

FEDERAL RESERVE SYSTEM

United Community Banks, Inc.  
Greenville, South Carolina  
Order Approving the Merger of Bank Holding Companies

United Community Banks, Inc. (“United”), Greenville, South Carolina, a financial holding company within the meaning of the Bank Holding Company Act (“BHC Act”),<sup>1</sup> has requested the Board’s approval under section 3 of the BHC Act<sup>2</sup> to merge with Progress Financial Corporation (“Progress Financial”), a bank holding company, and thereby indirectly acquire Progress Bank and Trust (“Progress Bank”), both of Huntsville, Alabama. Following the proposed acquisition, Progress Bank would be merged with and into United’s subsidiary, United Community Bank (“United Bank”), Greenville, South Carolina.<sup>3</sup>

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (87 Federal Register 33483 (June 2, 2022)), in accordance with the Board’s Rules of Procedure.<sup>4</sup> The time for submitting comments has expired, and the Board received one adverse comment on the proposal. The Board has considered the proposal and the comment in light of the factors set forth in section 3 of the BHC Act.

United, with consolidated assets of approximately \$23.7 billion, is the 87th largest insured depository organization in the United States. United controls

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<sup>1</sup> 12 U.S.C. § 1841 et seq.

<sup>2</sup> 12 U.S.C. § 1842.

<sup>3</sup> The merger of United Bank with and into Progress Bank was approved by the Federal Deposit Insurance Corporation (“FDIC”) on December 2, 2022, pursuant to section 18(c) of the Federal Deposit Insurance Act (“Bank Merger Act”). 12 U.S.C. § 1828(c).

<sup>4</sup> 12 CFR 262.3(b).

approximately \$20.9 billion in consolidated deposits, which represent less than 1 percent of the total amount of deposits of insured depository institutions in the United States.<sup>5</sup> United controls United Bank, which operates in Florida, Georgia, North Carolina, South Carolina, and Tennessee. United Bank is the 49th largest insured depository institution in Florida, controlling deposits of approximately \$1.4 billion, which represent approximately 0.2 percent of the total deposits of insured depository institutions in Florida.<sup>6</sup>

Progress Financial, with total assets of approximately \$1.7 billion, is the 565th largest insured depository organization in the United States. Progress Financial controls approximately \$1.6 billion in consolidated deposits, which represent less than 1 percent of the total amount of deposits of insured depository institutions in the United States. Progress Financial controls Progress Bank, which operates in Alabama and Florida. Progress Bank is the 114th largest insured depository institution in Florida, controlling deposits of approximately \$241.1 million, which represent less than 0.1 percent of the total deposits of insured depository institutions in Florida.

On consummation of this proposal, United would become the 84th largest insured depository organization in the United States, with consolidated assets of approximately \$25.5 billion, which would represent less than 1 percent of the total assets of insured depository organizations in the United States. United would control total consolidated deposits of approximately \$22.5 billion, which would represent less than 1 percent of the total amount of deposits of insured depository institutions in the United States. In Florida, United Bank would become the 49th largest insured depository institution, controlling deposits of approximately \$1.6 billion, which would represent less than 0.2 percent of the total deposits of insured depository institutions in that state.

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<sup>5</sup> Consolidated asset data is as of September 30, 2022, and national ranking data is as of June 30, 2022. Consolidated national deposit and market share data are as of June 30, 2022. In this context, insured depository institutions include commercial banks, savings associations, and savings banks.

<sup>6</sup> State deposit ranking and deposit data are as of June 30, 2022.

## *Interstate Analysis*

Section 3(d) of the BHC Act generally provides that, if certain conditions are met, the Board may approve an application by a bank holding company that is well capitalized and well managed to acquire control of a bank located in a state other than the home state of the bank holding company without regard to whether the transaction would be prohibited under state law.<sup>7</sup> The Board may not approve under this provision an application that would permit an out-of-state bank holding company to acquire a bank in a host state if the target bank has not been in existence for the lesser of the state statutory minimum period of time or five years.<sup>8</sup> When determining whether to approve an application under this provision, the Board must take into account the record of the applicant's depository institution under the Community Reinvestment Act of 1977 ("CRA")<sup>9</sup> and the applicant's record of compliance with applicable state community reinvestment laws.<sup>10</sup> In addition, the Board may not approve an interstate application under this provision if the bank holding company controls or, upon consummation of the proposed transaction, would control more than 10 percent of the total deposits of insured depository institutions in the United States or, in certain circumstances, if the bank holding company, upon consummation, would control 30 percent or more of the total deposits of insured depository institutions in any state in which the acquirer and target have overlapping banking operations.<sup>11</sup>

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<sup>7</sup> 12 U.S.C. § 1842(d)(1)(A).

<sup>8</sup> 12 U.S.C. § 1842(d)(1)(B).

<sup>9</sup> 12 U.S.C. § 2901 *et seq.*

<sup>10</sup> 12 U.S.C. § 1842(d)(3).

<sup>11</sup> 12 U.S.C. § 1842(d)(2)(A) and (B). For purposes of section 3(d) of the BHC Act, the acquiring and target organizations have overlapping banking operations in any state in which any bank to be acquired is located and the acquiring bank holding company controls any insured depository institution or a branch. The Board considers a bank to be located in the states in which the bank is chartered, headquartered, or operates a branch. See 12 U.S.C. § 1841(o)(4)-(7).

For purposes of the BHC Act, the home state of United is Georgia.<sup>12</sup> Progress Bank is located in Alabama and Florida. United is well capitalized and well managed under applicable law. United Bank has a “Satisfactory” rating under the CRA, and none of the jurisdictions in which United Bank operates has a state community reinvestment law that applies to this proposal. Progress Bank has been in existence for more than five years.

On consummation of the proposed transaction, United would control less than 1 percent of the total amount of consolidated deposits in insured depository institutions in the United States. United and Progress Financial have overlapping operations only in the state of Florida, which imposes a 30 percent limit on the total amount of in-state deposits that a single banking organization may control.<sup>13</sup> The combined organization would control less than 1 percent of the total amount of deposits of insured depository institutions in Florida. Accordingly, in light of all the facts of record, the Board is not precluded from approving the proposal under section 3(d) of the BHC Act.

### ***Competitive Considerations***

Section 3 of the BHC Act prohibits the Board from approving a proposal that would result in a monopoly or would be in furtherance of an attempt to monopolize the business of banking in any relevant market.<sup>14</sup> The BHC Act also prohibits the Board from approving a proposal that would substantially lessen competition or tend to create a monopoly in any banking market, unless the anticompetitive effects of the proposal are

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<sup>12</sup> 12 U.S.C. § 1841(o)(4). A bank holding company’s home state is the state in which the total deposits of all banking subsidiaries of such company were the largest on July 1, 1966, or the date on which the company became a bank holding company, whichever is later.

<sup>13</sup> See Fla. Stat. §658.2953(5)(b).

<sup>14</sup> 12 U.S.C. § 1842(c)(1)(A).

clearly outweighed in the public interest by the probable effect of the proposal in meeting the convenience and needs of the communities to be served.<sup>15</sup>

United Bank and Progress Bank do not compete directly in any banking market. The Department of Justice conducted a review of the potential competitive effects of the proposal and has advised the Board that it has not concluded that the proposal would have a significantly adverse effect on competition. In addition, the appropriate banking agencies have been afforded an opportunity to comment and have not objected to the proposal.

Based on all the facts of record, the Board concludes that consummation of the proposal would not have a significantly adverse effect on competition or on the concentration of resources in any relevant banking market. Accordingly, the Board determines that competitive considerations are consistent with approval.

#### ***Financial, Managerial, and Other Supervisory Considerations***

In reviewing a proposal under section 3 of the BHC Act, the Board considers the financial and managerial resources and the future prospects of the institutions involved, the effectiveness of the institutions in combatting money laundering, and any public comments on the proposal.<sup>16</sup> In its evaluation of financial factors, the Board reviews information regarding the financial condition of the organizations involved on both parent-only and consolidated bases, as well as information regarding the financial condition of the subsidiary depository institutions and the organizations' significant nonbanking operations. In this evaluation, the Board considers a variety of public and supervisory information regarding capital adequacy, asset quality, liquidity, and earnings performance, as well as any public comments on the proposal. The Board evaluates the financial condition of the combined organization, including its capital position, asset quality, liquidity, earnings prospects, and the impact

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<sup>15</sup> 12 U.S.C. § 1842(c)(1)(B).

<sup>16</sup> 12 U.S.C. § 1842(c)(2), (5), and (6).

of the proposed funding of the transaction. The Board also considers the ability of the organization to absorb the costs of the proposal and to complete the proposed integration of the operations of the institutions effectively. In assessing financial factors, the Board considers capital adequacy to be especially important. The Board considers the future prospects of the organizations involved in the proposal in light of their financial and managerial resources and the proposed business plan.

United, Progress Financial, and their subsidiary depository institutions are well capitalized, and the combined organization would remain so upon consummation of the proposal. The proposed transaction is a bank holding company merger that is structured as a share exchange, with a subsequent merger of the subsidiary depository institutions.<sup>17</sup> The capital, asset quality, earnings, and liquidity of United, Progress Financial, and their subsidiary depository institutions are consistent with approval, and United appears to have adequate resources to absorb the related costs of the proposal and to complete the integration of the institutions' operations. In addition, future prospects are considered consistent with approval.

The Board also has considered the managerial resources of the organizations involved and of the proposed combined organization. The Board has reviewed the examination records of United, Progress Financial, and their subsidiary depository institutions, including assessments of their management, risk-management systems, and operations. In addition, the Board has considered information provided by United; the Board's supervisory experiences and those of other relevant bank supervisory agencies with the organizations; and the organizations' records of compliance with applicable banking, consumer protection, and anti-money-laundering laws.

United, Progress Financial, and their subsidiary depository institutions are each considered to be well managed. United's directors and senior executive officers have knowledge of and experience in the banking and financial services sectors, and

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<sup>17</sup> At the time of the merger of Progress Financial with and into United, each share of Progress Financial common stock would be converted into a right to receive United common stock, based on an exchange ratio.

United's risk-management program appears consistent with approval of this expansionary proposal.

The Board also has considered United's plans for implementing the proposal. United has conducted comprehensive due diligence and is devoting significant financial and other resources to address all aspects of the post-acquisition integration process for this proposal. In addition, United's management has the experience and resources to operate the resulting organization in a safe and sound manner.

Based on all the facts of record, including United's supervisory record, managerial and operational resources, and plans for operating the combined organization after consummation, the Board determines that considerations relating to the financial and managerial resources and the future prospects of the organizations involved in the proposal, as well as the records of effectiveness of United and Progress Financial in combatting money-laundering activities, are consistent with approval.

### ***Convenience and Needs Considerations***

In acting on a proposal under section 3 of the BHC Act, the Board considers the effects of the proposal on the convenience and needs of the communities to be served.<sup>18</sup> In evaluating whether the proposal satisfies the convenience and needs statutory factor, the Board considers the impact that the proposal will or is likely to have on the communities served by the combined organization. The Board reviews a variety of information to determine whether the relevant institutions' records demonstrate a history of helping to meet the needs of their customers and communities. The Board also reviews the combined institution's post-consummation plans and the expected impact of those plans on the communities served by the combined institution, including on low- and moderate-income ("LMI") individuals and communities. The Board considers whether the relevant institutions are helping to meet the credit needs of the communities they serve, and are providing access to banking products and services that meet the needs of

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<sup>18</sup> 12 U.S.C. § 1842(c)(2).

customers and communities, including the potential impact of branch closures, consolidations, and relocations on that access. In addition, the Board reviews the records of the relevant depository institutions under the CRA.<sup>19</sup> The Board strongly encourages insured depository institutions to help meet the credit needs of the local communities in which they operate, consistent with the institutions' safe and sound operation and their obligations under the CRA.<sup>20</sup>

In addition, the Board considers the banks' overall compliance records and recent fair lending examinations. Fair lending laws require all lending institutions to provide applicants with equal access to credit, regardless of their race, ethnicity, gender, or certain other characteristics. The Board also considers assessments of other relevant supervisors, the supervisory views of examiners, other supervisory information, information provided by the applicant, and public comments on the proposal. The Board also may consider the acquiring institution's business model and intended marketing and outreach, the combined organization's plans after consummation, and any other information the Board deems relevant.

In assessing the convenience and needs factor in this case, the Board has considered all the facts of record, including reports of examination of the CRA performance of United Bank and Progress Bank, the fair lending and compliance records of both banks, the supervisory views of the FDIC with respect to both banks and the Consumer Financial Protection Bureau ("CFPB") with respect to United Bank, confidential supervisory information, information provided by United, and the public comment received on the proposal.

*Public Comment on the Proposal*

The Board received one adverse comment on the proposal. The commenter objected to the proposal, alleging that United Bank made fewer home loans, both

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<sup>19</sup> 12 U.S.C. § 2901 et seq.

<sup>20</sup> See 12 U.S.C. § 2901(b).



nationally and specifically in South Carolina, to African American individuals as compared to white individuals.

*Businesses of the Involved Institutions and United's Response to the Public Comment*

United operates primarily through United Bank and the bank's network of branches in Florida, Georgia, North Carolina, South Carolina, and Tennessee, as well as nationally for the bank's small business lending and equipment finance businesses. United Bank offers a broad range of consumer and commercial loan and deposit products. These products include checking accounts, savings accounts, money market accounts, and other deposit accounts, as well as credit products, such as mortgage, commercial, and small business loans, as well as commercial, industrial, and real estate lending and wealth management, investment, trust, and insurance services. Progress Financial operates through Progress Bank and the bank's network of branches in Alabama and Florida. Progress Bank offers consumer and commercial loan and deposit products. These products include checking, savings, and depository services, as well as commercial, mortgage, real estate, and consumer loans.

In response to the comment, United notes that United Bank received an overall "Satisfactory" CRA performance rating at its most recent evaluation, including "High Satisfactory" ratings for each of the lending, investment, and service tests. United asserts that United Bank originated more loans to African American borrowers than 92 percent of the other banks operating within United Bank's CRA assessment areas ("AAs"). Regarding the bank's operations in South Carolina, United asserts that United Bank's denial rates for minority and African American loan applicants are substantially lower than those of peer institutions.

*Records of Performance under the CRA*

In evaluating the CRA performance of the involved institutions, the Board generally considers each institution's most recent CRA evaluation and the supervisory views of relevant federal supervisors, which in this case is the FDIC with respect to both

banks.<sup>21</sup> In addition, the Board considers information provided by the applicant and public commenter.

The CRA requires that the appropriate federal financial supervisor for a depository institution prepare a written evaluation of the institution's record of helping to meet the credit needs of its entire community, including LMI neighborhoods.<sup>22</sup> 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 by the institution's primary federal supervisor of the institution's overall record of lending in its communities.

In general, federal financial supervisors apply a lending test ("Lending Test"), an investment test ("Investment Test"), and a service test ("Service Test") to evaluate the performance of large banks, such as United Bank, in helping to meet the credit needs of the communities they serve. The Lending Test specifically evaluates an institution's lending-related activities to determine whether the institution is helping to meet the credit needs of individuals and geographies of all income levels. As part of the Lending Test, examiners review and analyze an institution's data reported under the Home Mortgage Disclosure Act of 1975 ("HMDA")<sup>23</sup> in addition to small business, small farm, and community development loan data collected and reported under the CRA regulations, to assess an institution's lending activities with respect to borrowers and geographies of different income levels. The institution's lending performance is evaluated based on a variety of factors, including (1) the number and amounts of home mortgage, small business, small farm, and consumer loans (as applicable) in the institution's AAs; (2) the geographic distribution of the institution's lending, including the proportion and dispersion of the institution's lending in its AAs and the number and

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<sup>21</sup> See Interagency Questions and Answers Regarding Community Reinvestment, 81 Federal Register 48,506, 48,548 (July 25, 2016).

<sup>22</sup> 12 U.S.C. § 2906.

<sup>23</sup> 12 U.S.C. § 2801 et seq.

amounts of loans in low-, moderate-, middle-, and upper-income geographies; (3) the distribution of loans based on borrower characteristics, including, for home mortgage loans, the number and amounts of loans to low-, moderate-, middle-, and upper-income individuals;<sup>24</sup> (4) the institution's community development lending, including the number and amounts of community development loans and their complexity and innovativeness; and (5) the institution's use of innovative or flexible lending practices to address the credit needs of LMI individuals and geographies.<sup>25</sup> The Investment Test evaluates the number and amounts of qualified investments that benefit the institution's AAs. The Service Test evaluates the availability and effectiveness of the institution's systems for delivering retail banking services and the extent and innovativeness of the institution's community development services.<sup>26</sup>

Federal financial supervisors apply a Lending Test and a community development test ("Community Development Test") to evaluate the performance of an intermediate small bank, such as Progress Bank, in helping to meet the credit needs of the communities it serves. The Community Development Test evaluates the number and amounts of the institution's community development loans and qualified investments; the extent to which the institution provides community development services; and the institution's responsiveness through such activities to community development lending, investment, and service needs.<sup>27</sup>

The Board is concerned when HMDA data reflect disparities in the rates of loan applications, originations, and denials among members of different racial, ethnic, or

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<sup>24</sup> Examiners also consider the number and amounts of small business and small farm loans made to businesses and farms with gross annual revenues of \$1 million or less, small business and small farm loans by loan amount at origination, and consumer loans, if applicable, to low-, moderate-, middle-, and upper-income individuals. See, e.g., 12 CFR 228.22(b)(3).

<sup>25</sup> See 12 CFR 228.22(b).

<sup>26</sup> See 12 CFR 228.23 and .24.

<sup>27</sup> See 12 CFR 228.26(c).

gender groups in local areas. These types of disparities may indicate weaknesses in the adequacy of policies and programs at an institution for meeting its obligations to extend credit fairly. However, other information critical to an institution's credit decisions may not be available from public HMDA data.<sup>28</sup> Consequently, the Board requests additional information not available to the public that may be needed from the institution and evaluates disparities in the context of the additional information obtained regarding the lending and compliance record of an institution.

#### *CRA Performance of United Bank*

United Bank was assigned an overall rating of "Satisfactory" at its most recent CRA performance evaluation by the FDIC, as of August 3, 2020 ("United Bank Evaluation").<sup>29</sup> The bank received "High Satisfactory" ratings for the Lending Test, the Investment Test, and the Service Test.<sup>30</sup>

Examiners found that United Bank's lending levels reflected good responsiveness to the credit needs in its AAs and that a high percentage of the bank's loans were made in its AAs. Examiners also found that United Bank had a significant level of qualified investments and grants and exhibited good responsiveness to credit and community development needs. Examiners noted that the bank's service delivery systems were accessible to generally all portions of the bank's AAs. Examiners also

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<sup>28</sup> Importantly, credit scores are not available in the public HMDA data. Accordingly, when conducting fair lending examinations, examiners analyze additional information not available to the public, such as credit scores, before reaching a determination regarding an institution's compliance with fair lending laws.

<sup>29</sup> The United Bank Evaluation was conducted using Interagency Large Institution CRA Examination Procedures. Examiners reviewed home mortgage, small business, and small farm loans and qualified investments from August 7, 2017, through August 3, 2020, and community development loans and services from August 8, 2017, through June 30, 2020.

<sup>30</sup> The United Bank Evaluation covered United Bank's 20 AAs located in four states: Georgia, North Carolina, South Carolina, and Tennessee. The United Bank Evaluation included a full-scope review of eight of these AAs. A limited scope review was conducted of the remaining 12 AAs.

noted that the bank’s record of opening and closing branches had not adversely affected the accessibility of the bank’s delivery systems, particularly in LMI geographies and to LMI individuals.

Examiners assigned United Bank a “Low Satisfactory” rating on the Lending Test in South Carolina, an area of concern to the commenter. Examiners concluded that United Bank’s lending levels within the bank’s AAs in South Carolina reflected adequate responsiveness to the AAs’ credit needs. Examiners found that the geographic distribution of lending reflected adequate penetration in LMI census tracts and that the borrower profile reflected adequate penetration among individuals of different incomes and businesses of different sizes. Examiners also noted that United Bank made use of innovative, flexible lending programs to expand lending and made a relatively high level of community development loans.

#### *CRA Performance of Progress Bank*

Progress Bank received an overall rating of “Satisfactory” at its most recent CRA performance evaluation by the FDIC, as of August 9, 2021 (“Progress Bank Evaluation”).<sup>31</sup> The bank received “Satisfactory” ratings for both the Lending Test and the Community Development Test.<sup>32</sup>

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<sup>31</sup> The Progress Bank Evaluation was conducted using Interagency Intermediate Small Institution Examination Procedures. Examiners reviewed commercial and home mortgage loans that the bank reported from 2018 through 2020, and a sample of small business loans originated in 2019. Examiners also reviewed the bank’s community development loans, qualified investments, and community development services from June 28, 2018, through August 9, 2021.

<sup>32</sup> The Progress Bank Evaluation involved a full-scope review of Jefferson and Shelby counties, Alabama, which partially comprise the Birmingham-Hoover, Alabama Metropolitan Statistical Area (MSA); Madison County, Alabama, which partially comprises the Huntsville, Alabama MSA; and Okaloosa and Walton counties, Florida, which partially comprise the Crestview-Fort Walton Beach-Destin, Florida MSA, and a limited scope review of Morgan County, Alabama, which partially comprises the Decatur, Alabama MSA, and Colbert and Lauderdale counties, Alabama, which comprise the Florence-Muscle Shoals, Alabama MSA.

Examiners found that Progress Bank demonstrated satisfactory lending performance. Examiners noted that the bank's geographic distribution of loans reflected reasonable dispersion of lending throughout the bank's AAs and that the bank's distribution of loans to borrowers reflected reasonable penetration among individuals of different income levels and businesses of different sizes. Examiners found that the bank demonstrated adequate responsiveness to community development needs in its AAs through loans, qualified investments, and services.

*Additional Supervisory Views*

In its review of the proposal, the Board consulted with and considered the views of the FDIC as the primary federal supervisor of both United Bank and Progress Bank. The Board also considered the results of the most recent consumer compliance examinations of United Bank and Progress Bank by the FDIC, which included reviews of the banks' compliance management programs and compliance with consumer protection laws and regulations. Lastly, the Board also considered the results of the most recent consumer compliance exam of United Bank by the CFPB.

The Board has taken the foregoing consultations and examinations into account in evaluating the proposal, including in considering whether United has the experience and resources to ensure that the combined bank would help meet the credit needs of the communities to be served following consummation of the proposed transaction.

*Additional Convenience and Needs Considerations*

The Board also considers other potential effects of the proposal on the convenience and needs of the communities to be served. This includes, for example, the combined organization's business model and intended marketing and outreach and existing and anticipated product and service offerings in the communities to be served by the organization; any additional plans the combined organization has for meeting the needs of its communities following consummation; and any other information the Board deems relevant. United represents that Progress Bank customers would have enhanced

access to larger branch and ATM networks. In addition, United represents that United Bank would provide Progress Bank customers with new or less costly products and services, including a home mortgage loan program tailored for LMI individuals, mortgage loan down payment assistance, no origination fees on mortgage loans, a low-cost checking product, and treasury management and other commercial business services. United states that Progress Bank customers would have new ways of accessing banking services, including through United Bank's online banking platform for individual and business customers. In addition, United states that United Bank conducts outreach efforts, including direct marketing campaigns, in market areas with large minority populations to increase awareness of its lending products and asserts that the bank's pay structure incentivizes mortgage loan officers to work with a diverse range of clients.

#### *Branch Closures*

Physical branches remain important to many banking organizations' ability to meet the credit needs of the local communities in which they operate. When banking organizations combine, whether through acquisitions, mergers, or consolidations, the combination has the potential to increase or to reduce consumers' and small businesses' access to available credit and other banking services. Although the Board does not have the authority to prohibit a bank from closing a branch, the Board focuses on the impact of expected branch closures, consolidations, and relocations that occur in connection with a proposal on the convenience and needs of the communities to be served by the resulting institution. In particular, the Board considers the effect of any closures, consolidations, or relocations on LMI communities.

Federal banking law provides a specific mechanism for addressing branch closings, including requiring that a bank provide notice to the public and the appropriate federal supervisory agency before a branch is closed.<sup>33</sup> In addition, the federal banking

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<sup>33</sup> See 12 U.S.C. § 1831r-1. The bank also is required to provide reasons and other supporting data for the closure, consistent with the institution's written policy for branch closings.

supervisory agencies evaluate a bank's record of opening and closing branches, particularly branches located in LMI geographies or primarily serving LMI individuals, as part of the CRA examination process.<sup>34</sup> United represents that no branches of Progress Bank are anticipated to be closed, consolidated, or relocated in connection with the proposed transaction.

#### *Conclusion on Convenience and Needs Considerations*

The Board has considered all the facts of record, including the records of the relevant depository institutions under the CRA, the institutions' records of compliance with fair lending and other consumer protection laws, confidential supervisory information, information provided by United, the public comment on the proposal, and other potential effects of the proposal on the convenience and needs of the communities to be served. Based on that review, the Board determines that convenience and needs considerations are consistent with approval.

#### *Financial Stability Considerations*

Section 3 of the BHC Act requires the Board to consider "the extent to which a proposed acquisition, merger, or consolidation would result in greater or more concentrated risks to the stability of the United States banking or financial system."<sup>35</sup>

To assess the likely effect of a proposed transaction on the stability of the United States banking or financial system, the Board considers a variety of metrics that capture the systemic "footprint" of the resulting firm and the incremental effect of the transaction on the systemic footprint of the acquiring firm. These metrics include measures of the size of the resulting firm, the availability of substitute providers for any critical products and services offered by the resulting firm, the interconnectedness of the resulting firm with the banking or financial system, the extent to which the resulting firm

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<sup>34</sup> See, e.g., 12 CFR 228.24(d)(2). In addition, the Board notes that the FDIC, as the primary federal supervisor of United Bank, will review branch closures in evaluating the CRA performance of the combined organization.

<sup>35</sup> 12 U.S.C. § 1842(c)(7).



would contribute to the complexity of the financial system, and the extent of the cross-border activities of the resulting firm.<sup>36</sup> These categories are not exhaustive, and additional categories could inform the Board's decision.

In addition to these quantitative measures, the Board considers qualitative factors, such as the opacity and complexity of an institution's internal organization, that are indicative of the relative degree of difficulty of resolving the resulting firm. A financial institution that can be resolved in an orderly manner is less likely to inflict material damage on the broader economy.<sup>37</sup>

The Board's experience has shown that proposals involving an acquisition of a firm with less than \$10 billion in total assets, or that would result in a firm with less than \$100 billion in total assets, generally are not likely to pose systemic risks. Accordingly, the Board presumes that a proposal does not raise material financial stability concerns if the assets involved fall below either of these size thresholds, absent evidence that the transaction would result in a significant increase in interconnectedness, complexity, cross-border activities, or other risk factors.<sup>38</sup>

In this case, the Board has considered information relevant to risks to the stability of the United States banking or financial system. The proposal involves a target with less than \$10 billion in total assets and a pro forma organization of less than \$100 billion in total assets. Both the acquirer and the target are predominantly engaged

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<sup>36</sup> Many of the metrics considered by the Board measure an institution's activities relative to the United States financial system.

<sup>37</sup> For further discussion of the financial stability standard, see Capital One Financial Corporation, FRB Order No. 2012-2 (Feb. 14, 2012).

<sup>38</sup> See People's United Financial, Inc., FRB Order No. 2017-08 at 25-26 (March 16, 2017). Notwithstanding this presumption, the Board has the authority to review the financial stability implications of any proposal. For example, an acquisition involving a global systemically important bank could warrant a financial stability review by the Board, regardless of the size of the acquisition.

in retail and commercial banking activities.<sup>39</sup> The pro forma organization would not exhibit an organizational structure, complex interrelationships, or unique characteristics that would complicate resolution of the firm in the event of financial distress. In addition, the organization would not be a critical services provider or so interconnected with other firms or the markets that it would pose a significant risk to the financial system in the event of financial distress.

In light of all the facts and circumstances, this transaction would not appear to result in meaningfully greater or more concentrated risks to the stability of the United States banking or financial system. Based on these and all other facts of record, the Board determines that considerations relating to financial stability are consistent with approval.

### ***Conclusion***

Based on the foregoing and all the facts of record, the Board determines that the application should be, and hereby is, approved.<sup>40</sup> In reaching its conclusion, the

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<sup>39</sup> United and Progress Financial offer a range of retail and commercial banking products and services. United has, and as a result of the proposal would continue to have, a small market share in these products and services on a nationwide basis.

<sup>40</sup> The commenter requested that the Board hold public hearings on the proposal. Under section 3(b) of the BHC Act, the Board must hold a public hearing on a proposal if the appropriate supervisory authorities for the acquiring bank or the bank to be acquired make a timely written recommendation of disapproval of the proposal. 12 U.S.C. § 1842(b). See also 12 CFR 225.16(e). The Board has not received such a recommendation from the appropriate supervisory authorities. Under its rules, the Board, in its discretion, may hold a public meeting if appropriate to allow interested persons an opportunity to provide relevant testimony when written comments would not adequately present their views. The Board has considered the commenter's request in light of all the facts of record. In the Board's view, the commenter has had ample opportunity to submit comments on the proposal and, in fact, submitted a written comment that the Board has considered in acting on the proposal. The commenter's request does not identify disputed issues of fact that are material to the Board's decision and would be clarified by a public meeting. In addition, the request does not demonstrate why written comments do not present the commenter's views adequately or why a meeting otherwise would be necessary or appropriate. For these reasons, and based on all the facts of record, the Board has

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 United with all the conditions imposed in this order and on any commitments made to the Board in connection with the proposal. The Board's approval also is conditioned on receipt by United of all required regulatory approvals. For purposes of this action, the conditions and commitments are deemed to be conditions imposed in writing by the Board in connection with its findings and decision herein and, as such, may be enforced in proceedings under applicable law.

The proposal may not be consummated before the 15th calendar day after the effective date of this order or later than three months thereafter, unless such period is extended for good cause by the Board or the Federal Reserve Bank of Atlanta, acting under delegated authority.

By order of the Board of Governors,<sup>41</sup> effective December 19, 2022.

*Michele Taylor Fennell (signed)*  
Michele Taylor Fennell  
Deputy Associate Secretary of the Board

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determined that a public hearing or meeting is not required or warranted in this case. Accordingly, the request for public hearings on the proposal is denied.

<sup>41</sup> Voting for this action: Chair Powell, Vice Chair Brainard, Vice Chair for Supervision Barr, Governors Bowman, Waller, Cook and Jefferson.