

FEDERAL RESERVE SYSTEM

CBS Banc-Corp.  
Russellville, Alabama

Order Approving the Acquisition of a Savings and Loan Holding Company

CBS Banc-Corp. (“CBS”), Russellville, Alabama, a bank holding company within the meaning of the Bank Holding Company Act (“BHC Act”),<sup>1</sup> has requested the Board’s approval under sections 4(c)(8) and 4(j) of the BHC Act and section 225.24 of the Board’s Regulation Y<sup>2</sup> to acquire TAG Bancshares Inc. (“TAG”), Trenton, Georgia, a savings and loan holding company, through CBS’s wholly owned subsidiary, CBS Merger Sub, Inc. (“Merger Sub”) and thereby indirectly acquire its subsidiary, Citizens Bank & Trust, Inc. (“Citizens Bank”), Trenton, Georgia, a federal savings bank. Following the proposed transaction, Citizens Bank would be merged with and into CBS’s state nonmember bank subsidiary, CB&S Bank, Inc., Russellville, Alabama.<sup>3</sup>

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (91 Federal Register 712 (January 8, 2026), corrected 91 Federal Register 4082 (January 30, 2026)), in accordance with the Board’s Rules of Procedure.<sup>4</sup> The time for submitting comments has expired, and the Board received one comment on the proposal. The Board has considered the proposal and the comment received in light of the factors set forth in section 4 of the BHC Act.

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<sup>1</sup> 12 U.S.C. § 1841 *et seq.*

<sup>2</sup> 12 U.S.C. § 1843(c)(8) and (j); 12 CFR 225.24.

<sup>3</sup> The merger of Citizens Bank with and into CB&S Bank 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). The FDIC approved the depository institution merger on March 4, 2026.

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

CBS, with consolidated assets of approximately \$2.9 billion, is the 416th largest insured depository organization in the United States.<sup>5</sup> CBS controls approximately \$2.4 billion in consolidated deposits, which represent less than 1 percent of the total amount of deposits of insured depository institutions in the United States.<sup>6</sup> CBS controls CB&S Bank, which operates in Alabama, Mississippi, and Tennessee. CBS is the 19th largest insured depository organization in Alabama, controlling deposits of approximately \$1.4 billion, which represent 1.0 percent of the total deposits of insured depository institutions in that state.<sup>7</sup>

TAG, with consolidated assets of approximately \$130.3 million, is the 3,363rd largest insured depository organization in the United States. TAG controls approximately \$114.5 million in consolidated deposits, which represent less than 1 percent of the total amount of deposits of insured depository institutions in the United States. TAG controls Citizens Bank, which operates in Alabama and Georgia. TAG is the 129th largest insured depository organization in Alabama, controlling deposits of approximately \$19.2 million, which represent less than 1 percent of the total deposits of insured depository institutions in that state.

On consummation of this proposal, CBS would become the 391st largest insured depository organization in the United States, with consolidated assets of approximately \$3.0 billion, which would represent less than 1 percent of the total assets of insured depository organizations in the United States. CBS would control total consolidated deposits of approximately \$2.5 billion, which would represent less than 1 percent of the total amount of deposits of insured depository institutions in the United States. In Alabama, CBS would remain the 19th largest insured depository organization,

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<sup>5</sup> Consolidated asset and national ranking data are as of December 31, 2025, unless otherwise noted.

<sup>6</sup> Consolidated national deposit and market share data are as of December 31, 2025, unless otherwise noted. In this context, insured depository institutions include commercial banks, savings associations, and savings banks.

<sup>7</sup> State deposit data are as of June 30, 2025.

controlling deposits of approximately \$1.5 billion, which represent approximately 1.0 percent of the total deposits of insured depository institutions in that state.

***Factors Governing Board Review of the Transaction***

The Board previously has determined by regulation that the operation of a savings association by a bank holding company is closely related to banking for purposes of section 4(c)(8) of the BHC Act.<sup>8</sup> The Board requires that savings associations acquired by bank holding companies conform their direct and indirect activities to those permissible for bank holding companies under section 4(c)(8) of the BHC Act.<sup>9</sup> CBS has committed that all of the activities of TAG and its subsidiaries would conform to those permissible under section 4 of the BHC Act and Regulation Y or be divested.

Section 4(j)(2)(A) of the BHC Act requires the Board to consider whether the proposed acquisition of TAG “can reasonably be expected to produce benefits to the public, such as greater convenience, increased competition, or gains in efficiency, that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, unsound banking practices, or risk to the stability of the United States banking or financial system.”<sup>10</sup> As part of its evaluation, the Board reviews the financial and managerial resources and the future prospects of the companies involved, the effect of the proposal on competition in the relevant markets, the risk to the stability of the U.S. banking or financial system, and the public benefits of the

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<sup>8</sup> 12 CFR 225.28(b)(4)(ii).

<sup>9</sup> *Id.*

<sup>10</sup> 12 U.S.C. § 1843(j)(2)(A).

proposal.<sup>11</sup> The Board also reviews the records of performance of the relevant insured depository institutions under the Community Reinvestment Act of 1977 (“CRA”).<sup>12</sup>

### ***Interstate Analysis***

Section 4(i)(8) of the BHC Act provides that, in general, the Board may not approve an application under section 4(c)(8) or any other provision of the BHC Act by a bank holding company to acquire an insured depository institution if the home state of the target insured depository institution is a state other than the home state of the applicant and the applicant controls or would control upon consummation of the proposed transaction more than 10 percent of the total amount of deposits of insured depository institutions in the United States.<sup>13</sup> For purposes of the BHC Act, the home state of CBS is Alabama, and the home state of each of TAG and Citizens Bank is Georgia.<sup>14</sup> Consummation of the proposal would result in CBS controlling less than 1 percent of the total amount of deposits of insured depository institutions in the United States. Accordingly, in light of all the facts of record, the Board is not required to deny the proposal under section 4(i)(8) of the BHC Act.

### ***Competitive Considerations***

As part of the Board’s consideration of the factors under section 4(j)(2) of the BHC Act, the Board evaluates the competitive effects of a proposal in light of all of

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<sup>11</sup> See 12 CFR 225.26. See e.g., *Texas Independent Bancshares, Inc.*, FRB Order No. 2019-10 (June 27, 2019); *M&T Bank Corporation*, FRB Order No. 2015-27 (September 30, 2015); *Southside Bancshares, Inc.*, FRB Order No. 2014-21 (December 10, 2014); *Capital One Financial Corporation*, FRB Order No. 2012-2 (February 14, 2012); *Bank of America Corporation/Countrywide*, 94 Federal Reserve Bulletin C81 (2008).

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

<sup>13</sup> 12 U.S.C. § 1843(i)(8).

<sup>14</sup> A bank holding company’s home state is the state in which the total deposits of all banking subsidiaries of such company were the largest on the later of July 1, 1966, or the date on which the company became a bank holding company. 12 U.S.C. § 1841(o)(4)(C). A federal savings association’s home state is the state in which the home office of the savings association is located. 12 U.S.C. § 1841(o)(4)(E).

the facts of record.<sup>15</sup> CB&S Bank and Citizens 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 consummation of 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.

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

In reviewing a proposal under section 4(j)(2) of the BHC Act, the Board considers the financial and managerial resources and the future prospects of the institutions involved.<sup>16</sup> 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 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

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<sup>15</sup> 12 U.S.C. § 1843(j)(2).

<sup>16</sup> 12 CFR 225.26(b).

organizations involved in the proposal in light of their financial and managerial resources and the proposed business plan.

CBS, TAG, 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 holding company merger that is structured as a cash exchange, with a subsequent merger of the subsidiary depository institutions.<sup>17</sup> The capital, asset quality, earnings, and liquidity of CBS and CB&S Bank are consistent with approval, and CBS and CB&S Bank 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 CBS; 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.

CBS, TAG, and their subsidiary depository institutions are each considered to be well managed. The combined organization's proposed directors and senior

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<sup>17</sup> CBS would effect the merger by merging TAG with and into Merger Sub, with TAG as the survivor. Immediately after, TAG would merge with and into CBS, with CBS as the survivor. At the time of the merger, each share of TAG common stock would be converted into a right to receive cash. CBS has represented that it intends to merge Citizens Bank with and into CB&S Bank immediately following the holding company transaction. CBS has the financial resources to effect the proposed transaction.

executive officers have knowledge of and experience in the banking and financial sectors, and CBS's risk-management program appears consistent with approval.

The Board also has considered CBS's plans for implementing the proposal. CBS 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, CBS's management has the experience and resources to operate the resulting organization in a safe and sound manner. CBS plans to apply its risk-management policies, procedures, and controls at the combined holding company following the transaction.

Based on all the facts of record, including CBS'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***

As part of weighing the possible adverse effects of a transaction against its public benefits as required by section 4(j)(2) of the BHC Act, the Board considers the effects of the proposal on the convenience and needs of the communities to be served.<sup>18</sup> In its evaluation, 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

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<sup>18</sup> 12 U.S.C. § 1843(j)(2).

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 CRA.<sup>19</sup> 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>20</sup>

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 CB&S Bank and Citizens Bank, the fair lending and compliance records of both banks, the supervisory views of the FDIC and the Office of the Comptroller of the Currency ("OCC"), confidential supervisory information, information provided by CBS, and the public comment received on the proposal.

*Public Comment on the Proposal*

The Board received one timely adverse comment on the proposal. The commenter objected to the proposal, alleging that, based on data reported under the Home Mortgage Disclosure Act of 1975 ("HMDA"), in 2024, CB&S Bank made fewer

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<sup>19</sup> 12 U.S.C. § 2901 *et seq.*

<sup>20</sup> *See* 12 U.S.C. § 2901(b).

home loans to African American individuals as compared to white individuals in the states of Alabama, Tennessee, and Mississippi. The commenter also alleged that in 2024, CB&S Bank denied home loan applications of African American individuals in Alabama, Tennessee, and Mississippi at a higher rate than those of white individuals.<sup>21</sup>

*Businesses of the Involved Institutions and Response to the Comments*

CBS is a community banking franchise that offers a wide range of financial services, primarily through its principal subsidiary, CB&S Bank. Products and services offered by CB&S Bank include consumer and commercial banking services, mortgage banking services, commercial real estate lending, credit card lending, and agricultural lending. TAG, through its subsidiary Citizens Bank, a federal savings bank, offers a wide range of loans and deposit services to its customers, with a focus on residential real estate and consumer lending.

In response to the comment, CBS asserts that the data presented in the comment provide only limited information about covered loans and therefore provide an inadequate basis for concluding that an institution has engaged in lending discrimination. CBS represents that all mortgage applications that do not result in a loan are reviewed by the bank's compliance team, and that a quarterly report of results of such review are reviewed by the bank's Audit Committee. CBS further represents that the bank's compliance team conducts a secondary review to identify whether an application could be approved and annually reviews the bank's HMDA data to identify if there are potential differences in the manner in which applications are being treated. CBS notes that, with respect to its 2024 review of HMDA data, the bank's compliance team found that each

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<sup>21</sup> In addition, the commenter asked the Board to consider three unrelated customer reviews posted on Yelp, WalletHub, and the website of the Better Business Bureau regarding different individualized customer complaints. Complaints based on individual customer transactions generally are not considered to be substantive comments and, thus, generally are not considered by the Board in its evaluation of the statutory factors governing the transaction. See 12 CFR 225.16(c)(3); SR Letter 97-10 (Apr. 24, 1997), <https://www.federalreserve.gov/boarddocs/srletters/1997/sr9710.htm>; 62 *Federal Register* 9290, 9290–95 (Feb. 28, 1997).

denial had a valid reason, and that bankruptcy was a major factor as to why most of the loans were denied. CBS also notes that the bank's compliance team conducts an annual redlining review of the bank's assessment areas and engages an outside firm at least annually to review the bank's fair lending practices. CBS notes that the bank ensures that all lending-related employees receive fair lending training and that the bank has received satisfactory lending ratings on its recent CRA examination.

*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 views of relevant federal supervisors, which in this case is the FDIC with respect to CB&S Bank and the OCC with respect to Citizens Bank.<sup>22</sup> In addition, the Board considers information provided by the applicant and 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>23</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, federal financial supervisors apply a lending test ("Lending Test"), an investment test ("Investment Test"), and a service test ("Service Test") to evaluate the performance of large banks, such as CB&S 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

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<sup>22</sup> See Interagency Questions and Answers Regarding Community Reinvestment, 81 *Federal Register* 48506, 48548 (July 25, 2016).

<sup>23</sup> 12 U.S.C. § 2906.

Lending Test, examiners review and analyze an institution's data reported under HMDA, 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.<sup>24</sup> 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>25</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>26</sup> The Investment Test evaluates the number and amounts of qualified investments that benefit the institution's AAs. 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

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<sup>24</sup> 12 U.S.C. § 2901 *et seq.*

<sup>25</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) (2023).

<sup>26</sup> *See* 12 CFR 228.22(b) (2023).

development services.<sup>27</sup> Small institutions, such as Citizens Bank, are subject only to a streamlined Lending Test.<sup>28</sup>

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 HMDA data.<sup>29</sup> 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.

#### *CRA Performance of CB&S Bank*

CB&S Bank was assigned an overall rating of "Satisfactory" at its most recent CRA performance evaluation by the FDIC, as of November 27, 2023 ("CB&S Bank Evaluation").<sup>30</sup> The bank received "High Satisfactory" ratings for each of the Lending Test, Investment Test, and Service Test.<sup>31</sup> Examiners noted that the bank's

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<sup>27</sup> See 12 CFR 228.23 and 228.24 (2023).

<sup>28</sup> See 12 CFR 228.26(a)(1) and (b) (2023); see also 70 *Federal Register* 44256 (August 2, 2005).

<sup>29</sup> Importantly, credit scores are not available in public HMDA data. Accordingly, when conducting fair lending examinations, examiners analyze such additional information not available to the public before reaching a determination regarding an institution's compliance with fair lending laws.

<sup>30</sup> The CB&S Bank Evaluation was conducted using Interagency Large Bank CRA Examination Procedures. The evaluation period was from September 14, 2020, to November 27, 2023. The evaluation period for home mortgage, small business, and small farm loans reflects origination activity during 2020, 2021, and 2022. The evaluation period for community development loans, qualified investments, and community development services was from September 14, 2020, to November 27, 2023.

<sup>31</sup> The CB&S Bank Evaluation included full-scope reviews of the Birmingham, Alabama, AA and the Florence–Muscle Shoals, Alabama, Metropolitan Statistical Area ("MSA") AA. The CB&S Bank Evaluation also included full-scope reviews in Non-

lending performance in Alabama received the greatest weight because it represented the bank's most significant market.

With respect to the Lending Test, examiners found that CB&S Bank's lending levels reflected good responsiveness to AA credit needs. Examiners also found that a high percentage of loans were made in the bank's AAs and that the geographic distribution of loans reflected good penetration throughout the AAs. Examiners stated that the distribution of borrowers reflected good penetration among individuals of different income levels and businesses of different sizes. Examiners also noted that CB&S Bank used innovative and/or flexible lending practices in order to serve its AAs' credit needs and made a relatively high level of community development loans within its AAs.

With respect to the Investment Test, examiners found that CB&S Bank made a significant level of qualified community development investments and grants. Examiners found that CB&S Bank exhibited good responsiveness to credit and community economic development needs and that the bank occasionally used innovative and/or complex investments to support community development initiatives.

With respect to the Service Test, examiners determined that CB&S Bank's delivery systems were accessible to essentially all portions of its AAs. Examiners found that the bank's opening and closing of branches, to the extent changes had been made, had not adversely impacted the accessibility of its delivery systems, particularly in LMI geographies and to LMI individuals. Examiners also noted that services and business hours did not vary in a way that inconvenienced certain portions of the bank's AAs,

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Metropolitan Statistical Areas ("NMSA") in Alabama, Mississippi, and Tennessee. Limited-scope reviews were performed in the Decatur, Alabama, MSA AA, the Huntsville, Alabama, AA, the Montgomery, Alabama, AA, the Tuscaloosa, Alabama, AA, and the Nashville, Tennessee, AA.

particularly LMI geographies and LMI individuals. Finally, examiners found that the bank provided a relatively high level of community development services within its AAs.

*CB&S Bank's Activities since the CB&S Bank Evaluation*

CBS represents that since the CB&S Bank Evaluation, CB&S Bank has continued to follow its existing CRA policies and procedures. CBS represents that CB&S's compliance team has reviewed the bank's level of community development loans, investments, and services and found that such activities are on pace to meet or exceed the levels that existed at the CB&S Bank Evaluation. CBS further represents that the CB&S compliance team has reviewed the level of lending inside versus outside of its AA and found it to be substantially similar to the levels present at the CB&S Bank Evaluation.

*CRA Performance of Citizens Bank*

Citizens Bank was assigned an overall rating of "Outstanding" at its most recent CRA performance evaluation by the OCC, as of August 1, 2022 ("Citizens Bank Evaluation").<sup>32</sup> The bank received an "Outstanding" rating for the Lending Test.<sup>33</sup>

With respect to the Lending Test, examiners found that Citizens Bank's loan-to-deposit ratio was reasonable given its size, financial condition, and AAs' needs and that a substantial majority of its loans were originated within its AAs. Examiners also found that Citizens Bank's distribution of home mortgage and consumer loans represented excellent penetration of loans among individuals of different income levels and that there was reasonable dispersion of HMDA loans in Georgia among census tracts of different income levels.

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<sup>32</sup> The Citizens Bank Evaluation was conducted using Interagency Small Bank CRA Examination Procedures. Examiners reviewed all home mortgage loans made by the bank from January 1, 2019, to December 31, 2021, as well as a sample of 20 consumer loans per AA originated in that same period.

<sup>33</sup> The Citizens Bank Evaluation included ratings for the states of Alabama and Georgia and full-scope evaluations in Dade and Walker counties in Georgia and DeKalb and Jackson counties in Alabama.

*Citizens Bank's Activities Since the Citizens Bank Evaluation*

CBS represents that, since the Citizens Bank Evaluation, Citizens Bank has continued to follow its existing CRA policies and procedures. CBS represents that Citizens Bank continues to offer a wide variety of banking programs, products, and services to its communities, including to LMI individuals. CBS further represents that Citizens Bank management has continuously worked to identify and evaluate opportunities to expand product offerings.

*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 CB&S Bank and of the OCC as the primary federal supervisor of Citizens Bank. The Board also considered the results of the most recent consumer compliance examinations of CB&S Bank and Citizens Bank, which included reviews of the depository institutions' 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 CB&S Bank and Citizens Bank, into account in evaluating the proposal, including in considering whether CBS 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.

CBS represents that, following consummation of the proposed transaction, it anticipates no decrease in services to customers of Citizens Bank. CBS represents that it anticipates that the proposed transaction will facilitate an expansion in the range of banking services offered to such customers. CBS notes that CB&S Bank has a significantly higher legal lending limit than Citizens Bank, which will allow it to make loans to Citizens Bank's small- and medium-sized business customers that Citizens Bank presently cannot accommodate by itself. CBS also notes that CB&S Bank has a larger branch and ATM network than Citizens Bank and has more robust treasury-management services, including ACH origination, that it can offer to business customers. CBS further notes that it offers residential mortgages with an adjustable-rate feature and provides customers access to fixed rate loans on the secondary market.

#### *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.<sup>34</sup> In addition, the federal banking

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<sup>34</sup> 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.

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.<sup>35</sup>

CBS represents that all current branches of Citizens Bank will be retained as branches of CB&S Bank following the proposed transaction.

*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 compliance with fair lending and other consumer protection laws, supervisory information, information provided by CBS, 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***

Section 4 of the BHC requires the Board to consider the "risk to the stability of the United States banking or financial system" as one of the possible adverse effects that the Board must weigh against any expected public benefits in considering a proposal under section 4(j) of the BHC Act.<sup>36</sup> 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,

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<sup>35</sup> See, e.g., 12 CFR 228.24(d)(2) (2023).

<sup>36</sup> 12 U.S.C. § 1843(j)(2)(A).

and the extent of the cross-border activities of the resulting firm.<sup>37</sup> 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.<sup>38</sup>

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.<sup>39</sup>

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.<sup>40</sup> The pro forma organization would not

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<sup>37</sup> Many of the metrics considered by the Board measure an institution's activities relative to the United States financial system.

<sup>38</sup> For further discussion of the financial stability standard, see *Capital One Financial Corporation*, FRB Order No. 2012-2 (February 14, 2012).

<sup>39</sup> See *Peoples 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.

<sup>40</sup> CBS and TAG offer a range of retail and commercial banking products and services. CBS 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.

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

***Weighing of Public Benefits of the Proposal***

As noted above, in connection with a notice under section 4 of the BHC Act, the Board is required to “consider whether performance of the activity by a bank holding company or a subsidiary of such company can reasonably be expected to produce benefits to the public, such as greater convenience, increased competition, or gains in efficiency, that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interest, unsound banking practices, or risk to the stability of the United States banking or financial system.”<sup>41</sup> As discussed above, the Board has considered that the proposed transaction would provide greater services, product offerings, and geographic scope to customers of CBS and TAG. In addition, the acquisition would ensure continuity and strength of service to these customers.

The Board concludes that the conduct of the proposed nonbanking activities within the framework of Regulation Y, Board precedent, and this order is not likely to result in significant adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interest, unsound banking practices, or risk to the stability of the U.S. banking or financial system. On the basis of the entire record,

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<sup>41</sup> 12 U.S.C. § 1843(j)(2).

including conditions noted in this order, and for the reasons discussed above, the Board believes that the balance of benefits and potential adverse effects related to competition, financial and managerial resources, convenience and needs, financial stability, and other factors weighs in favor of approval of the proposal. Accordingly, the Board determines that the balance of the public benefits of the proposal under the standard in section 4(j)(2)(A) of the BHC Act is consistent with approval.

***Conclusion***

Based on the foregoing and all the facts of record, the Board determines that the proposal should be, and hereby is, approved. 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 CBS with all the conditions imposed in this order, including receipt of all required regulatory approvals, and on the commitments made to the Board in connection with the notice. 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.<sup>42</sup>

This proposal may not be consummated later than three months thereafter, unless such period is extended for good cause by the Board or the Federal Reserve Bank of Atlanta, acting under delegated authority.

By order of the Board of Governors,<sup>43</sup> effective March 9, 2026.

*(signed) Benjamin W. McDonough*

Benjamin W. McDonough  
Secretary of the Board

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<sup>42</sup> See 12 U.S.C. § 1818(b)(1).

<sup>43</sup> Voting for this action: Chair Powell, Vice Chair Jefferson, Vice Chair for Supervision Bowman, Governors Waller, Cook, Barr, and Miran.