	Mobile Area	United Bank	1,354	1	Yes
Bank of Evergreen	\$64,433.00	Evergreen Area	N/A - No Other In-Market AL Community Bank	N/A	N/A	N/A
Citizens State Bank	\$75,740.00	Lamar County	The Bank of Vernon	4,086	1,422	No
Escambia County Bank	\$76,588.00	Escambia County	United Bank	2,367	532	No
Bank of Walker County	\$78,131.00	Birmingham Area	Oakworth Capital Bank	1,758	0	Yes
Peoples Exchange Bank	\$82,026.00	Monroeville Area	United Bank	3,174	965	No
First Bank of Linden	\$82,086.00	Demopolis Area	Robertson Banking Company	5,579	1,929	No
Merchants & Farmers (Greene Co.)	\$88,066.00	Greene County	Citizens Trust Bank	10,000	2,793	No
SouthFirst Bank	\$88,449.00	Talladega County	First Bank of Alabama	2,797	358	No
Brantley Bank and Trust Company	\$88,807.00	Crenshaw County	First Citizens Bank	6,101	2,459	No
The Samson Banking Company, Inc.	\$92,115.00	Enterprise Area	The Citizens Bank	1,284	137	Yes
The Farmers & Merchants Bank	\$92,399.00	Florence Area	Bank Independent	1,640	132	Yes
Bank of Moundville	\$96,462.00	Tuscaloosa Area	Bryant Bank	1,204	78	Yes
Peoples Bank of Greensboro	\$99,531.00	Greensboro Area	The Citizens Bank	10,000	5,000	No
First Bank	\$99,752.00	Randolph County	Southern States Bank	3,772	958	No
The Southern Bank Company	\$103,583.00	Etowah County	The Exchange Bank of Alabama	1,565	136	Yes
The Commercial Bank of Ozark	\$107,638.00	Enterprise Area	The Citizens Bank	1,286	139	Yes
Sweet Water State Bank	\$110,913.00	Jackson Area	First US Bank	3,611	759	No
First Fidelity Bank	\$111,013.00	DeKalb County	First State Bank of DeKalb County	1,701	324	Yes
The Citizens Bank	\$112,034.00	Greensboro Area	Peoples Bank of Greensboro	10,000	5,000	No
First State Bank of the South, Inc.	\$112,675.00	Lamar County	The Bank of Vernon	3,925	1,261	No
Millennial Bank	\$113,854.00	Birmingham Area	Oakworth Capital Bank	1,758	0	Yes
PeoplesTrust Bank	\$115,830.00	Marion County	State Bank & Trust	2,942	808	No
Town-Country National Bank	\$118,417.00	Camden Area	Community Neighbor Bank	10,000	4,663	No
Community Neighbor Bank	\$119,378.00	Camden Area	Town-Country National Bank	10,000	4,663	No
Merit Bank	\$123,207.00	***	***	***	***	***
Citizens' Bank, Inc.	\$126,181.00	Mobile Area	United Bank	1,355	2	Yes
SunSouth Bank	\$126,437.00	Dothan Area	MidSouth Bank	1,064	28	Yes
First Community Bank of Cullman	\$126,738.00	Cullman County	Merchants Bank of Alabama	1,289	170	Yes
North Alabama Bank	\$127,437.00	Huntsville Area	Progress Bank & Trust	946	14	Yes
The First National Bank of Hartford	\$129,508.00	Dothan Area	MidSouth Bank	1,074	38	Yes
Valley State Bank	\$130,422.00	Franklin County	CB&S Bank, Inc.	4,611	1,590	No
First Cahawba Bank	\$144,489.00	Dallas County	Marion Bank and Trust Company	2,774	742	No
Friend Bank	\$150,341.00	Dothan Area	MidSouth Bank	1,082	46	Yes
First Federal Bank	\$153,683.00	Tuscaloosa Area	Bryant Bank	1,194	68	Yes
Liberty Bank	\$159,986.00	DeKalb County	First State Bank of DeKalb County	1,659	282	Yes
Community Spirit Bank	\$162,005.00	Franklin County	CB&S Bank, Inc.	4,660	1,639	No
22nd State Bank	\$166,817.00	Barbour County	MidSouth Bank	3,005	1,091	No
The Citizens Bank	\$167,348.00	Enterprise Area	Troy Bank & Trust Company	1,355	208	Yes
HNB First Bank	\$179,303.00	Dothan Area	MidSouth Bank	1,089	53	Yes
The First National Bank and Trust	\$184,097.00	Escambia County	United Bank	2,943	1,108	No
BankSouth	\$191,233.00	Dothan Area	MidSouth Bank	1,092	56	Yes
Farmers and Merchants Bank	\$191,730.00	LaGrange (GA) Area	AuburnBank	1,259	58	Yes
The Bank of Vernon	\$193,386.00	Lamar County	Citizens State Bank	4,086	1,422	No
First Financial Bank	\$198,387.00	Birmingham Area	Oakworth Capital Bank	1,758	0	Yes
AmeriFirst Bank	\$204,772.00	Montgomery Area	River Bank & Trust	1,167	11	Yes
The Citizens Bank of Fayette	\$208,506.00	Fayette County	West Alabama Bank & Trust	6,520	2,326	No

<u>Name</u>	<u>Asset Size</u>	<u>Market</u>	<u>Buyer (Largest Other In-Market AL Community Bank)</u>	<u>Post-Merger HHI Level</u>	<u>HHI Change</u>	<u>Pass 1800/200 Test?</u>
Phenix-Girard Bank	\$220,095.00	Columbus (GA) Area	Southern States Bank	5,134	6	Yes
First State Bank of DeKalb County	\$223,483.00	DeKalb County	First Southern State Bank	1,844	467	No
Union State Bank	\$226,804.00	Birmingham Area	Oakworth Capital Bank	1,759	1	Yes
Premier Bank of the South	\$232,075.00	Cullman County	Merchants Bank of Alabama	1,365	246	Yes
Cheaha Bank	\$233,057.00	Anniston Area	Southern States Bank	1,484	234	Yes
Farmers and Merchants Bank	\$259,221.00	Anniston Area	Southern States Bank	1,500	250	Yes
Pinnacle Bank	\$271,650.00	Birmingham Area	Oakworth Capital Bank	1,759	1	Yes
CommerceOne Bank	\$275,659.00	Birmingham Area	Oakworth Capital Bank	1,758	0	Yes
State Bank & Trust	\$276,764.00	Marion County	The Citizens Bank of Winfield	3,615	1,481	No
First Bank of Boaz	\$279,762.00	Marshall County	Citizens Bank & Trust	1,628	405	Yes
The Citizens Bank of Winfield	\$282,583.00	Marion County	State Bank & Trust	3,615	1,481	No
FirstState Bank	\$285,552.00	Clay County	First Bank of Alabama	7,776	566	No
Southern Independent Bank	\$287,766.00	Covington County	CCB Community Bank	4,514	1,926	No
First Citizens Bank	\$294,927.00	Crenshaw County	Brantley Bank and Trust Company	6,101	2,459	No
Marion Bank and Trust Company	\$309,307.00	Perry County	West Alabama Bank & Trust	8,244	1,812	No
NobleBank & Trust	\$314,276.00	Anniston Area	Southern States Bank	1,540	290	Yes
First National Bank	\$319,555.00	Marion County	State Bank & Trust	3,238	1,104	No
First Southern Bank	\$322,469.00	Florence Area	Bank Independent	1,944	436	No
First Jackson Bank, Inc.	\$322,926.00	Jackson County	FNB Bank	3,491	1,365	No
The Exchange Bank of Alabama	\$324,423.00	Etowah County	River Bank & Trust	1,771	342	Yes
Cullman Savings Bank	\$329,195.00	Cullman County	Merchants Bank of Alabama	1,405	286	Yes
Merchants Bank of Alabama	\$342,773.00	Cullman County	Peoples Bank of Alabama	1,516	397	Yes
Peoples Independent Bank	\$343,005.00	Marshall County	Citizens Bank & Trust	1,435	212	Yes
Central State Bank	\$385,428.00	Birmingham Area	Oakworth Capital Bank	1,759	1	Yes
Robertson Banking Company	\$390,535.00	Demopolis Area	First Bank of Linden	5,579	1,929	No
EvaBank	\$420,327.00	Cullman County	Merchants Bank of Alabama	1,400	281	Yes
Traditions Bank	\$439,013.00	Cullman County	Merchants Bank of Alabama	1,508	389	Yes
The Hometown Bank of Alabama	\$454,564.00	Birmingham Area	Oakworth Capital Bank	1,759	1	Yes
First Community Bank of Central Alabama	\$463,881.00	Montgomery Area	River Bank & Trust	1,201	45	Yes
MidSouth Bank	\$473,663.00	Dothan Area	BankSouth	1,092	56	Yes

SUMMARY INFORMATION

Yellow =	Market has Total Deposits of < \$500 million
Blue =	Market has Total Deposits of at least \$500 million but less than \$1 billion

All HHI Figures Based on Weighted Deposits

Asset Amounts in Thousands

The relevant market listed above is the market in which the selling institution has its highest percentage of deposits. For almost every selling institution, the relevant market is the market of its headquarters location.

For each transaction, the buyer listed above is the Alabama-based bank with less than \$3 billion in total assets that has the highest other deposit share in the relevant market.