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Comptroller of the Currency  
Administrator of National Banks

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## **Corporate Decision #2000-06 May 2000**

### **DECISION OF THE COMPTROLLER OF THE CURRENCY (OCC) ON THE APPLICATION TO MERGE COUNTY BANK, PRESCOTT, ARIZONA WITH AND INTO NATIONAL BANK OF ARIZONA, TUCSON, ARIZONA.**

#### **Introduction**

On February 28, 2000, application was made to the OCC for prior authorization to merge County Bank, Prescott, Arizona with and into National Bank of Arizona, Tucson, Arizona. This application was based on an agreement entered into between the proponents and Zions Bancorporation, Salt Lake City, Utah on January 7, 2000.

#### **Participating Financial Institutions**

As of December 31, 1999, National Bank of Arizona had total deposits of \$1.2 billion and operated 43 offices. On the same date, County Bank had total deposits of \$221 million and operated seven offices. National Bank of Arizona is 100% owned and controlled by Zions Bancorporation, a multi-bank holding company.

#### **Competitive Analysis**

The relevant geographic markets for this proposal include the Cottonwood, Page, Prescott and Yuma banking markets (as defined by the Federal Reserve Bank of San Francisco) and Coconino County. These are the four areas where competition between National Bank of Arizona and County Bank is direct and immediate.

In the Cottonwood and Prescott banking markets, the OCC reviewed the competitive effects of this proposal by using its standard procedures for determining whether a business combination clearly has minimal or no adverse competitive effects. For those two areas, the OCC finds that

the proposal satisfies its criteria for a merger that clearly has no or minimal adverse competitive effects.

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The Page banking market consists of the town of Page. Page, at the 1990 Census, had a population of 6,598 and, based on U.S. Bureau of the Census estimates, that population increased to 7,900 by July 1, 1998. The OCC considers an area with such a small population to be economically insignificant from a competitive standpoint. Therefore, any anticompetitive effects that may result from this transaction are considered de minimis.

The Yuma banking market, consisting of the Yuma Ranally Metropolitan Area and the town of Welton, Arizona, is currently served by ten banks competing for \$681 million in deposits. As of June 30, 1999, National Bank of Arizona had \$158 million in deposits (or a 23% market share of deposits) in the Yuma banking market and County Bank had \$36 million (or 5% market share of deposits). After the transaction, competition will continue to be provided by Wells Fargo (with a 26% market share), Bank One (with a 23% market share), and Bank of America (with a 9% market share), all three of which are large banking organizations, and by 5 other smaller banking organizations. While the resulting bank will control nearly 29% of the market and will eliminate one competitor in the Yuma banking market, any adverse competitive effects would be mitigated by the presence of 8 other banking alternatives, including offices of three large region- or nation-wide banking companies.

### **Banking Factors**

The Bank Merger Act requires the OCC to consider "...the financial and managerial resources and future prospects of the existing and proposed institutions, and the convenience and needs of the community to be served." We find that the financial and managerial resources of National Bank of Arizona and County Bank do not raise concerns that would cause the application to be disapproved. The future prospects of the proponents, individually and combined, are considered favorable and the resulting bank is expected to meet the convenience and needs of the community to be served. National Bank of Arizona will consolidate County Bank's branch in Page with their existing branch in Page. Both Page branches are located approximately 1/10<sup>th</sup> of a mile apart. At the same time, National Bank of Arizona will consolidate their existing branch in Cottonwood with County Bank's branch in Cottonwood. These two branches are approximately 1 and 8/10<sup>th</sup> of a mile apart.

### **Community Reinvestment Act**

A review of the record of this application and other information available to the OCC as a result of its regulatory responsibilities has revealed no evidence that the applicants' records of helping

to meet the credit needs of their communities, including low- and moderate-income neighborhoods, is less than satisfactory.

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**Conclusion**

We have analyzed this proposal pursuant to the Bank Merger Act (12 USC1828(c)) and/or 12 CFR 5.33, and find that it will not lessen significantly competition in any relevant market. Other factors considered in evaluating this proposal are satisfactory. **Accordingly, the application is approved.**

**-signed-**

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James A. Bundy  
Licensing Manager  
Western District Office

**April 13, 2000**

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Date

**CAIS Control Number: 2000-WE-02-0007**