



August 20, 2021

**CRA Decision #218
September 2021**

Mr. Drew A. Knowles
Commercial Bank of Texas, N.A.
215 East Main Street
Nacogdoches, Texas 75961

Re: Branch Application by Commercial Bank of Texas, National Association
Charter No. 14371; OCC Control No.: 2021-SO-Branch New-321985

Dear Mr. Knowles:

The Office of the Comptroller of the Currency (OCC) hereby approves the application by Commercial Bank of Texas, National Association (Bank) to establish a branch at 321 North Central Expressway, Suite 100, McKinney, Texas 75070, to be known as the McKinney Banking Center. This approval is granted based on a thorough review of all information available, including representations and commitments made in the application and by the Bank's representatives. Based on our review, the OCC determined that approval to establish the branch is consistent with the relevant statutory factors set forth in 12 USC 36, applicable state law, and with the Community Reinvestment Act (CRA), as more fully discussed below. This letter also serves as authorization for the Bank to establish Branch Number **213531A** at the above noted address.

I. Community Reinvestment Act

The CRA requires the OCC to take into account a bank's performance record in helping to meet the credit needs of its communities, including low-and moderate-income (LMI) neighborhoods, when evaluating applications for the establishment of a domestic branch. 12 USC 2903(a). The OCC considered the Bank's most recent CRA performance evaluation (PE), information available to the OCC as a result of its supervisory responsibilities, and a written public comment. Based on this review, the OCC has concluded that the Bank's record of performance under the CRA is consistent with approval of this application.

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The OCC assigned the Bank an overall rating of “Satisfactory” in its most recent CRA PE, dated June 24, 2019.¹ The major factors supporting this rating included: (i) the geographic distribution of loans reflected reasonable dispersion throughout the Bank’s Assessment Area (AA) that received a full-scope review;² (ii) loans to individuals of different incomes and businesses of different sizes reflected reasonable distribution; and (iii) community development (CD) activities reflected excellent responsiveness to the needs of the communities within the Bank’s full-scope AA.

II. Summary of Public Comment and Applicant’s Response

The OCC received and considered one timely comment regarding the application. The commenter opposed the establishment of a branch at the McKinney Banking Center location.³ The commenter expressed a series of concerns regarding the Bank’s branching and lending activities in low-income and high-minority communities, the representation of African Americans in management and on the Bank’s board of directors, and the absence of marketing to African Americans and Hispanics. Specifically, the commenter stated that the Bank does not have any branch locations in low-income or high minority census tracts. The commenter also expressed concern regarding a lack of mortgage lending in low-income and high-minority census tracts, as well as the low level of lending to African Americans. The commenter stated further that the Bank did not originate any small business loans to businesses with less than \$1 million in revenues in low-income or high minority census tracts.

The commenter expressed concern that the Bank does not employ any African American commercial loan officers and does not have any African Americans on the Bank’s board of directors. Finally, the commenter expressed concerns regarding the Bank’s marketing efforts with respect to African Americans or Hispanic communities.

In response to the commenter’s concerns regarding branching, the Bank represented that it maintains branch locations that are easily accessible to low- and moderate-income geographies within its AAs.⁴ Furthermore, the Bank represented that it has ten branches located in

¹ The PE evaluated lending for the period from January 1, 2016, through December 31, 2018. The OCC evaluated the Bank’s performance using the intermediate small bank performance criteria. A copy of the PE is available at <https://www.occ.gov/static/cra/craeval/oct19/14371.pdf>.

² The Bank’s full-scope AA was its non- Metropolitan Statistical Area AA (non-MSA AA), consisting of the counties of Anderson, Angelina, Nacogdoches, Delta, Lamar, Rains, and Wood and the partial counties of Cherokee, Houston, and Trinity.

³ The McKinney Branch Center will be located in Collin County, Texas. Collin County is located in the Dallas-Plano-Irving Metropolitan Division (Dallas MD). The Dallas MD is in the Dallas-Fort Worth-Arlington, Texas Metropolitan Statistical Area (DFW MSA). The DFW MSA consists of the Dallas MD and the Fort Worth-Arlington-Grapevine MD.

⁴ For purposes of the CRA, the Bank delineates two AAs, which consist of one non-MSA and one MSA. *See supra* n. 2 for the counties and partial counties that comprise the Bank’s non-MSA AA. The Bank’s MSA AA includes portions of Collin, Denton, and Tarrant counties. Collin and Denton counties are located in the Dallas MD, and Tarrant County is located in the Fort Worth MD.

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moderate-income census tracts, four branches located in middle-income, underserved/distressed tracts, six branches located in middle-income rural tracts, and nine branches located in minority-majority tracts.

With respect to the commenter's concerns with mortgage lending, the Bank questioned the information or data underlying the concerns. The Bank provided data on its recent mortgage lending in low-income and high- minority census tracts, as well as to African American borrowers.

The OCC notes that Home Mortgage Disclosure Act (HMDA) data alone are generally not adequate to provide a basis for concluding that an institution is engaged in lending discrimination, nor do they reflect the full range of an institution's lending activities and efforts. However, disparities in mortgage lending that are correlated with prohibited basis characteristics are of concern to the OCC, and the OCC monitors HMDA data reported by the institutions it regulates to determine those institutions that exhibit increased fair lending risk. The Bank is subject to the OCC's ongoing supervisory program to monitor fair lending risk and compliance with the Equal Credit Opportunity Act (ECOA), the Fair Housing Act, and their implementing regulations.⁵

The Bank also questioned the data underlying the commenter's concerns with the Bank's small business lending activities. The Bank represented that it originated \$5.5 million in loans to businesses with less than \$1 million in revenue that are located in low-income census tracts during the most recent review period. The Bank also represented that it originated \$34.6 million in loans to businesses with less than \$1 million in revenue that are located in majority-minority census tracts, as well as \$3.7 million in Small Business Administration Paycheck Protection Program loans to businesses located in majority-minority census tracts.

In response to the commenter's concerns regarding marketing, the Bank indicated that it is actively and continuously engaged in marketing and outreach activities designed to reach minority individuals in its banking markets. The Bank represented that these efforts include traditional print advertisements, billboards, social media campaigns, and personal outreach by the Bank's employees. The Bank included examples of advertisements in its response that it has used to target its services to African American, Hispanic and, other minority communities within its market.

Finally, the Bank disagreed with the commenter's statements regarding the lack of African Americans on the Bank's board and among its commercial loan officers. The Bank indicated that one of its directors is African American. The Bank also noted that it has three loan officers who are African American, four loan officers who are Hispanic, and one loan officer who is of Indian descent. The Bank also stated that it is an equal opportunity employer.

⁵ 15 USC 1691 *et seq.*; 12 CFR Part 1002; 42 USC 3601 *et seq.*; 24 CFR Part 100.

III. Summary of Consideration of the Public Comment

The OCC has considered all the facts of record, including the Bank's record under the CRA, confidential supervisory material, information provided by the Bank, and the public comment on the proposed transaction. Based on this review, the OCC finds the facts to be consistent with approval.

IV. Consummation Requirements

If the branch is not opened within 18 months of approval, the approval automatically terminates unless the OCC grants an extension.

Within 10 days of opening the branch, the Bank must advise this office of the branch's opening date, so the OCC may complete its records. Please reference the CATS Control Number in your correspondence.

If a branch is closed, a 90-day advance notice of proposed branch closing must be submitted to the OCC pursuant to 12 USC 1831r-1. Following the expiration of the 90-day notification period, a final closing notice should be submitted to this office.

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 United States, any agency or entity of the United States, or any officer or employee of the United States, and do not affect the ability of the OCC to exercise its supervisory, regulatory and examination authorities under applicable law and regulations. Our approval is based on the Bank's representations, submissions, and information available to the OCC as of this date. The OCC may modify, suspend or rescind this approval if a material change in the information on which the OCC relied occurs prior to the date of the transaction to which this decision pertains. The foregoing may not be waived or modified by any employee or agent of the OCC or the United States.

If you have any questions, please contact Licensing Specialist, Lupe Barci at 214-720-2813 or by email at lupe.barci@occ.treas.gov.

Sincerely,

/s/

Karen Marcotte
Director for Licensing Activities