

FEDERAL RESERVE SYSTEM

Cornerstone Capital Bancorp, Inc.
Houston, Texas

Order Approving the Acquisition of a Bank Holding Company and the Merger of Bank Holding Companies

Cornerstone Capital Bancorp, Inc. (“Cornerstone BHC”), Houston, Texas, a bank holding company within the meaning of the Bank Holding Company Act (“BHC Act”),¹ has requested the Board’s approval under section 3 of the BHC Act² to acquire Peoples Bancorp, Inc. (“Peoples BHC”), a bank holding company, through Cornerstone BHC’s subsidiary, Cornerstone Merger Sub, Inc., a Texas corporation, and thereby indirectly acquire its state member bank subsidiary, Peoples Bank, both of Lubbock, Texas. Following the proposed transaction, Peoples Bank would be merged with and into Cornerstone BHC’s state nonmember bank subsidiary Cornerstone Capital Bank, SSB (“CCB”), Houston, Texas.³

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (90 Federal Register 50869 (November 12, 2025)), in accordance with the Board’s Rules of Procedure.⁴ The time for submitting comments has expired, and the Board received one comment on the proposal. The Board has

¹ 12 U.S.C. § 1841 *et seq.*

² 12 U.S.C. § 1842.

³ The merger of Peoples Bank with and into CCB is subject to the approval of the Federal Deposit Insurance Corporation (“FDIC”), under section 18(c) of the Federal Deposit Insurance Act. 12 U.S.C. § 1828(c) (“Bank Merger Act”). The FDIC approved the Bank Merger Act application on January 22, 2026.

⁴ 12 CFR 262.3(i).

considered the proposal and the comment received in light of the factors set forth in section 3 of the BHC Act.

Cornerstone BHC, with consolidated assets of approximately \$2.3 billion, is the 496th largest insured depository organization in the United States.⁵ Cornerstone BHC controls approximately \$1.4 billion in consolidated deposits, which represent less than 1 percent of the total amount of deposits of insured depository institutions in the United States.⁶ Cornerstone BHC controls CCB, which operates in Texas. CCB is the 84th largest insured depository institution in Texas, controlling deposits of approximately \$1.5 billion, which represent less than 1 percent of the total deposits of insured depository institutions in that state.⁷

Peoples BHC, with consolidated assets of approximately \$1.2 billion, is the 878th largest insured depository organization in the United States. Peoples BHC controls approximately \$1.0 billion in consolidated deposits, which represent less than 1 percent of the total amount of deposits of insured depository institutions in the United States. Peoples BHC controls Peoples Bank, which operates in Texas. Peoples Bank is the 102nd largest insured depository institution in Texas, controlling deposits of approximately \$1.0 billion, which represent less than 1 percent of the total deposits of insured depository institutions in that state.

On consummation of this proposal, Cornerstone BHC would become the 344th largest insured depository organization in the United States, with consolidated assets of approximately \$3.4 billion, which would represent less than 1 percent of the total assets of insured depository organizations in the United States. Cornerstone BHC would control total consolidated deposits of approximately \$2.4 billion, which would represent less than 1 percent of the total amount of deposits of insured depository

⁵ Consolidated asset and national ranking data are as of September 30, 2025.

⁶ Consolidated national deposit and market share data are as of September 30, 2025. In this context, insured depository institutions include commercial banks, savings associations, and savings banks.

⁷ State deposit ranking and deposit data are as of June 30, 2025.

institutions in the United States. In Texas, Cornerstone BHC would become the 53rd largest insured depository organization, controlling deposits of approximately \$2.5 billion, which would represent less than 1 percent of the total deposits of insured depository institutions in that state.⁸

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.⁹ 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 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.¹⁰

CCB and Peoples Bank do not compete directly in any banking market. The U.S. Department of Justice conducted a review of the potential competitive effects of the proposal and has advised the Board that it did not conclude that the proposal would have a significantly adverse effect on competition. In addition, the appropriate banking agencies have been afforded the 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.

⁸ The proposal does not require interstate analysis under section 3(d) of the BHC Act because the home state of Cornerstone BHC is Texas, and Peoples BHC is located only within Texas. *See* 12 U.S.C. §§ 1841(o)(4)–(7) and 1842(d).

⁹ 12 U.S.C. § 1842(c)(1)(A).

¹⁰ 12 U.S.C. § 1842(c)(1)(B).

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.¹¹ 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 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.

Cornerstone BHC, Peoples BHC, 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 or cash exchange.¹² The capital, asset quality, earnings, and liquidity of Cornerstone BHC, Peoples BHC, and their subsidiary

¹¹ 12 U.S.C. § 1842(c)(2), (5), and (6).

¹² To effect the transaction, each share of Peoples BHC common stock would be converted into a right to receive Cornerstone BHC preferred stock based on an exchange ratio, cash, or some combination of preferred stock and cash. Cornerstone BHC has the financial resources to effect the proposed transaction.

depository institutions are consistent with approval, and Cornerstone BHC and CCB appear to have adequate resources to absorb the related costs of the proposal and to complete the integration of the institutions' operations. In addition, the future prospects of the institutions 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 and other supervisory information concerning the institutions, including assessments of the institutions' management, risk-management systems, and operations. In addition, the Board has considered information provided by Cornerstone BHC; the Board's supervisory experiences and those of other relevant bank supervisory agencies with the organizations; the organizations' records of compliance with applicable banking, consumer protection, and anti-money-laundering laws; and the public comment on the proposal.

Cornerstone BHC, Peoples BHC, and their subsidiary depository institutions are each considered to be well managed. The combined organization's proposed directors and senior executive officers have knowledge of and experience in the banking and financial services sectors, and Cornerstone BHC's risk-management program appears consistent with approval.

The Board also has considered Cornerstone BHC's plans for implementing the proposal. Cornerstone BHC has conducted comprehensive due diligence and is devoting sufficient financial and other resources to address all aspects of the post-acquisition integration process for this proposal. In addition, Cornerstone BHC's management has the experience and resources to operate the resulting organization in a safe and sound manner. Cornerstone BHC plans to integrate Peoples Bank's existing management and personnel in a manner that augments Cornerstone BHC's management. Cornerstone BHC plans to apply its compliance and risk-management policies, procedures, and controls at the combined holding company following the transaction.

Based on all the facts of record, including Cornerstone BHC's and Peoples BHC's supervisory records, 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 future prospects of the organizations involved in the proposal, as well as the records of effectiveness of the institutions 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.¹³ 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 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 Community Reinvestment Act of 1977 ("CRA").¹⁴ 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.¹⁵

¹³ 12 U.S.C. § 1842(c)(2). Where applicable, the Board also considers any timely substantive comments on the proposal and, in its discretion, may consider any untimely substantive comments on the proposal.

¹⁴ 12 U.S.C. § 2901 *et seq.*

¹⁵ See 12 U.S.C. § 2901(b).

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 CCB and Peoples Bank, the fair lending and compliance records of both banks, the supervisory views of the FDIC and the Federal Reserve Bank of Dallas ("Dallas Reserve Bank"), confidential supervisory information, information provided by Cornerstone BHC, 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 in 2024, CCB made fewer home loans to African American individuals, as compared to white individuals, and denied home loan applications of African American individuals at a higher rate than those of white individuals.¹⁶ The commenter also expressed concern regarding a settled employment discrimination lawsuit involving CCB.¹⁷

¹⁶ The data cited by the commenter corresponds to publicly available 2024 data reported by CCB under the Home Mortgage Disclosure Act of 1975 ("HMDA"). 12 U.S.C. § 2901 *et seq.*

¹⁷ The parties involved in the lawsuit agreed to settle the matter without any admission of wrongdoing by CCB. Employment discrimination is outside the limited statutory factors that the Board is authorized to consider when reviewing an application or a notice under the BHC Act.

Businesses of the Involved Institutions and Response to the Public

Comment

Through CCB, Cornerstone BHC offers community banking products and services for individuals and businesses. These products include deposit products such as checking, savings, money market, and certificate of deposit accounts; treasury management services; and commercial and home mortgage lending. Through Peoples Bank, Peoples BHC offers similar products and services as Cornerstone BHC. Peoples Bank also focuses on small business and agricultural lending.

In response to the comment, Cornerstone BHC represents that CCB's loan origination and approval rate for African American borrowers was higher than those of peer institutions in Texas based on HMDA data for 2024. Cornerstone BHC also represents that CCB's denial rate for African American applicants was less than that of peer institutions in Texas based on HMDA data for 2024. Cornerstone BHC asserts that CCB's HMDA data for 2024 reflects CCB's strong record of ensuring equitable access to credit. With respect to the settled lawsuit, Cornerstone BHC asserts that the case presented no cognizable facts of discriminatory practices on the part of CCB and highlights the fact that the case was settled without any admission of wrongdoing on the part of CCB or any payment of damages.

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

The commenter also asked the Board to consider an unrelated proposal by the FDIC regarding the FDIC's procedures for insured nonmember bank branch applications. This portion of the comment does not relate to any of the statutory factors the Board considers in acting on an application under section 3 of the BHC Act, 12 U.S.C. § 1842, and therefore is not considered substantive. The commenter also noted certain Board staffing announcements. This portion of the comment also does not relate to any of the statutory factors the Board considers in acting on an application under section 3 of the BHC Act, and therefore is not considered substantive. Accordingly, the Board has not considered these portions of the comment in acting on the application.

views of relevant federal supervisors, which in this case is the FDIC with respect to CCB and the Dallas Reserve Bank with respect to Peoples Bank.¹⁸ In addition, the Board considers information provided by the applicant and the 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.¹⁹ 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”) and a community development test (“Community Development Test”) to evaluate the performance of an intermediate small bank, such as Peoples Bank, in helping to meet the credit needs of the communities the bank serves.²⁰ 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 HMDA, in addition to other reports generated by the institution, 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 the institution's (1) loan-to-deposit ratio and, as appropriate, other lending-related activities, such as loan originations for sale to the secondary markets, community development loans, or qualified investments; (2) percentage of loans and, as appropriate, other lending-related activities located in the bank's assessment areas (“AAs”); (3) record of lending to,

¹⁸ See Interagency Questions and Answers Regarding Community Reinvestment, 81 *Federal Register* 48506, 48548 (July 25, 2016).

¹⁹ 12 U.S.C. § 2906.

²⁰ 12 CFR 228.26(a)–(b) (2023).

and, as appropriate, engaging in other lending-related activities for, borrowers of different income levels and businesses and farms of different sizes; (4) geographic distribution of loans; and (5) record of taking action, if warranted, in response to written complaints about the institution's performance in helping to meet credit needs in the bank's AAs.²¹ 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.²² Small institutions, such as CCB, are subject only to the Lending Test.²³

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 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.²⁴ Consequently, the Board considers 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.

²¹ See 12 CFR 228.26(b) (2023).

²² See 12 CFR 228.26(c) (2023).

²³ See 12 CFR 228.26(a)(1)–(b) (2023).

²⁴ 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 before reaching a determination regarding an institution's compliance with fair lending laws.

CRA Performance of CCB

CCB was assigned an overall rating of “Satisfactory” at its most recent CRA performance evaluation by the FDIC, as of October 28, 2024 (“CCB Evaluation”).²⁵ The bank received a “Satisfactory” rating for the Lending Test.²⁶

Examiners found that CCB’s loan-to-deposit ratio was reasonable given the institution’s size and financial condition and its AAs’ credit needs. Examiners noted that a substantial majority of loans were originated outside the institution’s AAs. However, examiners determined that the institution’s low lending percentages within the AAs were a direct reflection of CCB’s business strategy of nationwide mortgage lending through digital channels and loan production offices across the United States. Further, examiners found that, according to HMDA data from 2023, CCB is a top mortgage lender in both the Austin MSA and the Non-MSA AA. Therefore, considering the bank’s position as a market-leading home mortgage lender inside each of its AAs, examiners determined that the bank served the credit needs of its AAs, and the fact that a majority of loans originated outside of the bank’s AAs was not found to negatively impact its overall rating. Examiners noted that the geographic distribution of the bank’s loans reflected reasonable dispersion throughout the AAs. Examiners found that the distribution of borrowers reflected reasonable penetration among individuals of different income levels and farms of different sizes. Finally, examiners noted that the bank did not receive any CRA-related complaints during the evaluation period.

²⁵ The CCB Evaluation was conducted using the Interagency Small Bank Examination Procedures. Examiners reviewed residential and small farm loan data from August 13, 2018, through October 28, 2024.

²⁶ The CCB Evaluation involved a full-scope review of the bank’s activities in its two AAs: (1) Bastrop, Caldwell, Hays, Travis, and Williamson Counties, the five counties that comprise the Austin–Round Rock, Texas Metropolitan Statistical Area (“Austin MSA AA”); and (2) nonmetropolitan Nolan and Fisher Counties in West Central Texas (“Non-MSA AA”).

CRA Performance of Peoples Bank

Peoples Bank was assigned an overall rating of “Satisfactory” at its most recent CRA performance evaluation by the Dallas Reserve Bank, as of October 2, 2023 (“Peoples Bank Evaluation”).²⁷ The bank received “Satisfactory” ratings for both the Lending Test and the Community Development Test.²⁸

With respect to the Lending Test, examiners found that Peoples Bank’s average net loan-to-deposit ratio was reasonable, given the bank’s asset size, financial condition, and the credit needs of the AAs. In addition, examiners determined that a majority of the bank’s loans were originated inside its AAs. Examiners determined that the bank’s lending reflected a poor geographic dispersion throughout its AAs; however, examiners also found that the bank had a reasonable distribution of loans among individuals of different income levels, including LMI individuals, and businesses and farms of different sizes. Finally, examiners found that the bank did not receive any CRA-related complaints during the evaluation period.

With respect to the Community Development Test, examiners found that the bank demonstrated adequate responsiveness to the community development needs of its AAs, considering the bank’s capacity and the needs and availability of such opportunities in the bank’s AAs.

²⁷ The Peoples Bank Evaluation was conducted using the Interagency Intermediate Small CRA Examination Procedures. Examiners reviewed the bank’s 14-quarter average net loan-to-deposit ratio, and the bank’s home mortgage loans, reported on the bank’s 2018, 2019, 2020, 2021, and 2022 HMDA Loan/Application Registers. Examiners also reviewed small business and small farm loans from July 1, 2022, to June 30, 2023. Additionally, examiners considered qualified community development loans, investments, and services since the previous CRA evaluation, dated August 19, 2019.

²⁸ The Peoples Bank Evaluation involved a full-scope review of the bank’s activities in its Lubbock, Texas, Metropolitan Statistical Area (“Lubbock MSA”) AA, as well as a limited-scope review of the bank’s activities in its remaining six AAs: the Collin County Metropolitan AA, the Baylor County Nonmetropolitan AA, the Castro County Nonmetropolitan AA, the Gaines County Nonmetropolitan AA, the Garza County Nonmetropolitan AA, and the Hill County Nonmetropolitan AA.

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 CCB and the Dallas Reserve Bank as the primary federal supervisor of Peoples Bank. The Board also considered the results of the most recent consumer compliance examinations of CCB and Peoples Bank, which included reviews of the banks' compliance-management programs and their compliance with consumer protection laws and regulations, including fair lending.

The Board has taken this information, as well as the CRA performance records of CCB and Peoples Bank, into account in evaluating the proposals, including in considering whether Cornerstone BHC has the experience and resources to ensure that the combined organization 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.

Cornerstone BHC represents that the proposal is not expected to result in any adverse changes to existing services or community access. Cornerstone BHC states that no reductions in product or service offerings are planned, and customers of both CCB and Peoples Bank would continue to have uninterrupted access to the full range of services currently available. Further, Cornerstone BHC represents that the proposal is expected to enhance the delivery of financial services to the combined communities. Cornerstone BHC states that, following consummation of the transaction, the combined organization will be positioned to offer a broader, more robust suite of products, leveraging CCB's strong mortgage-lending capabilities to expand access to credit,

including to LMI individuals, in Peoples Bank's service areas. Finally, Cornerstone BHC represents that customers will benefit from access to a larger branch network and the broader resources of the combined institution.

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.²⁹ In addition, the federal banking 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.³⁰

Cornerstone BHC represents that it does not intend to close any of Peoples Bank's branches in connection with the proposal.

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

²⁹ 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.

³⁰ See, e.g., 12 CFR 228.24(d)(2) (2023).

compliance with fair lending and other consumer protection laws, supervisory information, information provided by Cornerstone BHC, 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 factor is 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.”³¹ 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 contributes to the complexity of the financial system, and the extent of the cross-border activities of the resulting firm.³² 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.³³

³¹ 12 U.S.C. § 1842(c)(7).

³² Many of the metrics considered by the Board measure an institution’s activities relative to the United States financial system.

³³ For further discussion of the financial stability standard, see *Capital One Financial Corporation*, FRB Order No. 2012-2 (February 14, 2012).

The Board's experience has shown that proposals involving an acquisition of less than \$10 billion in total assets, or that 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.³⁴

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 with less than \$100 billion in total assets. Both the acquirer and the target are predominantly engaged in retail and commercial banking activities.³⁵ 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

³⁴ 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.

³⁵ Cornerstone BHC and Peoples BHC offer a range of retail and commercial banking products and services. Cornerstone BHC 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.

Board determines that considerations relating to financial stability are consistent with approval.

Conclusion

Based on all the foregoing and all the facts of record, the Board determines that the proposal should be, and hereby is, approved.³⁶ In reaching its conclusion, the 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 Cornerstone BHC 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 Cornerstone BHC 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

³⁶ 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 hearing if appropriate to allow interested parties 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 that would be clarified by a public hearing. In addition, the request does not demonstrate why 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 public hearings on the proposal is denied.

The commenter also requested an extension of the comment period for the application. The commenter's request for additional time to comment did not identify circumstances that would warrant an extension of the public comment period for this proposal. Accordingly, the Board has determined not to extend the comment period.

with its findings and decision herein and, as such, may be enforced in proceedings under applicable law.³⁷

This proposal may not be consummated before the fifteenth 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 Dallas Reserve Bank, acting under delegated authority.

By order of the Board of Governors,³⁸ effective January 30, 2026.

(signed) Michele Taylor Fennell

Michele Taylor Fennell
Associate Secretary of the Board

³⁷ See 12 U.S.C. § 1818(b)(1).

³⁸ Voting for this action: Chair Powell, Vice Chair Jefferson, Vice Chair for Supervision Bowman, Governors Waller, Cook, Barr, and Miran.