

FEDERAL RESERVE SYSTEM

Comerica Bank  
Dallas, Texas

Order Approving the Establishment of a Branch

Comerica Bank, a wholly owned state member bank subsidiary of Comerica Incorporated (“Comerica”), both of Dallas, Texas, has requested the Board’s approval under section 9 of the Federal Reserve Act (“FRA”)<sup>1</sup> and the Board’s Regulation H<sup>2</sup> to establish a branch at 4145 South Cooper Street, Arlington, Texas.<sup>3</sup>

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published in accordance with the Board’s Rules of Procedure.<sup>4</sup> The time for submitting comments has expired, and the Board has considered the proposal and the comment received in light of the factors specified in the FRA.

Comerica, with total consolidated assets of approximately \$91.3 billion, is the 37th largest depository organization in the United States, controlling approximately \$65.0 billion in deposits, which represent less than 1 percent of the total amount of

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<sup>1</sup> 12 U.S.C. § 321. Under section 9 of the FRA, state member banks may establish and operate branches on the same terms and conditions as are applicable to the establishment of branches by national banks. A national bank may establish and operate a de novo branch within a state in which the bank is situated if such establishment and operation is authorized under applicable state law. See 12 U.S.C. § 36(c)(2). Comerica Bank has branches in Texas and is permitted to establish additional branches under the laws of Texas. See Tex. Fin. Code Ann. § 32.203.

<sup>2</sup> 12 CFR part 208.

<sup>3</sup> Comerica Bank represents that the proposed branch is intended to replace a prior branch of Comerica Bank that was located 0.3 miles away and that closed on September 30, 2022.

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

deposits of insured depository institutions in the United States.<sup>5</sup> Comerica Bank operates branches in Arizona, California, Florida, Michigan, and Texas, and the bank's main office is in Dallas, Texas.<sup>6</sup>

Under section 208.6 of the Board's Regulation H,<sup>7</sup> which implements section 9 of the FRA, the factors that the Board must consider in acting on a branch application include (1) the financial history and condition of the applying bank and the general character of its management; (2) the adequacy of the bank's capital and the bank's future earnings prospects; (3) the convenience and needs of the community to be served by the branch; (4) in the case of branches with deposit-taking capability, the bank's performance under the Community Reinvestment Act ("CRA");<sup>8</sup> and (5) whether the bank's investment in bank premises in establishing the branch satisfies certain criteria.<sup>9</sup> The Board has considered the branch application in light of these factors and the public comments received on the proposal.

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

In considering the financial history and condition, earnings prospects, and capital adequacy of Comerica Bank, the Board has reviewed reports of examination, other supervisory information, publicly reported and other financial information, information provided by Comerica Bank, and the comment received on the proposal. Comerica Bank is well capitalized and would remain so upon consummation of the proposal. The Board has considered Comerica Bank's asset quality, earnings (including

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<sup>5</sup> Total assets, national asset ranking, and national deposit data are as of March 31, 2023, and state deposit data are as of June 30, 2022, unless otherwise noted. In this context, insured depository institutions include commercial banks, savings and loan associations, and savings banks.

<sup>6</sup> In Texas, Comerica Bank is the 12th largest depository organization, controlling approximately \$12.8 billion in deposits, which represent less than 1 percent of the total amount of deposits of insured depository institutions in that state.

<sup>7</sup> 12 CFR 208.6(b).

<sup>8</sup> 12 U.S.C. § 2901 *et seq.*

<sup>9</sup> 12 CFR 208.21(a).

future earnings prospects), and liquidity, and Comerica Bank has adequate resources to absorb the costs of the proposal. The Board also has reviewed Comerica Bank's proposed investment in the branch and concludes that the bank's investment is consistent with regulatory limitations on investment in bank premises.

In considering Comerica Bank's managerial resources, the Board has reviewed the bank's examination record, including assessments of its management, risk-management systems, and operations. The Board also has considered its supervisory experiences with Comerica Bank and the bank's record of compliance with applicable banking, consumer protection, and anti-money-laundering laws. Comerica Bank's directors and senior executive officers have substantial knowledge of and experience in the banking and financial services sectors.

Based on this review and all the facts of record, the Board determines that Comerica Bank's management, financial history and condition, capital adequacy, compliance with applicable banking and consumer protection laws, and future earnings prospects, as well as the effectiveness of Comerica Bank in combatting money-laundering activities, are consistent with approval of the proposal.

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

In acting on a branching proposal under section 9 of the FRA and the Board's Regulation H, the Board considers the effects of the proposal on the convenience and needs of the communities to be served.<sup>10</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 bank.

The Board reviews a variety of information to determine whether the bank's record demonstrates a history of helping to meet the needs of its customers and communities. The Board also reviews the bank's plans regarding the proposed branch and the expected impact of those plans on the communities served by the bank, including on low- and moderate-income ("LMI") individuals and communities. The Board

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<sup>10</sup> 12 U.S.C. §321; 12 CFR 208.6(b)(3).

considers whether the bank is helping to meet the credit needs of the communities it serves and is providing access to banking products and services that meet the needs of customers and communities, including the potential impact of the proposed branch and any related closures, consolidations, and relocations on that access. In addition, the Board reviews the bank's record under the CRA. 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>11</sup>

In addition, the Board considers the bank's overall compliance record and recent fair lending examinations. Fair lending laws require all lending institutions to provide loan 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 received on the proposal. The Board also may consider the institution's business model, its intended marketing and outreach, its plans for the proposed branch, 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 Comerica Bank; the fair lending and compliance records of the bank; the supervisory views of the Federal Reserve Bank of Dallas ("Reserve Bank"); confidential supervisory information; information provided by Comerica Bank; and the public comment received on the proposal.

*Public Comment on the Proposal*

A commenter objected to the proposal, alleging that Comerica Bank has engaged in redlining and discriminates against African Americans in Houston and Dallas,

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<sup>11</sup> See 12 U.S.C. § 2901(b).

Texas.<sup>12</sup> Specifically, the commenter alleged that Comerica Bank has denied African American individuals and African American-owned businesses equal access to capital and credit by heavily concentrating its outreach and banking activities in predominantly white neighborhoods and to white individuals and white-owned businesses. The commenter also alleges that Comerica Bank disfavors certain African American neighborhoods in Houston and Dallas with respect to its lending, marketing, community development, and branching activities.

*Business of the Applicant and Response to Comment*

Through its network of branches, Comerica Bank offers a variety of retail and commercial banking products and services to consumers and businesses, including consumer and commercial products, such as commercial and industrial loans, wealth management services, treasury management services, capital market products, international trade finance, and investment management and advisory services. Comerica Bank represents that it has policies and processes in place to ensure compliance with fair lending and anti-discrimination laws and regulations and is committed to serving the communities in which it is located in a manner that actively supports and pursues fair lending and equal credit opportunities. Comerica Bank also emphasizes that, in its most recent CRA examination, it received an overall “Satisfactory” rating and “High Satisfactory” ratings in each of the performance tests. In addition, Comerica Bank represents that it has a longstanding commitment to investing in its communities, particularly in the Dallas area, and has recently announced the formation of a business banking team and a small business incubator to serve the South Dallas community.

Comerica Bank states that the proposed Arlington branch would be located in the same assessment area 0.3 miles from the prior branch location and would service

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<sup>12</sup> Redlining is the practice of providing unequal access to credit, or unequal terms of credit, because of the race, color, national origin, or other prohibited characteristics of the residents of the area in which a credit seeker resides or will reside or in which a property to be mortgaged is located. See Interagency Fair Lending Examination Procedures (August 2009), available at <https://www.ffiec.gov/pdf/fairlend.pdf>.

the same community as the prior branch. The branch would be located in a middle-income, majority-minority census tract and would be accessible to African Americans and other minority groups.

*Record of Performance Under the CRA*

In evaluating the CRA performance of the involved institution, the Board generally considers the institution's most recent CRA performance evaluation, as well as other information and supervisory views from the relevant federal financial supervisor, which in this case is the Reserve Bank.<sup>13</sup> In addition, the Board considers information provided by the applicant and by any public commenters.

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>14</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, the Board and the other federal financial supervisors apply a lending test ("Lending Test"), investment test ("Investment Test"), and service test ("Service Test") to evaluate the performance of large insured depository institutions, such as Comerica 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

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<sup>13</sup> See Interagency Questions and Answers Regarding Community Reinvestment, 81 Fed. Reg. 48506, 48548 (July 25, 2016).

<sup>14</sup> 12 U.S.C. § 2906.

(“HMDA”),<sup>15</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 CRA assessment areas (“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 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>16</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>17</sup> The Investment Test evaluates the number and amounts of qualified investments that benefit the institution’s AAs, and 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>18</sup>

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<sup>15</sup> 12 U.S.C. § 2801 et seq.

<sup>16</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>17</sup> See 12 CFR 228.22(b).

<sup>18</sup> See 12 CFR 228.21 et seq.

### *CRA Performance of Comerica Bank*

Comerica Bank was assigned an overall “Satisfactory” rating at its most recent CRA performance evaluation by the Reserve Bank, as of February 8, 2021 (“Comerica Bank Evaluation”).<sup>19</sup> The bank received a “High Satisfactory” rating for the Lending Test, the Investment Test, and the Service Test.<sup>20</sup>

Examiners determined that Comerica Bank’s overall lending activity reflected good responsiveness to the credit needs of the bank’s AAs. According to examiners, the geographic distribution of loans throughout the bank’s AAs was good, and a substantial majority of the loans were made in the bank’s AAs. Examiners found that the bank had an adequate distribution of loans among borrowers of different income levels and businesses of different sizes, and a good record of servicing the credit needs of low-income individuals and areas and very small businesses. Additionally, examiners found that the bank used innovative and flexible lending practices in serving its AAs’

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<sup>19</sup> The Comerica Bank Evaluation was conducted using Interagency Examination Procedures for Large Retail Institutions. In general, examiners reviewed HMDA-reportable loans and small business loans reported by the bank from January 1, 2018, through December 31, 2019. The evaluation period for community development lending, investments, and services was from April 1, 2018, through December 31, 2020.

<sup>20</sup> The Comerica Bank Evaluation included a full-scope review of the bank’s AAs within the following areas: the Phoenix-Mesa-Chandler, Arizona Metropolitan Statistical Area (“MSA”); the Los Angeles-Long Beach-Anaheim, California MSA; the San Francisco-Oakland-Berkley, California MSA; the Miami-Fort Lauderdale-Pompano Beach, Florida MSA; the Lansing-East Lansing, Michigan MSA; the Detroit-Warren-Dearborn, Michigan MSA; the Austin-Round Rock-Georgetown, Texas MSA; and the Dallas-Fort Worth-Arlington, Texas MSA. Limited-scope reviews were conducted in Comerica Bank’s remaining AAs within the following areas: the Riverside-San Bernadino-Ontario, California MSA; the Salinas, California MSA; the San Diego-Chula Vista-Carlsbad, California MSA; the San Jose-Sunnyvale-Santa Clara, California MSA; the Santa Cruz-Watsonville, California MSA; the Oxnard-Thousand Oaks-Ventura, California MSA; the Naples-Marco Island, Florida MSA; the Ann Arbor, Michigan MSA; the Battle Creek, Michigan MSA; the Flint, Michigan MSA; the Grand Rapids-Kentwood, Michigan MSA; the Jackson, Michigan MSA; the Kalamazoo-Portage, Michigan MSA; Lenawee County, Michigan; the Midland, Michigan MSA; the Muskegon, Michigan MSA; the Houston-The Woodlands-Sugar Land, Texas MSA; Kerr County, Texas; and the San Antonio-New Braunfels, Texas MSA.



needs. Examiners also noted that the bank made a relatively high level of community development loans and services.

Examiners rated Comerica Bank's performance in Texas under the Lending test as "High Satisfactory." In the Dallas AA, one area of interest to the commenter, examiners determined that Comerica Bank's lending levels reflected good responsiveness to the AAs' credit needs. Examiners found that the bank's geographic distribution of loans reflected good penetration throughout Texas and excellent penetration in the Dallas AA. Examiners also found that the bank's distribution of loans to borrowers of different income levels and to businesses of different revenue sizes was good in the Dallas AA. Examiners determined that Comerica Bank made a relatively high level of community development loans in Texas. In the Dallas AA, examiners found Comerica Bank to be a leader in community development lending. In the Houston AA, another area of interest to the commenter, examiners determined that Comerica Bank's performance under the lending test exceeded its overall performance in Texas.

Examiners found that Comerica Bank had an excellent level of qualified community development investments and grants, particularly those not routinely provided by private investors, and was often in a leadership position. Examiners noted that the bank's investments demonstrated good responsiveness to the credit and community development needs of its AAs. Examiners found that the bank made occasional use of innovative or complex investments to support community development initiatives. Examiners found that, in response to the COVID-19 pandemic, the bank significantly increased investments in community development financial institutions to support strategic programs designed to meet the needs of small and micro businesses, which were disproportionately impacted by the pandemic.

Examiners rated Comerica Bank's performance in Texas under the Investment test as "Outstanding." In the Dallas AA, the bank's investments were primarily focused on affordable housing. Examiners also noted that the bank's volume of investments and contributions increased significantly in the Dallas AA since the previous

evaluation. In the Houston AA, examiners noted that Comerica Bank's performance under the Investment test was consistent with its overall performance in Texas.

Examiners found that Comerica Bank's retail and community development services reflected good responsiveness to the needs of its AAs. Examiners also found that the bank's retail delivery systems were accessible to geographies and individuals of different income levels within its AAs. Examiners noted that Comerica Bank's banking services did not vary in a way that inconvenienced its AAs, particularly LMI geographies and individuals. Examiners also noted that in most of its AAs, Comerica Bank offered extended and weekend hours and low-cost basic checking accounts. Examiners found that the bank's record of opening and closing offices during the review period had not adversely affected the accessibility of its delivery systems, particularly to LMI geographies or individuals. Examiners also found that the bank provided a relatively high level of community development services.

Examiners rated Comerica Bank's performance in Texas under the Service test as "High Satisfactory." Examiners noted that the bank provided a relatively high level of community development services in Texas. Examiners noted that the bank's employees participated as board and committee members for 54 community service organizations throughout the state during the review period, and that the bank was recognized for its efforts in providing financial education in the state.

In the Dallas AA, examiners found that Comerica Bank was a leader in providing community development services and that these services reflected good responsiveness to the needs of the AA. In the Houston AA, examiners found that Comerica Bank's performance under the Service test was consistent with its overall performance in Texas.

#### *Comerica Bank's Efforts Since the Comerica Bank Evaluation*

Comerica Bank represents that since the Comerica Bank Evaluation, its commitment to community reinvestment has remained consistent across its AAs. Comerica Bank represents that it has undertaken a number of CRA initiatives positively impacting the Dallas and Houston AAs across products and channels. Additionally,

Comerica Bank represents that it continues to support community development loans, investments, and services in its AAs.

*Additional Supervisory Considerations*

In addition to the Comerica Bank Evaluation, the Board has considered the most recent consumer compliance examination and fair lending record of Comerica Bank and consulted with the Reserve Bank regarding the bank's CRA, consumer compliance, and fair lending records. The Board also has considered Comerica Bank's supervisory record with the Consumer Financial Protection Bureau.

*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. Comerica Bank represents that the proposed branch would serve the same community as the prior branch of Comerica Bank that the proposed branch would replace. In addition to supporting existing customers, Comerica Bank represents that the proposed branch is expected to allow it to better meet new customer deposit and lending needs in the area.

*Conclusion on Convenience and Needs Considerations*

The Board has considered all the facts of record, including the CRA record of Comerica Bank, the bank's record of compliance with fair lending and other consumer protection laws, confidential supervisory information, information provided by Comerica Bank, 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 the convenience and needs considerations 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>21</sup> The Board's approval is

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<sup>21</sup> The Board construes the public comment to include a request that the Board hold public hearings on the applications. Under its rules, the Board may, in its discretion, hold

specifically conditioned on compliance by Comerica Bank with all the conditions imposed in this order, including receipt of all required regulatory approvals, and on any commitments made to the Board in connection with this proposal. 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.

Approval of this application is also subject to the establishment of the proposed branch within one year of the date of this order, unless such period is extended by the Board or the Reserve Bank, acting under authority delegated by the Board.

By order of the Board of Governors,<sup>22</sup> effective August 22, 2023.

*Ann E. Misback (signed)*

Ann E. Misback,  
Secretary of the Board

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a public hearing if appropriate to allow interested persons an opportunity to provide relevant testimony when written comments would not adequately present their views. 12CFR 262.3(e). The Board has considered the commenter's request in light of all the facts of record. Notice of the application was published in relevant newspapers of general circulation on November 5, 2022, and the comment period ended on November 25, 2022. 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 hearing. In addition, the request does not demonstrate why the written comments do not present the commenter's views adequately or why a hearing otherwise would be necessary or appropriate. For these reasons, and based on all the facts of record, the Board has determined that a public hearing is not required or warranted in this case. Accordingly, the request for a public hearing on the proposal is denied.

<sup>22</sup> Voting for this action: Chair Powell, Vice Chair for Supervision Barr, Governors Bowman, Waller, Cook and Jefferson.