FRB Order No. 2026-21
August 4, 2026

FEDERAL RESERVE SYSTEM

Coastal Bend Bancshares, Inc.
Corpus Christi, Texas

Order Approving the Acquisition of a Bank

Coastal Bend Bancshares, Inc. ("Coastal BHC"), Corpus Christi, 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 Act[2] to acquire First National Bank in Port Lavaca ("FNB"), Port Lavaca, Texas, a national bank. Coastal BHC would effect the acquisition through a merger of FNB with Coastal BHC's wholly owned subsidiary, Coastal Bend Interim Bank, National Association ("Interim Bank"), Corpus Christi, Texas, a to-be-formed interim national bank, with FNB as the surviving entity.[3] Following the proposed transaction, Coastal BHC initially would operate FNB as a separate bank and then plans to merge FNB with and into Coastal BHC's subsidiary state nonmember bank, First Community Bank ("FCB"), Corpus Christi, Texas, with FCB as the surviving entity.[4]

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (91 *Federal Register* 23415 (May 1, 2026)), in

---

[1] 12 U.S.C. § 1841 *et seq*.

[2] 12 U.S.C. § 1842.

[3] The merger of Interim Bank with and into FNB is subject to the approval of the Office of the Comptroller of the Currency ("OCC") under section 18(c) of the Federal Deposit Insurance Act. 12 U.S.C. § 1828(c). The OCC approved the application on June 8, 2026.

[4] The merger of FNB with and into FCB, which is planned to occur some months after Coastal BHC's acquisition of FNB, will be 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).

accordance with the Board's Rules of Procedure.[5] The time for submitting comments has expired, and the Board received two adverse comments on the proposal. The Board has considered the proposal and the comments received in light of the factors set forth in section 3 of the BHC Act.

Coastal BHC, with consolidated assets of approximately $663.4 million, is the 1,365th largest insured depository organization in the United States.[6] Coastal BHC controls approximately $585.6 million in consolidated deposits, which represent less than 1 percent of the total amount of deposits of insured depository institutions in the United States.[7] Coastal BHC controls FCB, which operates only in Texas. In Texas, FCB is the 159th largest insured depository institution, controlling deposits of approximately $597.7 million, which represent less than 1 percent of the total deposits of insured depository institutions in that state.[8]

FNB, with consolidated assets of approximately $359.9 million, is the 2,134th largest insured depository organization in the United States. FNB controls approximately $292.3 million in consolidated deposits, which represent less than 1 percent of the total amount of deposits of insured depository institutions in the United States. FNB operates only in Texas. In Texas, FNB is the 248th largest insured depository institution, controlling deposits of approximately $300.3 million, which represent less than 1 percent of the total deposits of insured depository institutions in that state.

On consummation of this proposal, Coastal BHC would become the 968th largest insured depository organization in the United States, with consolidated

[5] 12 CFR 262.3(i).

[6] Consolidated asset and national ranking data are as of March 31, 2026, unless otherwise noted.

[7] Consolidated national deposit and market share data are as of March 31, 2026. In this context, insured depository institutions include commercial banks, savings associations, and savings banks.

[8] State deposit and market share data are as of June 30, 2025.

assets of approximately $1.0 billion, which would represent less than 1 percent of the total assets of insured depository organizations in the United States. Coastal BHC would control total consolidated deposits of approximately $877.9 million, which would represent less than 1 percent of the total amount of deposits of insured depository institutions in the United States. Coastal BHC would control deposits of approximately $898.0 million, representing the 120th largest insured depository institution in Texas, which would represent less than 1 percent of the total deposits of insured depository institutions in that state.[9]

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.[10] 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.[11]

FCB and FNB compete directly in the Victoria, Texas, banking market (the "Victoria market").[12] The Board has considered the competitive effects of the proposal in this banking market. In particular, the Board has considered the relative share of total deposits in insured depository institutions in the market ("market deposits") that Coastal

---

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

[10] 12 U.S.C. § 1842(c)(1)(A).

[11] 12 U.S.C. § 1842(c)(1)(B).

[12] The Victoria market is defined as the counties of Calhoun, Dewitt, Goliad, Jackson, Lavaca, and Victoria, Texas.

BHC would control;[13] the concentration level of market deposits and the increase in this level, as measured by the Herfindahl-Hirschman Index ("HHI") under the 1995 Bank Merger Competitive Review guidelines ("1995 Bank Merger Guidelines");[14] the number of competitors that would remain in the market; and other characteristics of the market.

Consummation of the proposal would be consistent with Board precedent and within the thresholds of the 1995 Bank Merger Guidelines in the Victoria market. On consummation, the Victoria market would remain moderately concentrated, and the change in market concentration would be well within the thresholds in the 1995 Bank

---

[13] Local deposit and market share data are as of June 30, 2025, and are based on calculations in which the deposits of thrift institutions are included at 50 percent. The Board previously has indicated that thrift institutions have become, or have the potential to become, significant competitors to commercial banks. *See, e.g., Midwest Financial Group*, 75 Federal Reserve Bulletin 386 (1989); *National City Corporation*, 70 Federal Reserve Bulletin 743 (1984). Thus, the Board regularly has included thrift deposits in the market share calculation on a 50-percent-weighted basis. *See, e.g., Huntington Bancshares Incorporated*, FRB Order No. 2021-07, at 5–6 (May 25, 2021); *Hancock Whitney Corporation*, FRB Order No. 2019-12, at 6 (September 5, 2019).

[14] Department of Justice, Bank Merger Competitive Review – Introduction and Overview, https://www.justice.gov/sites/default/files/atr/legacy/2007/08/14/6472.pdf (1995). On September 17, 2024, the United States Department of Justice ("DOJ") announced its withdrawal from the 1995 Bank Merger Guidelines and emphasized that the 2023 Merger Guidelines, issued on December 18, 2023, remain its sole and authoritative statement across all industries. Press Release, Department of Justice, "Justice Department Withdraws from 1995 Bank Merger Guidelines," https://www.justice.gov/opa/pr/justice-department-withdraws-1995-bank-mergerguidelines. The 1995 Bank Merger Guidelines had been adopted together with the federal banking agencies, and none of the federal banking agencies have withdrawn from the 1995 Bank Merger Guidelines. The Board continues to apply the 1995 Bank Merger Guidelines in evaluating bank merger proposals. The Board traditionally has considered a market unconcentrated if the post-merger HHI is under 1000, moderately concentrated if the post-merger HHI is between 1000 and 1800, and highly concentrated if the post-merger HHI exceeds 1800. *See, e.g., Chemical Banking Corporation*, 78 Federal Reserve Bulletin 74 (1992). In addition, the Board has traditionally considered a merger not to have an anticompetitive effect where the proposed merger would not increase the HHI by more than 200 points in any banking market, in the absence of other factors indicating anticompetitive effects.

Merger Guidelines and consistent with Board precedent. Numerous competitors would remain in the market.[15]

The DOJ 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 an 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 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.[16] 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,

---

[15] Coastal BHC is the 18th largest depository organization in the Victoria market, controlling approximately $17.3 million in deposits, which represent less than 1 percent of market deposits. FNB is the seventh largest depository organization in the market, controlling approximately $300.3 million in deposits, which represent 5.0 percent of market deposits. On consummation of the proposed transaction, Coastal BHC would become the sixth largest depository organization in the market, controlling approximately $317.6 million in deposits, which would represent 5.3 percent of market deposits. The HHI for the Victoria market would increase by 3 points, and 20 competitors would remain in the market, including Coastal BHC.

[16] 12 U.S.C. § 1842(c)(2), (5), and (6).

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.

Coastal BHC and FCB are well capitalized, and the combined organization would remain so upon consummation of the proposal. The proposed transaction is a bank acquisition that is structured primarily as a cash purchase.[17] The capital, asset quality, earnings, and liquidity of Coastal BHC and FCB are consistent with approval, and Coastal BHC and FCB 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 Coastal 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 comments on the proposal.

---

[17] Coastal BHC would effect the acquisition by merging FNB with Interim Bank, with FNB as the surviving entity. At that time, each share of FNB common stock outstanding prior to the merger would be cancelled and converted into a right to receive cash. Coastal BHC has the financial resources to effect the proposed acquisition and mergers.

Coastal BHC and FCB 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 Coastal BHC's risk-management program appears consistent with approval.

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

Based on all the facts of record, including Coastal BHC's and FCB'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 the 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.[18] 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

[18] 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.

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").[19] 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.[20]

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 FCB and FNB, the fair lending and compliance records of both banks, the supervisory views of the FDIC and the OCC, confidential supervisory information, information provided by Coastal BHC, and the public comments received on the proposal.

---

[19] 12 U.S.C. § 2901 *et seq*.

[20] *See* 12 U.S.C. § 2901(b).

Public Comments on the Proposal

The Board received two adverse comments on the proposal, both from the same commenter. In the first comment, the commenter objected to the proposal, alleging that, based on data reported under the Home Mortgage Disclosure Act of 1975 ("HMDA"),[21] FNB made no home loans to African Americans while making home loans to white individuals in 2024. In the second comment, the commenter objected to the proposal, alleging that, based on data reported under HMDA, FNB made no home loans to African Americans while making home loans to white individuals in 2025. The commenter raised similar fair lending concerns regarding FCB's lending in 2024. The commenter also noted that the merger would result in higher minimum-balance requirements for certain accounts, elimination of certain banking products, and possibly the elimination of trust service offerings. The commenter alleged that some of these changes would disproportionately affect LMI depositors, and stated that the Board should require a binding commitment that the resulting bank would continue to provide trust services.[22] The commenter also urged the Board not to rely solely on the CRA ratings of FCB and FNB, but to complete a full analysis of the convenience and needs impact of the transaction. As discussed in this Order, the Board considered the complete record, including the public comments, and multiple sources of information in evaluating the convenience and needs factor.

---

[21] 12 U.S.C. § 2801 *et seq.*

[22] In the second comment, the commenter also alleged that certain responses from Coastal BHC should not have been marked confidential. Requests for confidential treatment are considered consistently with the Board's Rules Regarding Availability of Information, 12 CFR part 261, and related policies and procedures.

Additionally, in the first comment, the commenter noted the existence of unspecified consumer complaints. Complaints based on individual customer transactions and wholly unsubstantiated claims 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.

Businesses of the Involved Institutions and Response to the Public Comments

Through FCB, Coastal BHC engages in commercial banking and consumer banking. FCB's loan products include commercial, residential real estate, construction and development, agricultural, and consumer loans, as well as those of government-guaranteed programs including U.S. Small Business Administration loans. Coastal BHC also offers a variety of consumer and commercial deposit products and alternative banking services, including internet and mobile banking, electronic bill pay, automatic teller machines that accept deposits, and drive-through services. FNB offers a full range of consumer and commercial banking products and services. FNB also offers mobile and online banking.

In response to the comments, Coastal BHC asserted that the commenter's statements are inaccurate, noting that FCB's 2024 HMDA data shows that approximately 43 percent of FCB's applications were for minority borrowers, and 38 percent of FCB's originations were for minority borrowers. Additionally, Coastal BHC asserts that approximately 77 percent of FCB's applications were from borrowers from majority-minority census tracts and 79 percent of FCB's originations were for borrowers from majority-minority census tracts. Coastal BHC further contends that the HMDA data reflect FCB's intentional and successful outreach efforts to minority and underserved communities, including the hiring of minority loan officers, support for local minority chambers of commerce, engagement with local community leaders, and the placement of advertisements in media focused to minority communities. Coastal BHC also notes that FCB participates in several low-income and minority-focused down-payment assistance programs for homebuyers. Additionally, Coastal BHC states that neither FCB nor FNB has received any consumer complaints regarding CRA compliance during the past five years and that both have consistently received satisfactory overall CRA ratings. Finally, Coastal BHC states that community outreach has been and will continue to be a priority for the resulting institution, which will be able to further expand its footprint to better meet the needs of underserved communities and will have enhanced resources to originate community development loans that support affordable housing, community services, economic development, and efforts aimed at revitalizing and stabilizing its communities.

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 FCB and the OCC with respect to FNB.[23] 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.[24] 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 depository institution, such as FCB, in helping to meet the credit needs of the communities the depository institution serves. 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,[25] in addition to other reports generated by the

---

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

[24] 12 U.S.C. § 2906.

[25] 12 U.S.C. § 2801 *et seq.*

institution, in order 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 institution's assessment areas ("AAs"); (3) record of lending to, 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 depository institution's AAs.[26] 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.[27] Small institutions, such as FNB, are subject only to the Lending Test.[28]

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.[29] Consequently, the Board considers

---

[26] *See* 12 CFR 228.26(b) (2023).

[27] *See* 12 CFR 228.26(c) (2023).

[28] 12 CFR 228.26(a)(1) and (b) (2023).

[29] 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.

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 FCB

FCB was assigned an overall rating of "Satisfactory" at its most recent CRA performance evaluation by the FDIC, as of February 3, 2025 ("FCB Evaluation").[30] The bank received a "Satisfactory" rating for the Lending Test, and an "Outstanding" rating for the Community Development Test.[31]

With respect to the Lending Test, examiners found the bank's loan-to-deposit ratio was reasonable (considering seasonal variations and taking into account lending-related activities) given the institution's size, financial condition, and the AAs' credit needs. Examiners noted a substantial majority of loans were in the institution's AAs. Examiners found the geographic distribution of loans reflected reasonable dispersion throughout the AAs. Examiners also noted that the distribution of borrowers reflected, given the demographics of the AAs, reasonable penetration among individuals of different income levels (including LMI individuals) and businesses of different sizes. Finally, examiners noted that the institution did not receive any CRA-related complaints since the previous evaluation.

---

[30] The FCB Evaluation was conducted using the Interagency Intermediate Small Bank Examination Procedures. The evaluation period was from January 5, 2022, to February 3, 2025.

[31] The FCB Evaluation involved a full-scope review of the bank's activities in one AA that consists of the entire counties of Aransas, Nueces, and San Patricio, which make up the Corpus Christi, Texas, Metropolitan Statistical Area ("MSA"), and limited-scope reviews each of its two other AAs, consisting of (i) the entire county of Victoria, which is part of the Victoria, Texas, MSA; and (ii) the entire counties of Jim Wells and Kleberg, Texas, within the Texas Nonmetropolitan Statistical Area ("Non-MSA"). Examiners placed the greatest weight on FCB's performance in the Corpus Christi MSA AA and generally weighted each area consistent with that area's overall lending level.

With respect to the Community Development Test, examiners found the bank demonstrates excellent responsiveness to community development needs in its AAs through community development loans, qualified investments, and community development services, as appropriate, considering the bank's capacity and the needs and availability of such opportunities for community development in the bank's AAs.

CRA Performance of FNB

FNB was assigned an overall rating of "Satisfactory" at its most recent CRA performance evaluation by the OCC, as of September 22, 2025 ("FNB Evaluation").[32] FNB received a "Satisfactory" rating for the Lending Test.[33]

With respect to the Lending Test, examiners found the bank's loan-to-deposit ratio was reasonable. Examiners also noted that a majority of loans were made in the bank's AAs and that there was a reasonable geographic distribution of loans. Examiners also found there was a reasonable distribution of loans among individuals of different income levels and businesses of different sizes. Finally, examiners noted that the institution did not receive any CRA-related complaints during the evaluation period.

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 FCB and of the OCC as the primary federal supervisor of FNB. The Board also considered the results of the most recent consumer compliance examinations of FCB and FNB, 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 FCB and FNB, into account in evaluating the proposal, including in

---

[32] The FNB Evaluation was conducted using the Interagency Small Bank Examination Procedures. The evaluation period was from January 1, 2022, to December 31, 2024.

[33] The FNB Evaluation involved a full-scope review of the bank's activities in the bank's two AAs: (i) the Texas Non-MSA AA, which included Calhoun County, Texas; and (ii) the Victoria MSA AA, which included Victoria County, Texas.

considering whether Coastal 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.

Coastal BHC asserts that the proposal will expand its overall footprint in the state of Texas. Immediately following consummation, Coastal BHC initially would operate FCB and FNB as separate banks, during which time FCB and FNB each would continue offering its current products and services, with plans to merge the two banks in the future, with FCB as the surviving institution. Coastal BHC represents that, following the planned merger of the banks, customers of FNB will be provided the same products and services as are currently offered to FCB customers, which will result in FNB customers receiving access to expanded business deposit account packages and expanded closed-end residential mortgage lending products. Coastal BHC anticipates that, following the planned merger of the banks, certain products and services presently offered by FNB will be discontinued or modified by the resulting bank, including provision of access to certain debit card networks, offering of certain accounts with insurance services, offering of education individual retirement accounts, and provision of access to certain payment products for non-depositors. Coastal BHC is evaluating whether, following the planned merger of the banks, the resulting bank will offer trust services, which presently are offered by FNB but not FCB. Coastal BHC represents that any planned changes to existing FNB accounts and services would be communicated to affected customers in advance of the planned merger of the banks, in accordance with applicable regulatory requirements, and that all existing accounts are expected to be aligned as closely as practicable with FCB's existing product suite to ensure continuity and to minimize customer disruption.

Coastal BHC states that, upon its acquisition by Coastal BHC, FNB initially will retain the CRA policy in place immediately prior to the acquisition. Coastal BHC represents that, following the planned merger of FNB with and into FCB, the CRA policy of FCB will be implemented as the CRA policy of the resulting bank, and management of the resulting bank will look for opportunities to enhance the CRA policy going forward.

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.[34] In addition, the federal banking supervisory agencies evaluate a bank's record of opening and closing branches,

[34] *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.

particularly branches located in LMI geographies or primarily serving LMI individuals, as part of the CRA examination process.[35]

Coastal BHC represents that it does not currently anticipate any branch closures or consolidations in connection with 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 Coastal BHC, the public comments 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."[36] 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

---

[35] *See, e.g.*, 12 CFR 228.24(d)(2) (2023).

[36] 12 U.S.C. § 1842(c)(7).

resulting firm.[37] 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.[38]

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.[39]

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.[40] The pro forma organization would not

---

[37] Many of the metrics considered by the Board measure an institution's activities relative to the United States financial system.

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

[39] *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.

[40] Coastal BHC and FNB offer a range of retail and commercial banking products and services. Coastal 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.

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.

Conclusion

Based on the foregoing and all the facts of record, the Board determines that the proposal should be, and hereby is, approved.[41] In reaching its conclusion, the

---

[41] 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 persons 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 written comments 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.

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 Coastal 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 Coastal 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 with its findings and decision herein and, as such, may be enforced in proceedings under applicable law.[42]

The 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 Federal Reserve Bank of Dallas, acting under delegated authority.

By order of the Board of Governors,[43] effective August 4, 2026.

(signed) Benjamin W. McDonough

Benjamin W. McDonough
Secretary of the Board

---

[42] *See* 12 U.S.C. § 1818(b)(1).

[43] Voting for this action: Chairman Warsh, Vice Chair Jefferson, Vice Chair for Supervision Bowman, and Governors Powell, Waller, Cook, and Barr.