

# Bank Merger Screen

## Part A

- A.1. **List areas.** If the offices of both<sup>1</sup> merging institutions<sup>2</sup> are located in any of the following, list each such area. If none, check the box ☐ and do not complete the merger screen.
- a. Federal Reserve market (contact the relevant Federal Reserve Bank for information on defined markets).
  - b. Randomly Metropolitan Area (RMA), if no Federal Reserve market exists.
  - c. County, not within any Federal Reserve market or RMA.

| <u>Area</u> | <u>Check one:</u>                                                                                |
|-------------|--------------------------------------------------------------------------------------------------|
| _____       | <input type="checkbox"/> FRB Market <input type="checkbox"/> RMA <input type="checkbox"/> County |
| _____       | <input type="checkbox"/> FRB Market <input type="checkbox"/> RMA <input type="checkbox"/> County |
| _____       | <input type="checkbox"/> FRB Market <input type="checkbox"/> RMA <input type="checkbox"/> County |
| _____       | <input type="checkbox"/> FRB Market <input type="checkbox"/> RMA <input type="checkbox"/> County |

- A.2. **Calculate HHIs.** For each area listed under item A.1, prepare an HHI worksheet (see next page) covering all banks and thrifts in the area. Follow the instructions accompanying the worksheet (including thrifts at 50 percent as explained in the instructions) to calculate the pre-merger and post-merger HHIs and the HHI increase. Prepare as many worksheets as market areas are listed in Item A.1.

---

1

<sup>1</sup>This document was written to apply to a situation that involved only two institutions. In a transaction involving more than two institutions, treat each reference to "both" or "two" institutions as if it referred to "two or more" institutions.

<sup>2</sup>Including their affiliates. All subsequent references to "institutions" include all affiliates.

## Instructions for Completing Part A, Sections A.3 - A.5

| <u>Item</u> | <u>Instruction</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|-------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| A.3         | Prepare a separate HHI worksheet for each market area listed in A.1.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| A.5         | Calculate an HHI for the market area, as described later.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| A.5.a       | <p>In column (a), list all of the commercial banks and thrift institutions that have offices in the market area, indicating whether each is a bank or a thrift.</p> <p><i>Affiliates.</i> For institutions affiliated by common control, make only one entry that combines all affiliates.</p>                                                                                                                                                                                                                                                                                                                 |
| A.5.b       | In column (b), report the number of offices of each institution listed has in the market area.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| A.5.c       | <p>In column (c), list deposits for each institution.</p> <p><i>For commercial banks,</i> list the total deposits of each institution (including all affiliates) in the market area.</p> <p><i>For thrifts,</i> 100 percent of the deposits of a target thrift (including all affiliates) are included when determining the resulting bank's deposits. List 50 percent of the total deposits of other thrifts (including all affiliates) in the market area.</p> <p><i>Total.</i> Add all of the deposits listed in column (c) (except those in the merged institution) for the total for the market area.</p> |
| A.5.d       | In column (d), calculate the percentage market share of deposits for each institution. Use the total of column (c) as the basis of the calculation.                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| A.5.e       | In column (e), calculate the square of the percentage figures listed in column (d) for the acquiring institution, the acquired institution, and the other institutions. Calculate the Pre-merger HHI by adding all of the figures in column (e).                                                                                                                                                                                                                                                                                                                                                               |
| A.5.f       | In column (f), calculate the square of the percentage figure listed in column (d) for the merged institution, and enter the figures from column (e) for the other institutions. Calculate the Post-merger HHI by adding all                                                                                                                                                                                                                                                                                                                                                                                    |

of the figures in column (f).

*HHI increase.* Calculate the HHI increase by subtracting the Pre-merger HHI from the Post-merger HHI.

### HHI Worksheet—Market Screen A (continued)

A.3. Market Area: \_\_\_\_\_

A.4. Source and publication date of data used:

\_\_\_\_\_

A.5. HHI Calculation

| Column<br>(a)                                                   | Column<br>(b)                                | Column<br>(c)                          | Column<br>(d)                         | Column<br>(e)                      | Column<br>(f)                       |
|-----------------------------------------------------------------|----------------------------------------------|----------------------------------------|---------------------------------------|------------------------------------|-------------------------------------|
| Depositor<br>y<br>institution<br>s<br>(including<br>affiliates) | Number<br>of<br>offices in<br>market<br>area | Total<br>deposits<br>in market<br>area | Market<br>share of<br>deposits<br>(%) | Share<br>squared<br>pre-<br>merger | Share<br>squared<br>post-<br>merger |
| <i>Merging Institutions</i>                                     |                                              |                                        |                                       |                                    |                                     |
| Acquiring<br>institution                                        | _____                                        | _____                                  | _____                                 | _____                              |                                     |
| Acquired<br>institution                                         | _____                                        | _____                                  | _____                                 | _____                              |                                     |
| Merged<br>institution                                           | _____                                        | _____                                  | _____                                 |                                    | _____                               |
|                                                                 |                                              |                                        | <i>Merged<br/>Share</i>               |                                    |                                     |
| <i>Other Institutions</i>                                       |                                              |                                        |                                       |                                    |                                     |
| _____                                                           | _____                                        | _____                                  | _____                                 | _____                              | _____                               |
| _____                                                           | _____                                        | _____                                  | _____                                 | _____                              | _____                               |
| _____                                                           | _____                                        | _____                                  | _____                                 | _____                              | _____                               |
| _____                                                           | _____                                        | _____                                  | _____                                 | _____                              | _____                               |

HHI

Total

Pre-merger

Post-merger HHI

HHI Increase

## Instructions for Completing Part B, Section B.1

| <u>Item</u> | <u>Instruction</u>                                                                                                                      |
|-------------|-----------------------------------------------------------------------------------------------------------------------------------------|
| B.1         | For item B.1, prepare a separate HHI worksheet for each market area in which both institutions have offices that make commercial loans. |

### Part B

- B.1. **List areas.** If offices of both<sup>3</sup> merging institutions,<sup>4</sup> which make commercial loans,<sup>5</sup> exist in either of the following, list each area.
- Ranally Metropolitan Area (RMA).
  - County, but not within any RMA.

| <u>Area</u> | <u>Check one:</u>                                            |
|-------------|--------------------------------------------------------------|
| _____       | <input type="checkbox"/> RMA <input type="checkbox"/> County |
| _____       | <input type="checkbox"/> RMA <input type="checkbox"/> County |
| _____       | <input type="checkbox"/> RMA <input type="checkbox"/> County |
| _____       | <input type="checkbox"/> RMA <input type="checkbox"/> County |

- B.2. **Calculate HHIs.** For each area listed under item B.1, prepare an HHI worksheet (see next page) covering all commercial banks in the area. Follow the instructions accompanying the worksheet to calculate the Pre-merger and Post-merger HHIs and the HHI increase. Prepare as many worksheets as market areas are listed in Item B.1.

## Instructions for Completing Part B, Section B.3 - B.5

3

<sup>3</sup>This document is written for a situation in which only two institutions are involved. In a transaction in which more than two institutions are involved, treat each reference to "both" or "two" institutions as if it referred to "two or more" institutions.

<sup>4</sup>Including their affiliates. All subsequent references to "institutions," include all affiliates.

<sup>5</sup>As defined in the FDIC Report of Condition as "commercial and industrial loans" and in the OTS Thrift Financial Report as "non-mortgage commercial loans."

| <u>Item</u> | <u>Instruction</u>                                                                                                                                                                                                                                                                                                                                                                  |
|-------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| B.5         | Calculate an HHI for the market area, as described later.                                                                                                                                                                                                                                                                                                                           |
| B.5.a       | <p>In column (a), list all of the commercial banks (not thrifts) that have offices in the market area. Also list the acquired and acquiring firms, even if both are not commercial banks.</p> <p><i>Affiliates.</i> For institutions affiliated by common control, make only one entry that combines all.</p>                                                                       |
| B.5.b       | In column (b), report the number of offices of each institution listed in the market area.                                                                                                                                                                                                                                                                                          |
| B.5.c       | <p>In column (c), list the total deposits of each institution (including all affiliates) in the market area.</p> <p><i>Total.</i> Add all of the deposits listed in column (c) (except those in the merged institution) to get the total commercial bank deposits for the market area.</p>                                                                                          |
| B.5.d       | In column (d), calculate the percentage market share of deposits for each institution. Use the total of column (c) as the basis for the calculation.                                                                                                                                                                                                                                |
| B.5.e       | In column (e), calculate the square of the percentage figures listed in column (d) for the acquired institution, the acquiring institution, and the other institutions. Calculate the Pre-merger HHI by adding all of the figures in column (e).                                                                                                                                    |
| B.5.f       | <p>In column (f), calculate the square of the percentage figure listed in column (d) for the merged institution, and enter the figures from column (e) for the other institutions. Calculate the Post-merger HHI by adding all of the figures in column (f).</p> <p><i>HHI increase.</i> Calculate the HHI increase by subtracting the Pre-merger HHI from the Post-merger HHI.</p> |

## HHI Worksheet—Market Screen B (continued)

B.3. Market Area: \_\_\_\_\_

B.4. Source and publication date of data used:

\_\_\_\_\_

### B.5. HHI Calculation

| Column<br>(a)                                                   | Column<br>(b)                             | Column<br>(c)                          | Column<br>(d)                         | Column<br>(e)                      | Column<br>(f)                       |
|-----------------------------------------------------------------|-------------------------------------------|----------------------------------------|---------------------------------------|------------------------------------|-------------------------------------|
| Depositor<br>y<br>institution<br>s<br>(including<br>affiliates) | Number<br>of offices<br>in market<br>area | Total<br>deposits<br>in market<br>area | Market<br>share of<br>deposits<br>(%) | Share<br>squared<br>pre-<br>merger | Share<br>squared<br>post-<br>merger |
| <i>Merging Institutions</i>                                     |                                           |                                        |                                       |                                    |                                     |
| Acquiring<br>institution                                        | _____                                     | _____                                  | _____                                 | _____                              |                                     |
| Acquired<br>institution                                         | _____                                     | _____                                  | _____                                 | _____                              |                                     |
| Merged<br>institution                                           | _____                                     | _____                                  | _____                                 |                                    | _____                               |
| <i>Other Institutions</i>                                       |                                           |                                        |                                       |                                    |                                     |
| _____                                                           | _____                                     | _____                                  | _____                                 | _____                              | _____                               |
| _____                                                           | _____                                     | _____                                  | _____                                 | _____                              | _____                               |
| _____                                                           | _____                                     | _____                                  | _____                                 | _____                              | _____                               |
| _____                                                           | _____                                     | _____                                  | _____                                 | _____                              | _____                               |

\_\_\_\_\_  
Total

\_\_\_\_\_  
Pre-merger HHI

\_\_\_\_\_  
Post-merger HHI

\_\_\_\_\_  
HHI Increase

## Instructions for Completing Part B, Section B.6

| <u>Item</u> | <u>Instruction</u>                                                                                                                                                                                                                                                                                                                                                                 |
|-------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| B.6         | In Item B.6, indicate the outstanding balance of commercial loans originated in the market area by the acquiring and the acquired institution. "Commercial loans" are those that fall within the category entitled "commercial and industrial loans" in the FDIC Report of Condition and the category entitled "non-mortgage commercial loans" in the OTS Thrift Financial Report. |

## HHI Worksheet—Market Screen B (continued)

- B.6 Commercial Loans. For each merging institution, report the outstanding balance of commercial and industrial loans ("C&I loans") originated by offices in the market area.