

FEDERAL RESERVE SYSTEM

BNP Paribas
Paris, France

BancWest Corporation
Honolulu, Hawaii

Order Approving the Acquisition of a Bank

BNP Paribas (“BNPP”) and BancWest Corporation (“BancWest”) have requested the Board’s approval under section 3 of the Bank Holding Company Act (12 U.S.C. § 1842) (“BHC Act”) to acquire all the voting shares of United California Bank, Los Angeles, California (“UCB”).

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published in the Federal Register (67 Federal Register 81 (2002)). The time for filing comments has expired, and the Board has considered the proposal and all comments received in light of the factors set forth in section 3 of the BHC Act.

BNPP, with total consolidated assets of \$709.2 billion, is the largest banking organization in France.¹ BNPP operates branches in Chicago, Los Angeles, New York, and San Francisco, agencies in Houston and Miami, and representative offices in Dallas and Atlanta. BNPP controls all of BancWest’s outstanding shares, and thereby indirectly controls BancWest’s subsidiary banks, Bank of the West, San Francisco, California (“Bank of the West”), and First Hawaiian Bank, Honolulu, Hawaii (“First Hawaiian”). BNPP also engages in a broad range of permissible nonbanking activities in the United States through its subsidiaries.

¹ Asset and ranking data for BNPP are as of September 30, 2001, and are based on the exchange rate then applicable.

BancWest, with total consolidated assets of \$19.8 billion, is the 35th largest banking organization in the United States, controlling less than 1 percent of total banking assets in insured commercial banks in the United States.² As noted, BancWest operates Bank of the West and First Hawaiian. Bank of the West, with total assets of \$12.8 billion, controls deposits of \$6.9 billion in California, representing approximately 1.4 percent of total deposits of insured depository institutions in the state (“state deposits”).³ Bank of the West also operates branches in Oregon, New Mexico, Nevada, Washington, and Idaho. First Hawaiian, with total assets of \$7.5 billion, controls deposits of \$5.6 billion in Hawaii, representing approximately 30.3 percent of state deposits.

UCB is controlled by UFJ Holdings, Inc., Osaka, Japan (“UFJ”).⁴ UCB, with total assets of \$10.8 billion, controls deposits of \$8 billion in California, representing approximately 1.6 percent of state deposits.

² Asset and ranking data for BancWest are as of September 30, 2001.

³ Asset and deposit data for Bank of the West, First Hawaiian, and UCB are as of September 30, 2001. State deposit and ranking data are as of June 30, 2001. In this context, depository institutions include commercial banks, savings banks, and savings associations.

⁴ UCB was formed by the merger on July 2, 2001, of two U.S. subsidiary banks of UFJ, Sanwa Bank California, San Francisco, (“Sanwa CA”), and Tokai Bank of California, Los Angeles, (“Tokai CA”), both in California. UFJ was formed in connection with the integration of The Sanwa Bank, Limited, Osaka; The Tokai Bank, Limited, Nagoya; and The Toyo Trust and Banking Company, Limited, Tokyo; all in Japan, under a single holding company. See UFJ Holdings, Inc., 87 Federal Reserve Bulletin 270 (2001).

On consummation of the proposal, BancWest would become the 29th largest banking organization in the United States, with total consolidated assets of \$30.6 billion, representing less than 1 percent of total banking assets of insured commercial banks in the United States. The subsidiary depository institutions of BancWest would control deposits of \$14.9 billion in California, representing approximately 3 percent of state deposits.⁵

Competitive Considerations

Section 3 of the BHC Act prohibits the Board from approving any proposal that would result in a monopoly or would be in furtherance of any attempt to monopolize the business of banking in any relevant banking market. The BHC Act also prohibits the Board from approving a proposed bank acquisition that would substantially lessen competition in any relevant banking market, unless the Board finds that the anticompetitive effects of the proposal clearly are outweighed in the public interest by the probable effect of the proposal in meeting the convenience and needs of the community to be served.⁶

The Board has reviewed carefully the competitive effects of the proposal in the relevant banking markets in light of comments received and all the facts of record. In particular, the Board has considered the number of competitors that would remain in the markets, the relative shares of total deposits in depository institutions in the markets (“market deposits”) controlled by the companies

⁵ Section 3(d) of the BHC Act allows the Board to approve an application by a bank holding company to acquire control of a bank located in a state other than the bank holding company’s home state if certain conditions are met. BNPP, a California bank holding company, proposes to acquire UCB, a California bank, through a bank holding company whose home state is Hawaii for purposes of the BHC Act. All conditions for an interstate acquisition enumerated in section 3(d) are met in this case. See 12 U.S.C. §§ 1842(d)(1)(A) and (B) and 1842(d)(2).

⁶ 12 U.S.C. § 1842(c)(1).

involved in this transaction,⁷ the concentration levels of market deposits and the increase in these levels as measured by the Herfindahl-Hirschman Index (“HHI”) under the Department of Justice Merger Guidelines (“DOJ Guidelines”), and other characteristics of the market.⁸

BNPP and BancWest compete directly with UCB in eight California banking markets. Consummation of the proposal without divestitures would be consistent with Board precedent and the DOJ Guidelines in all these markets.⁹ On

⁷ Deposit and market share data are as of June 30, 2001, and are based on calculations in which the deposits of thrift institutions, which include savings banks and savings associations, are weighted at 50 percent, unless otherwise noted. The Board previously has indicated that thrift institutions have become, or have the potential to become, significant competitors of commercial banks. *See, e.g., Midwest Financial Group*, 75 Federal Reserve Bulletin 386 (1989); *National City Corporation*, 70 Federal Reserve Bulletin 743 (1984). Thus, the Board regularly has included thrift deposits in the market share calculation on a 50-percent weighted basis. *See, e.g., First Hawaiian, Inc.*, 77 Federal Reserve Bulletin 52 (1991).

⁸ Under the DOJ Guidelines, 49 *Federal Register* 26,823 (1984), a market is considered unconcentrated if the post-merger HHI is under 1000, moderately concentrated if the post-merger HHI is between 1000 and 1800, and highly concentrated if the post-merger HHI is more than 1800. The Department of Justice has informed the Board that a bank merger or acquisition generally will not be challenged (in the absence of other factors indicating anticompetitive effects) unless the post-merger HHI is at least 1800 and the merger increases the HHI by more than 200 points. The Department of Justice has stated that the higher than normal HHI thresholds for screening bank mergers for anticompetitive effects implicitly recognize the competitive effects of limited-purpose lenders and other nondepository financial institutions.

⁹ These markets are the Fairfield-Vacaville, Fresno, Hanford, Modesto, Sacramento, San Francisco-Oakland-San Jose, Stockton, and Visalia banking markets in California. Definitions of these banking markets and the effects of the proposal on the concentration of banking resources in each market are described in the Appendix.

consummation, one market would remain unconcentrated, six markets would remain moderately concentrated, and one market would remain highly concentrated as measured by the DOJ Guidelines. Numerous banking competitors would remain in each of these markets.

The Department of Justice also has conducted a detailed review of the expected competitive effects of the proposal. The Department has advised the Board that it believes that consummation of the proposal is not likely to have a significantly adverse effect on competition in any relevant banking market. The Federal Deposit Insurance Corporation (“FDIC”) has been afforded an opportunity to comment and has not objected to consummation of the proposal.

After carefully reviewing all the facts of record, and for reasons discussed in this order, the Board has concluded that consummation of the proposal is not likely to result in a significantly adverse effect on competition or on the concentration of banking resources in any of the eight banking markets in which BNPP and UCB directly compete or in any other relevant banking market. Accordingly, based on all the facts of record, the Board has determined that competitive factors are consistent with approval.

Convenience and Needs Considerations

In acting on proposals under section 3 of the BHC Act, the Board is required to consider the effects of the proposal on the convenience and needs of the communities to be served and take into account the records of the relevant depository institutions under the Community Reinvestment Act (“CRA”).¹⁰ The CRA requires the federal financial supervisory agencies to encourage financial institutions to help meet the credit needs of local communities in which they operate, consistent with safe and sound operation, and requires the appropriate

¹⁰ 12 U.S.C. § 2901 et seq.

federal supervisory agency to take into account an institution's record of meeting the credit needs of its entire community, including low- and moderate-income ("LMI") neighborhoods, in evaluating bank expansion proposals. The Board has carefully considered the convenience and needs factor and the CRA performance records of the subsidiary depository institutions of BNPP and BancWest and of UCB in light of all the facts of record, including a public comment received on the proposal.¹¹

A. CRA Performance Evaluations

As provided in the CRA, the Board has evaluated the convenience and needs factor in light of examinations by the appropriate federal supervisors of the CRA performance records of the relevant insured depository institutions. An institution's most recent CRA performance evaluation is a particularly important consideration in the applications process because it represents a detailed, on-site evaluation of the institution's overall record of performance under the CRA by its appropriate federal supervisor.¹²

All the subsidiary banks of BNPP received ratings of "outstanding" or "satisfactory" at their most recent CRA evaluations. Bank of the West received a "satisfactory" rating from its primary federal supervisor, the FDIC, at its most recent CRA evaluation, as of November 15, 1999. First Hawaiian received an "outstanding" rating from the FDIC at its most recent CRA evaluation, as of May 31, 2000. UCB was formed by the merger in July 2001 of Sanwa CA and Tokai CA and has not yet been evaluated for CRA performance. Sanwa CA,

¹¹ The commenter expressed opposition to the proposal and concern over its impact on California communities.

¹² See Interagency Questions and Answers Regarding Community Reinvestment, 66 Federal Register 36,639 (2001).

whose former assets account for more than 84 percent of UCB's total banking assets, received an "outstanding" rating from the FDIC at its last CRA evaluation, as of May 15, 2000. Tokai CA received an "outstanding" rating from the FDIC at its last CRA evaluation, as of July 10, 2000.

B. CRA Performance Record of BNPP

Bank of the West. Bank of the West received a "high-satisfactory" rating under the lending test in its most recent CRA performance evaluation. Examiners reported that Bank of the West's lending record during the period covered by its most recent CRA evaluation (the "review period") demonstrated good penetration in LMI communities and among LMI borrowers in its assessment areas.¹³ Furthermore, examiners stated that Bank of the West had an adequate record of serving the credit needs of the most economically disadvantaged areas of its assessment areas, low-income individuals, and very small businesses. Examiners also found that the bank had a strong record of small business lending.¹⁴

In addition, examiners noted several of Bank of the West's proprietary programs designed for individuals and businesses who might not qualify for more traditional lending products. Bank of the West is a certified Small Business Administration ("SBA") Preferred Lender and offers a complete line of SBA loan products. As a Preferred Lender, Bank of the West can approve SBA loans, thus expediting the loan underwriting process.

¹³ Bank of the West's last CRA evaluation period was from January 1, 1998, to September 30, 1999, and the assessment areas included California, Idaho, Nevada, Oregon, Washington, and the Portland-Salem Multistate Consolidated Metropolitan Statistical Area.

¹⁴ In this context, "small business lending" includes loans of less than \$1 million to businesses.

Bank of the West received a “high satisfactory” rating for investment activities in its last CRA performance evaluation. Examiners cited the bank’s significant level of qualified community development investments and grants in California and throughout its assessment area. At the close of the review period, Bank of the West’s qualified investments totaled approximately \$24.4 million. Examiners noted that the bank had made a significant contribution to the affordable housing market, especially through investments in community development corporations and low-income housing pools.

Bank of the West also received a “high satisfactory” rating for retail banking services in its last CRA performance evaluation. Examiners reported that its banking services were accessible to essentially all portions of its assessment areas. In addition, examiners reported that all branches of Bank of the West offered products and services and maintained branch hours that reflected the needs and demands of the communities they served. Examiners also noted that the bank maintained alternative delivery systems, including 24-hour telephone banking and Internet banking.

First Hawaiian. First Hawaiian received an “outstanding” rating under the lending test in its most recent CRA evaluation. Examiners noted that the bank had achieved an excellent level of lending to LMI borrowers. In Hawaii, where its primary assessment areas are located, over 57 percent of all consumer loans originated by the bank in 1999 were to LMI borrowers. Moreover, approximately 22 percent of the Home Mortgage Disclosure Act loans originated by First Hawaiian in Hawaii during the review period were extended to LMI borrowers.¹⁵ Examiners reported that the bank’s community development lending for all assessment areas demonstrated an excellent

¹⁵ First Hawaiian’s last CRA evaluation period was from January 1, 1998, to December 31, 1999.

responsiveness to identified credit needs and totaled approximately \$49.6 million at the conclusion of the review period. Examiners noted First Hawaiian's use of flexible lending programs, including its role as an SBA Preferred Lender and participation in federal programs to provide business and agricultural loans in rural areas.

First Hawaiian received an "outstanding" rating for investment activities in its last CRA performance evaluation. From January 1998 through December 1999, the bank made qualified investments, grants, and donations totaling \$35.2 million. The bank's qualified investments supported the development of community organizations providing services benefiting LMI individuals, constructing 590 units of low-income housing, and financing for affordable housing projects.

First Hawaiian received an "outstanding" rating for retail banking services in its last CRA performance evaluation. Examiners reported that the bank's delivery systems were readily accessible to essentially all portions of its community, including LMI areas and individuals. Examiners favorably noted First Hawaiian's alternative delivery systems including automated teller machines ("ATMs"), night-deposit facilities, 24-hour telephone banking, and Internet banking.

C. CRA Performance Record of UCB

As noted above, UCB resulted from the merger of Sanwa CA and Tokai CA, and it has not been examined under the CRA since its formation in July 2001. Accordingly, the Board has considered the CRA performance record of Sanwa CA and Tokai CA.

Sanwa CA. At its last CRA evaluation, examiners stated that Sanwa CA's overall performance reflected a dedicated effort by its directorate, management, and personnel to meet fully the requirements of the CRA. Examiners

also noted that Sanwa CA demonstrated a commitment to meeting the credit needs of its communities, including LMI communities. Sanwa CA received an “outstanding” rating under the lending test at its last CRA evaluation. Examiners stated that the bank’s lending levels reflected a sustained superior responsiveness to the credit needs of the communities it served, especially in small business lending.

Examiners reported that Sanwa CA made excellent use of flexible lending practices and offered a wide variety of innovative loan products to serve consumers and businesses in its assessment areas. Examiners favorably noted Sanwa CA’s first-time LMI home buyer program, which offered first-time home buyers low-down-payment mortgages with no points and no origination costs for properties in LMI geographies.

Sanwa CA received an “outstanding” rating for investment activities at its last CRA evaluation. Examiners characterized Sanwa CA’s level of qualified community development investments and grants as excellent, noting that the bank had taken a leadership role in providing investments not routinely provided by the private sector, such as direct equity investments in affordable housing projects and investments in low income housing eligible for tax credits. As of March 2000, Sanwa CA’s qualified investments and grants totaled \$23.2 million and supported LMI housing programs, small business community development corporations, and neighborhood revitalization projects.

Sanwa CA received an “outstanding” rating for retail banking services at its last CRA evaluation. Examiners reported that Sanwa CA’s services and business hours were excellent and accessible to essentially all portions of the bank’s community, including LMI areas and individuals. Examiners favorably noted Sanwa CA’s alternative delivery systems, including ATMs and 24-hour telephone banking with services available in Spanish and Chinese.

Tokai CA. Tokai CA received an “outstanding” rating for lending activities at its last CRA evaluation. During the review period, approximately 79 percent of all loans originated by the bank were extended in LMI census tracts.¹⁶ Examiners noted that Tokai CA was a leader in community development lending. During the review period, the bank extended more than \$219 million in community development loans, supporting projects such as supermarket construction in LMI neighborhoods and the development of affordable multi-family housing. Examiners reported that Tokai CA made good use of flexible lending practices and offered a wide variety of innovative loan products to serve the community development needs in its assessment areas.

Tokai CA received a “high satisfactory” rating for investment activities at its last CRA evaluation. As of May 2000, the bank’s qualified investments and donations totaled approximately \$8.5 million. The bank’s investments and donations supported low-income housing funds, first-time home buyer programs, and small business community development corporations.

Tokai CA received a “high satisfactory” rating for retail banking services at its last CRA evaluation. Examiners reported that Tokai CA’s banking services were accessible to essentially all portions of its assessment areas. In addition, examiners reported that Tokai CA’s branches offered a full array of bank products and services and maintained branch hours that did not inconvenience any portion of the bank’s assessment area or any group of individuals. Examiners also cited the bank’s alternative delivery systems, including the use of ATMs and 24-hour telephone banking.

¹⁶ Tokai CA’s last CRA evaluation was from January 1, 1999, to May 31, 2000. Examiner’s evaluated community development loans extended by Tokai CA from July 1, 1998, to June 30, 2000.

D. Conclusion on Convenience and Needs Considerations

In reviewing the effects of the proposal on the convenience and needs of the communities to be served, the Board has carefully considered the entire record, all the information provided by the commenter and BNPP and BancWest, evaluations of the CRA performance of UCB and the subsidiary banks of BNPP and BancWest, and confidential supervisory information.¹⁷ Based on all the facts of record and for reasons discussed above, the Board concludes that considerations relating to the convenience and needs factor, including the CRA performance records of the relevant depository institutions, are consistent with approval.

Financial, Managerial, and Supervisory Considerations

The BHC Act requires the Board to consider the financial and managerial resources and future prospects of the companies and banks involved in a proposal and certain other supervisory factors. BNPP's capital levels exceed the minimum levels that would be required under the Basel Capital Accord, and its capital levels are considered equivalent to the capital levels that would be required of a U.S. banking organization. BNPP will finance the acquisition of UCB with internally available funds, and neither BNPP nor BancWest will acquire any

¹⁷ Commenter also expressed concerns about a potential CRA commitment by Bank of the West. The Board notes that the CRA requires it, in considering an acquisition proposal, to carefully review the actual performance records of the relevant depository institutions in helping to meet the credit needs of their communities. Neither the CRA nor the federal banking agencies' CRA regulations require depository institutions to make pledges concerning future performance under the CRA. The Board also notes that future activities of BNPP's subsidiary banks, including Bank of the West, will be reviewed by the appropriate federal supervisors in future performance evaluations, and that their CRA performance records will be considered by the Board in any subsequent applications by BNPP to acquire a depository institution.

external debt in connection with this transaction. In assessing the financial and managerial strength of BNPP and BancWest and their subsidiaries, the Board has reviewed information provided by BNPP and BancWest, confidential supervisory and examination information, and publicly reported and other financial information. In addition, the Board has consulted with relevant supervisory authorities, including those in France. Based on all the facts of record, the Board concludes that the financial and managerial resources and future prospects of the organizations involved in the proposal are consistent with approval.

Section 3 of the BHC Act also provides that the Board may not approve an application involving a foreign banking organization unless it is “subject to comprehensive supervision or regulation on a consolidated basis by the appropriate authorities in the bank’s home country.”¹⁸ The home country supervisor of BNPP is the French Banking Commission (“FBC”), which is responsible for the supervision and regulation of French financial institutions.

In approving applications under the BHC Act, the Board previously has determined that French banks, including BNPP, are subject to comprehensive consolidated supervision by the FBC.¹⁹ In this case, the Board finds that the FBC

¹⁸ 12 U.S.C. § 1842(c)(3)(B). Under Regulation Y, the Board uses the standard enumerated in Regulation K to determine whether a foreign bank that has applied under section 3 of the BHC Act is subject to consolidated home country supervision. See 12 C.F.R. 225.13(a)(4). Regulation K provides that a foreign bank will be considered to be subject to comprehensive supervision or regulation on a consolidated basis if the Board determines that the bank is supervised and regulated in such a manner that its home country supervisor receives sufficient information on the worldwide operations of the bank, including its relationship to affiliates, to assess the bank’s overall financial conditions and its compliance with laws and regulations. See 12 C.F.R. 211.24(c)(1).

¹⁹ See BNP Paribas, 88 Federal Reserve Bulletin 97 (2002); Banque Nationale de Paris, 81 Federal Reserve Bulletin 515 (1995).

continues to supervise BNPP in substantially the same manner as it supervised French banks at the time of those previous determinations. Based on this finding and all the facts of record, the Board concludes that BNPP continues to be subject to comprehensive supervision on a consolidated basis by its home country supervisor.

In addition, section 3 of the BHC Act requires the Board to determine that a foreign bank has provided adequate assurances that it will make available to the Board such information on its operations and activities and those of its affiliates that the Board deems appropriate to determine and enforce compliance with the BHC Act.²⁰ The Board has reviewed the restrictions on disclosure in relevant jurisdictions in which BNPP operates and has communicated with relevant government authorities concerning access to information. In addition, BNPP previously has committed to make available to the Board such information on the operations of BNPP and its affiliates that the Board deems necessary to determine and enforce compliance with the BHC Act and other applicable federal law. BNPP also previously has committed to cooperate with the Board to obtain any waivers or exemptions that may be necessary to enable BNPP and its affiliates to make such information available to the Board. In light of these commitments, the Board concludes that BNPP has provided adequate assurances of access to any appropriate information that the Board may request. Based on these and all the facts of record, the Board concludes that the supervisory factors it is required to consider are consistent with approval.

²⁰ See 12 U.S.C. § 1842(c)(3)(A).

Conclusion

Based on the foregoing and all the facts of record, the Board has determined that the proposed transaction should be, and hereby is, approved.²¹ In reaching its conclusion, the Board has considered all the facts of record in light of the factors that it is required to consider under the BHC Act and other applicable statutes.

The Board's approval is specifically conditioned on compliance by BNPP and BancWest with all commitments made in connection with the application. The Board's approval also is conditioned specifically on BNPP's compliance with its previous commitments on access to information, and on the Board's receiving access to information on the operations or activities of BNPP and any of its affiliates that the Board determines to be appropriate to determine and enforce compliance by BNPP and its affiliates with applicable federal statutes.

²¹ The commenter requested that the Board hold a public hearing or meeting on the proposal. Section 3(b) of the BHC Act does not require the Board to hold a public hearing on an application unless the appropriate supervisory authority for the bank to be acquired makes a timely written recommendation of denial of the application. The Board has not received such a recommendation from the appropriate supervisory authority.

Under its rules, the Board also may, in its discretion, hold a public hearing or meeting on an application to acquire a bank if a meeting or hearing is necessary or appropriate to clarify factual issues related to the application and to provide an opportunity for testimony. 12 C.F.R. 225.16(e). The Board has considered carefully the commenter's request in light of all the facts of record. In the Board's view, commenters have had ample opportunity to submit their views, and the commenter has submitted written comments that have been considered carefully by the Board in acting on the proposal. The commenter's request fails to demonstrate why its written comments do not present its evidence adequately and fails to identify disputed issues of fact that are material to the Board's decision that would be clarified by a public meeting or hearing. For these reasons, and based on all the facts of record, the Board has determined that a public meeting or hearing is not required or warranted in this case. Accordingly, the request for a public meeting or hearing on the proposal is denied.

If any restrictions on access to information on the operations or activities of BNPP and its affiliates subsequently interfere with the Board's ability to obtain information to determine and enforce compliance by BNPP or its affiliates with applicable federal statutes, the Board may require termination of any of BNPP's direct or indirect activities in the United States. All the commitments and conditions on which the Board has relied in granting its approval, including the commitments and conditions specifically described above, are deemed to be conditions imposed in writing by the Board in connection with its findings and decision and, as such, may be enforced in proceedings under applicable law.

The acquisition of UCB may not be consummated before the fifteenth calendar day after the effective date of this order, and the proposal may not be consummated later than three months after the effective date of this order, unless such period is extended for good cause by the Board or the Federal Reserve Bank of San Francisco, acting pursuant to delegated authority.

By order of the Board of Governors,²² effective February 20, 2002.

(signed)

Robert deV. Frierson
Deputy Secretary of the Board

²² Voting for this action: Chairman Greenspan, Vice Chairman Ferguson, and Governors Gramlich, Bies, and Olson.

APPENDIX

Banking Markets in which BNPP and UCB Directly Compete

Fairfield-Vacaville. The Fairfield-Vacaville banking market is defined as the Fairfield-Vacaville Ranally Metro Area (“RMA”) and the town of Winters. BNPP operates the fifth largest depository institution in the market, controlling deposits of approximately \$125.4 million, representing approximately 9.5 percent of market deposits. UCB is the eighth largest depository institution in the market, controlling deposits of approximately \$39.6 million, representing approximately 3 percent of market deposits. On consummation of the proposal, BNPP would operate the fourth largest depository institution in the market, controlling deposits of approximately \$165.1 million, representing approximately 12.5 percent of market deposits. The HHI would increase 58 points to 1438.

Fresno. The Fresno banking market is defined as the Fresno RMA and the towns of Chowchilla, Dinuba, Orange Cove, Parlier, and Reedley. BNPP operates the eighth largest depository institution in the market, controlling deposits of approximately \$207.1 million, representing approximately 3.9 percent of market deposits. UCB is the ninth largest depository institution in the market, controlling deposits of approximately \$185.7 million, representing approximately 3.5 percent of market deposits. On consummation of the proposal, BNPP would operate the third largest depository institution in the market, controlling deposits of approximately \$392.7 million, representing approximately 7.4 percent of market deposits. The HHI would increase 27 points to 1470.

Hanford. The Hanford banking market is defined as the city of Hanford and the towns of Lemoore, Corcoran, and Riverdale. BNPP operates the sixth largest depository institution in the market, controlling deposits of approximately \$20.8 million, representing approximately 3.9 percent of market deposits. UCB is the third largest depository institution in the market, controlling deposits of approximately \$93.8 million, representing approximately 17.5 percent of market deposits. On consummation of the proposal, BNPP would operate the second largest depository institution in the market, controlling deposits of approximately \$114.6 million, representing approximately 21.4 percent of market deposits. The HHI would increase 135 points to 1554.

Modesto. The Modesto banking market is defined as the Modesto RMA and the towns of Crows Landing, Gustine, Hilmar, Newman, Patterson, and Ripon. BNPP

operates the eighth largest depository institution in the market, controlling deposits of approximately \$177.6 million, representing approximately 4.7 percent of market deposits. UCB is the tenth largest depository institution in the market, controlling deposits of approximately \$156.6 million, representing approximately 4.1 percent of market deposits. On consummation of the proposal, BNPP would operate the third largest depository institution in the market, controlling deposits of approximately \$334.1 million, representing approximately 8.8 percent of market deposits. The HHI would increase 39 points to 946.

Sacramento. The Sacramento banking market is defined as the Sacramento RMA and the town of Cool. BNPP operates the fifth largest depository institution in the market, controlling deposits of approximately \$688.6 million, representing approximately 5.1 percent of market deposits. UCB is the 15th largest depository institution in the market, controlling deposits of approximately \$216.5 million, representing approximately 1.6 percent of market deposits. On consummation of the proposal, BNPP would operate the fourth largest depository institution in the market, controlling deposits of approximately \$905.2 million, representing approximately 6.7 percent of market deposits. The HHI would increase 16 points to 1220.

San Francisco-Oakland-San Jose. The San Francisco-Oakland-San Jose banking market is defined as the San Francisco-Oakland-San Jose RMA and the towns of Hollister, Pescadero, Point Reyes Station, and San Juan Bautista. BNPP operates the sixth largest depository institution in the market, controlling deposits of approximately \$4.6 billion, representing approximately 3.4 percent of market deposits. UCB is the 14th largest depository institution in the market, controlling deposits of approximately \$1.5 billion, representing approximately 1.1 percent of market deposits. On consummation of the proposal, BNPP would operate the fourth largest depository institution in the market, controlling deposits of approximately \$6.1 billion, representing approximately 4.5 percent of market deposits. The HHI would increase 7 points to 1476.

Stockton. The Stockton banking market is defined as the Stockton RMA and the towns of Galt, Lockeford, Manteca, and Walnut Grove. BNPP operates the ninth largest depository institution in the market, controlling deposits of approximately \$127.4 million, representing approximately 1.9 percent of market deposits. UCB is the 26th largest depository institution in the market, controlling deposits of approximately \$7.7 million, representing less than 1 percent of market deposits. On consummation of the proposal, BNPP would operate the ninth largest depository institution in the market, controlling deposits of approximately

\$135.1 million, representing approximately 2 percent of market deposits. The HHI would remain unchanged at 1875.

Visalia. The Visalia banking market is defined as the Visalia RMA and the towns of Lindsay, Three Rivers, Tipton, and Orosi. BNPP operates the seventh largest depository institution in the market, controlling deposits of approximately \$65.7 million, representing approximately 4.3 percent of market deposits. UCB is the ninth largest depository institution in the market, controlling deposits of approximately \$56.9 million, representing approximately 3.7 percent of market deposits. On consummation of the proposal, BNPP would operate the fourth largest depository institution in the market, controlling deposits of approximately \$122.6 million, representing approximately 8.1 percent of market deposits. The HHI would increase 32 points to 1473.