



Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

September 5, 2008

Corporate Decision #2008-04
October 2008

Brian D. Alprin
Duane Morris
505 9th Street, N.W., Suite 1000
Washington D.C. 20004-2166

Re: Acquisition by National Bank of Arizona of Assets and Liabilities from Nevada
State Bank, Las Vegas, Nevada
2008 WE 02 0013

Dear Mr. Alprin:

The Office of the Comptroller of the Currency (“OCC”), for the reasons discussed below, hereby approves the application of National Bank of Arizona, Tucson, Arizona (the “National Bank”) to purchase certain assets of and assume certain liabilities from Nevada State Bank, Las Vegas, Nevada, (the “State Bank”), which immediately beforehand acquired those assets and liabilities from the Federal Deposit Insurance Corporation (“FDIC”) as receiver of Silver State Bank, Henderson, Nevada (“Silver State”). The National Bank and the State Bank are both wholly-owned by Zions Bancorporation (“Zions”) and, thus, are affiliates. This approval is granted based upon the information contained in the National Bank’s application and other information and representations made to the OCC during its processing of the application. As discussed below, the National Bank may consummate the acquisition immediately upon approval.

Silver State was chartered by the state of Nevada on July 1, 1996. It has 13 branches in Nevada and, as a result of an acquisition of a state-chartered bank in Arizona earlier this year, has four branches in Arizona. Silver State was declared insolvent and closed by the Nevada Banking Commissioner on September 5, 2008 and the FDIC was appointed as receiver. The FDIC sought bids from potential acquirers, including banks owned by Zions, of the branches, deposits and certain assets of Silver State.

Under its business model, Zions operates separate banks in Arizona and Nevada and in other states in which it competes. As a result, Zions desired to have the State Bank bid for the Nevada operations of Silver State and the National Bank bid for the Arizona operations of Silver State; however, you state that the FDIC advised Zions that it was only willing to accept a single acquirer and that any alternative that would involve disassociated bids or a joint bid would not be permitted. Consequently, the State Bank placed a bid for all of the branches, insured deposits

and certain other assets that were being sold with the intention that it would immediately sell the Arizona portion of Silver State's business to its affiliated National Bank and it determined the amount of its bid accordingly. Further, the FDIC has determined that it should act immediately under the standards set forth in the Bank Merger Act ("BMA") with respect to the acquisition by the State Bank. 12 U.S.C. § 1828(c)(3), (4)(C)(i) and (6).

Structuring the transaction in the manner proposed leads to the same result that would be achieved if the two banks could submit a joint bid or if each bank could bid only on that part of Silver State's business that it wished to acquire. In conjunction with submitting its bid, Zions by letter advised the OCC and the FDIC that it is a "critical objective" of Zions that the branches and accounts of Silver State be allocated geographically to the appropriate Zions bank and that in the absence of its ability to so allocate the branches and accounts, Zions, through its State Bank, would not have submitted a bid. Zions further advised the OCC and FDIC that the ability to undertake this allocation immediately is an essential part of its plan because if the allocation could not be undertaken immediately, the customers of the Arizona branches, who generally were customers of the bank acquired by Silver State, would have to endure two more transitions and account conversions during a short period of time, which would be inherently disruptive.

As a result, the National Bank has asked the Comptroller to grant his written approval of the proposed acquisition of the Arizona business of Silver State immediately after the acquisition of that business by the affiliated State Bank.

Purchase and Assumption and Branch Retention

National Banks may acquire all or part of a depository institution through a purchase and assumption transaction under 12 U.S.C. § 24 (Seventh). Consequently, the National Bank may acquire the insured deposits and assets as proposed. Moreover, because the National Bank is located in Arizona, under 12 U.S.C. § 36(c) and intrastate branching law incorporated therein, it may operate the branches that had been the Arizona branches of Silver State.¹ Thus, the acquisition is legally authorized.

Bank Merger Act

The OCC reviewed the proposed purchase and assumption transaction under the criteria of the Bank Merger Act ("BMA"), 12 U.S.C § 1828(c), and applicable OCC regulations and policies. Among other matters, we found that the proposed transaction would not have significant anticompetitive effects.² The OCC considered the financial and managerial resources of the banks, their future prospects, the convenience and needs of the communities to be served. In addition, the BMA requires the OCC to consider "the effectiveness of any insured depository institution involved in the proposed merger transaction in combating money laundering activities, including overseas branches," 12 U.S.C. § 1828(c)(11). We considered these factors and found them consistent with approval under the statutory provisions.

¹ We note that, after a transition period, the National Bank may close one or more of the four branches being acquired and consolidate accounts held at those branches with existing branches of the National Bank.

² As noted, the National Bank and the State Bank are affiliated.

In addition, the OCC finds, for the reasons set forth above, that it must act immediately under the BMA to approve the proposed acquisition by the National Bank as an integral part of the acquisition by the State Bank of assets and liabilities from the FDIC as receiver of Silver State to prevent the probable failure of Silver State. Immediate action by the OCC on the acquisition by the National Bank is consistent with and complements the FDIC's determination to act immediately under the standards set forth in the BMA with respect to the acquisition by the State Bank. 12 U.S.C. § 1828(c)(3), (4)(C)(i), and (6). Consequently, there is no requirement for publication of notice of the transaction, for a request by the OCC of a competitive factors report from the Attorney General, or for a post-approval waiting period prior to consummation of the transaction. *Id.*

Community Reinvestment Act

The Community Reinvestment Act ("CRA") requires the OCC to take into account the applicants' record of helping to meet the credit needs of the community, including low-and-moderate-income ("LMI") neighborhoods, when evaluating certain applications, including transactions that are subject to the BMA. 12 U.S.C. § 2903; 12 C.F.R. §§ 5.33(e)(1)(iv), 25.29. The OCC considers the CRA performance evaluation of each institution involved in the transaction. A review of the record of these applicants and other information available to the OCC as a result of its regulatory responsibilities revealed no evidence that the applicants' record of helping to meet the credit needs of their communities, including LMI neighborhoods, is less than satisfactory.

Consummation Guidance

This approval is granted based on our understanding that other applicable regulatory approvals, non-objections or waivers with respect to the proposed transaction will have been received prior to the consummation of the transaction, including approval by the FDIC of the acquisition of Silver State's assets and liabilities by the State Bank pursuant to a determination by the FDIC to act immediately as discussed above. Please refer to the Business Combinations booklet of the *Comptroller's Licensing Manual* for steps to complete the transaction. The district office should be advised as soon as practical of the effective date for the transaction.

Within seven days of consummation of the transaction, please provide the district office with copies of the following documents:

- A Secretary's Certificate for each institution, certifying that a majority of the board of directors approved.
- An executed purchase and assumption agreement.
- Documentation that all other conditions that the OCC imposed have been met.

This approval and the activities and communications by OCC employees in connection with the filing, do not constitute a contract, express or implied, or any other obligation binding upon the

OCC, the U.S., any agency or entity of the U.S., or any officer or employee of the U.S., and do not affect the ability of the OCC to exercise its supervisory, regulatory and examination authorities under applicable law and regulations. The foregoing may not be waived or modified by any employee or agent of the OCC or the U.S.

If you have questions regarding this letter, please contact David Finnegan, Licensing Analyst, at (720) 475-7650 or david.finnegan@occ.treas.gov. Please reference the application control number in any correspondence.

Sincerely,

signed

Ellen Tanner Shepherd
Director for District Licensing