FRB Order No. 2025-02
January 16, 2025

FEDERAL RESERVE SYSTEM

First Busey Corporation
Champaign, Illinois

Busey Bank
Champaign, Illinois

Order Approving the Merger of Bank Holding Companies, the Merger of Banks, and the Establishment of Branches

First Busey Corporation ("FBC"), Champaign, Illinois, 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 CrossFirst Bankshares, Inc. ("CFB"), and thereby indirectly acquire its state nonmember bank subsidiary, CrossFirst Bank ("CF Bank"), both of Leawood, Kansas. In addition, FBC's subsidiary state member bank, Busey Bank, Champaign, Illinois, has requested the Board's approval to merge with CF Bank pursuant to section 18(c) of the Federal Deposit Insurance Act ("Bank Merger Act"),[3] with Busey Bank as the surviving entity. Busey Bank also has applied under section 9 of the Federal Reserve Act ("FRA")[4] to establish and operate branches at the locations of the main office and branches of CF Bank.

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (89 Federal Register 79918 (October 1, 2024)), in accordance with the Board's Rules of Procedure.[5] The time for submitting comments has

[1] 12 U.S.C. § 1841 et seq.

[2] 12 U.S.C. § 1842.

[3] 12 U.S.C. § 1828(c).

[4] 12 U.S.C. § 321. These locations are listed in the Appendix.

[5] 12 CFR 262.3(b).

expired, and the Board received two adverse comments on the proposal from the same commenter. The Board has considered the proposal and the comments received in light of the factors set forth in section 3 of the BHC Act, the Bank Merger Act, and the FRA. As required by the Bank Merger Act, a report on the competitive effects of the merger was requested from the United States Attorney General, and a copy of the request has been provided to the Federal Deposit Insurance Corporation ("FDIC").

FBC, with consolidated assets of approximately $12.0 billion, is the 141st largest insured depository organization in the United States.[6] FBC controls approximately $9.9 billion in consolidated deposits, which represent less than one percent of the total amount of deposits of insured depository institutions in the United States.[7] FBC controls Busey Bank, which operates in Florida, Illinois, Indiana, and Missouri. Busey Bank is the 42nd largest insured depository institution in Missouri, controlling deposits of approximately $1.0 billion in that state, which represent less than one percent of the total amount of deposits of insured depository institutions in that state.

CFB, with consolidated assets of approximately $7.6 billion, is the 192nd largest insured depository organization in the United States. CFB controls approximately $6.6 billion in consolidated deposits, which represent less than one percent of the total amount of deposits of insured depository institutions in the United States. CFB controls CF Bank, which operates in Arizona, Colorado, Kansas, Missouri, New Mexico, Oklahoma, and Texas. CF Bank is the 73rd largest insured depository institution in Missouri, controlling deposits of approximately $0.5 billion in that state, which represent less than one percent of the total amount of deposits of insured depository institutions in that state.

On consummation of this proposal, FBC would become the 96th largest insured depository organization in the United States, with consolidated assets of

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[6] Consolidated asset, national deposit, ranking, and market share data are as of September 30, 2024. In this context, insured depository institutions include commercial banks, savings associations, and savings banks.

[7] State deposit and ranking data are as of June 30, 2024, unless otherwise noted.

approximately $19.6 billion, which would represent less than one percent of the total assets of insured depository organizations in the United States. FBC would control total consolidated deposits of approximately $16.6 billion, which would represent less than one percent of the total amount of deposits of insured depository institutions in the United States.

Interstate and Deposit Cap Analyses

Section 3(d) of the BHC Act generally provides that, if certain conditions are met, the Board may approve an application by a bank holding company that is well capitalized and well managed to acquire control of a bank located in a state other than the home state of the bank holding company without regard to whether the transaction would be prohibited under state law.[8] Similarly, section 44 of the Federal Deposit Insurance Act ("FDI Act") generally provides that, if certain conditions are met, the Board may approve an application by a bank to engage in an interstate merger transaction with a bank that has a different home state without regard to whether the transaction would be prohibited under state law, provided that the resulting bank would be well capitalized and well managed.[9]

The Board may not approve, under either provision, an application that would permit an out-of-state bank holding company or out-of-state bank to acquire a bank in a host state if the target bank has not been in existence for the lesser of the state statutory minimum period of time or five years.[10] When determining whether to approve an application under these provisions, the Board must take into account the record of the applicant's depository institution under the Community Reinvestment Act of 1977 ("CRA")[11] and the applicant's record of compliance with applicable state community

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[8] 12 U.S.C. § 1842(d)(1)(A).

[9] 12 U.S.C. § 1831u(a)(1). Section 44 of the FDI Act also requires that each bank involved in the interstate merger transaction be adequately capitalized. 12 U.S.C. § 1831u(b)(4).

[10] 12 U.S.C. § 1842(d)(1)(B); 12 U.S.C. § 1831u(a)(5).

[11] 12 U.S.C. § 2901 et seq.

reinvestment laws.[12] In addition, the Board may not approve an interstate application under these provisions if the bank holding company or resulting bank controls or, upon consummation of the proposed transaction, would control more than 10 percent of the total deposits of insured depository institutions in the United States or, in certain circumstances, if the bank holding company or resulting bank, upon consummation, would control 30 percent or more of the total deposits of insured depository institutions in any state in which the acquirer and target have overlapping banking operations.[13]

For purposes of these provisions, the home state of FBC is Illinois.[14] The home state of Busey Bank is Virginia.[15] CF Bank is located in Arizona, Colorado, Kansas, Missouri, New Mexico, Oklahoma, and Texas. FBC and Busey Bank are well capitalized and well managed under applicable law, and Busey Bank also would be well capitalized and well managed upon consummation of the proposal. CF Bank has been in

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[12] 12 U.S.C. § 1842(d)(3); 12 U.S.C. § 1831u(b)(3).

[13] 12 U.S.C. § 1842(d)(2)(A) and (B); 12 U.S.C. § 1831u(b)(2)(A) and (B). For purposes of section 3(d) of the BHC Act, the acquiring and target organizations have overlapping banking operations in any state in which any bank to be acquired is located and the acquiring bank holding company controls any insured depository institution or a branch. The Board considers a bank to be located in the states in which the bank is chartered, is headquartered, or operates a branch. See 12 U.S.C. § 1841(o)(4)–(7). Moreover, the Bank Merger Act includes a prohibition on approval of interstate transactions where the resulting insured depository institution, together with its insured depository institution affiliates, controls, or upon consummation of the proposed transaction, would control, more than 10 percent of the total amount of deposits of insured depository institutions in the United States. 12 U.S.C. § 1828(c)(13).

[14] 12 U.S.C. § 1841(o)(4). 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 July 1, 1966, or the date on which the company became a bank holding company, whichever is later.

[15] 12 U.S.C. § 1831u(g)(4). A state bank's home state is the state by which the bank is chartered.

existence for more than five years, and Busey Bank has a "Satisfactory" rating under the CRA.[16]

On consummation of the proposed transaction, FBC would control less than one percent of the total amount of consolidated deposits in insured depository institutions in the United States. The only state in which FBC and CFB have overlapping operations—Missouri—imposes a 13 percent limit on the total amount of in-state deposits that a single banking organization may control.[17] The combined organization would control less than one percent of the total amount of deposits of insured depository institutions in Missouri. Accordingly, in light of all the facts of record, the Board is not precluded from approving the proposal under section 3(d) of the BHC Act, section 44 of the FDI Act, or the interstate provisions of the Bank Merger Act.

Competitive Considerations

Section 3 of the BHC Act and the Bank Merger Act prohibit 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.[18] The BHC Act and the Bank Merger Act also prohibit 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.[19]

Busey Bank and CF Bank do not compete directly in in any banking market. The U.S. Department of Justice ("DOJ") conducted a review of the potential

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[16] 12 U.S.C. § 2901 et seq. One of the jurisdictions in which Busey Bank operates, Illinois, has a state community reinvestment law. 205 Ill. Comp. Stat. Ann. 735/35-1 et seq. Busey Bank has not received a community reinvestment rating from the Illinois Department of Financial and Professional Regulation to date.

[17] Mo. Ann. Stat. § 362.915.

[18] 12 U.S.C. § 1842(c)(1)(A); 12 U.S.C. § 1828(c)(5)(A).

[19] 12 U.S.C. § 1842(c)(1)(B); 12 U.S.C. § 1828(c)(5)(B).

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 proposals under section 3 of the BHC Act and the Bank Merger 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.[20] 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.

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[20] 12 U.S.C. § 1842(c)(2), (5), and (6); 12 U.S.C. § 1828(c)(5) and (11).

FBC, CFB, 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 exchange, followed immediately by a merger of CF Bank into Busey Bank.[21] The capital, asset quality, earnings, and liquidity of FBC, CFB, and their subsidiary depository institutions are consistent with approval, and FBC and Busey Bank appear to have adequate resources to absorb the related costs of the proposal and to complete the integration of the institutions' operations effectively. 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.[22] The Board has reviewed the examination records of FBC, CFB, and their subsidiary depository institutions, including assessments of their management, risk-management systems, and operations. In addition, the Board has considered information provided by FBC; 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.

FBC, CFB, 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

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[21] To effect the transaction, each share of CFB common stock, excluding certain shares owned by FBC or CFB, would be converted into a right to receive shares of FBC common stock based on an exchange ratio, plus cash in lieu of any fractional shares. FBC has the financial resources to effect the proposed transaction.

[22] The commenter expressed concerns that a director of FBC had been charged with criminal conduct in connection with their role in a college admissions scandal. The individual in question resigned from FBC's board shortly after being charged in March 2019, and has had no involvement in FBC management since the individual's resignation. In light of these facts, the individual's circumstances are not relevant to the Board's consideration of the proposal.

services sectors, and FBC's risk-management program appears consistent with approval of this expansionary proposal.

The Board also has considered FBC's plans for implementing the proposal. FBC has conducted comprehensive due diligence and is devoting significant financial and other resources to address all aspects of the post-acquisition integration process for this proposal. In addition, FBC's management has the experience and resources to operate the resulting organization in a safe and sound manner, and FBC plans to integrate CFB's existing management and personnel in a manner that augments FBC's management. FBC 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 FBC's, Busey Bank's, CFB's, and CF Bank'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 FBC, CFB, and their subsidiary depository 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 and the Bank Merger Act, the Board considers the effects of the proposal on the convenience and needs of the communities to be served.[23] 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

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[23] 12 U.S.C. § 1842(c)(2); 12 U.S.C. § 1828(c)(5). 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.

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 CRA. The Board strongly encourages insured depository institutions to help meet the credit needs of the local communities in which they operate, consistent with the institutions' safe and sound operation and their obligations under the CRA.[24]

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 Busey Bank and CF Bank; the fair lending and compliance records of both banks; the supervisory views of the Federal Deposit Insurance Corporation ("FDIC"), and the Federal Reserve Bank of Chicago ("Reserve Bank"); confidential supervisory information; information provided by FBC; and the public comments received on the proposal.

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[24] See 12 U.S.C. § 2901(b).

Public Comments on the Proposal

The Board received two timely adverse comments on the proposal from the same commenter. The commenter expressed fair lending concerns regarding Busey Bank, alleging that, in 2023, Busey Bank made fewer home loans to African American individuals as compared to white individuals in Illinois, Missouri, Indiana, and Florida.[25]

Businesses of the Involved Institutions and Response to the Public Comments

Through Busey Bank, FBC offers a range of financial products and services for consumers and businesses. Busey Bank's commercial banking services include commercial, commercial real estate, real estate construction, and agricultural loans. Busey Bank also provides traditional retail banking services, including mortgage loans, deposit accounts, safe deposit services, and individual retirement accounts and other fiduciary services. Busey Bank also offers a range of wealth management services to individuals, businesses, and foundations. Through CF Bank, CFB offers a range of deposit and lending products, including private banking services, to consumers and businesses.

In response to the comments, FBC states that the data cited by the commenter regarding Busey Bank's denial rates for Black/African American applicants compared to white applicants are incomplete and therefore present a misleading picture of FBC's lending policies, practices, and record, which are better understood by a more thorough and complete review of FBC's data, record, actions, and applications materials submitted by FBC to the Board.

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

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[25] The commenter cited publicly available data from 2023 reported by Busey Bank under the Home Mortgage Disclosure Act of 1975 ("HMDA"), 12 U.S.C. § 2801 et seq.

Busey Bank[26] and CF Bank.[27] In addition, the Board considers information provided by the applicant and 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.[28] 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 Busey Bank and CF Bank, in helping to meet the credit needs of the communities they serve. The Lending Test specifically evaluates an institution's lending-related activities to determine whether the institution is helping to meet the credit needs of individuals and geographies of all income levels. As part of the Lending Test, examiners review and analyze an institution's data reported under 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. 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

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[26] Until its conversion on October 25, 2024, to a state member bank supervised by the Federal Reserve, Busey Bank was a state nonmember bank whose primary federal supervisor was the FDIC.

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

[28] 12 U.S.C. § 2906.

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;[29] (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.[30] 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 development services.[31]

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.[32] Consequently, the Board considers additional information not available to the public that may be needed from the institution

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[29] 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).

[30] See 12 CFR 228.22(b) (2023).

[31] See 12 CFR 228.23 and 228.24 (2023).

[32] 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.

and evaluates disparities in the context of the additional information obtained regarding the lending and compliance record of an institution.

CRA Performance of Busey Bank

Busey Bank was assigned an overall rating of "Satisfactory" at its most recent CRA performance evaluation by the FDIC, as of March 25, 2022 ("Busey Bank Evaluation").[33] The bank received a "Low Satisfactory" rating for the Lending Test, a "High Satisfactory" rating for the Investment Test, and a "Low Satisfactory" rating for the Service Test.[34] With respect to the Lending Test, examiners found that Busey Bank's lending activity reflects adequate responsiveness to local credit needs consistent with the bank's capacity and economic conditions. Examiners also found that a high percentage of loans are made in the institution's AAs and that the geographic distribution of loans reflects adequate penetration throughout the AAs. Examiners noted that the distribution of borrowers reflects adequate penetration among retail customers of different income levels and businesses and farms of different sizes. Examiners found Busey Bank uses innovative and flexible lending practices in order to serve AA credit needs and makes a relatively high level of community development loans. Among the areas where the commenter expressed concern, examiners found that Busey Bank exhibited good geographic distribution of loans in Indiana and in the St. Louis, MO-IL, MSA AA, and adequate geographic distribution of loans in Illinois and Florida. Examiners also found

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[33] The Busey Bank Evaluation was conducted using Interagency Large Institution CRA Examination Procedures. Examiners reviewed home mortgage, small business, and small farm lending for 2019, 2020, and 2021. Examiners also reviewed community development loans, qualified investments, and community development services since the previous evaluation dated January 14, 2019.

[34] The Busey Bank Evaluation involved a full-scope review of the bank's activities in its Champaign-Urbana, IL Metropolitan Statistical Area ("MSA"); Chicago-Naperville-Evanston, IL Metropolitan Division; Peoria, IL MSA; Illinois Non-MSA; St. Louis, MO-IL, MSA; Cape Coral-Fort Myers, FL MSA; North Port-Sarasota-Bradenton, FL, MSA; and Indianapolis-Carmel-Anderson, IN, MSA AAs. The Busey Bank Evaluation also conducted a limited-scope review of its Punta Gorda, FL MSA AA, and its Decatur and Bloomington-Pontiac MSA AAs, both of Illinois.

that Busey Bank exhibited good distribution of loans among individuals of different income levels and businesses of different sizes in Indiana, adequate distribution of loans to such individuals and businesses in Illinois and in the St. Louis, MO-IL, MSA, and poor distribution of loans to such individuals and businesses in Florida.

With respect to the Investment Test, examiners found that Busey Bank has an excellent level of qualified community development investments and grants, often in a leadership position, particularly those that are not routinely provided by private investors. Examiners also found that Busey Bank exhibits good responsiveness to credit and community economic development needs and occasionally uses innovative or complex investments to support community development initiatives. Among the areas where the commenter expressed concern, examiners found that Busey Bank exhibited good responsiveness to credit and community economic development needs in Illinois, Indiana, and in the St. Louis, MO-IL, MSA, and exhibited adequate responsiveness to such needs in Florida. Examiners found that Busey Bank's level of qualified community development investments and grants were excellent in Indiana, significant in Illinois and in the St. Louis, MO-IL, MSA, and adequate in Florida.

With respect to the Service Test, examiners determined that Busey Bank's delivery systems are reasonably accessible to essentially all portions of the institution's AAs. Examiners found that, to the extent changes have been made, Busey Bank's opening and closing of branches has generally not adversely affected the accessibility of its delivery systems, particularly in LMI geographies and to LMI individuals. Examiners found that Busey Bank's banking services and business hours do not vary in a way that inconveniences portions of the bank's AAs, particularly to LMI geographies and individuals. Examiners also noted that Busey Bank provided a relatively high level of community development services. Among the areas where the commenter expressed concern, examiners found that Busey Bank's delivery systems were readily accessible to all portions of Busey Bank's St. Louis, MO-IL, MSA AA, reasonably accessible to all portions in its Illinois and Florida AAs, and accessible to limited portions of Busey Bank's AA in Indiana. In Illinois, Indiana, and Florida, examiners noted that Busey Bank provided a relatively high level of community development services. In the St. Louis, MO-IL, MSA, examiners noted that Busey Bank provided an adequate level of community development services.

Busey Bank's Efforts since the Busey Bank Evaluation

FBC represents that, since the Busey Bank Evaluation, Busey Bank has generated home mortgage lending through special loan programs, including MyCommunity Home Loan and other programs such as down-payment assistance programs, grant programs, and government-backed home loan products. FBC further represents that Busey Bank launched two new low-cost and affordable demand deposit account products, one of which is "Bank On" certified; continues to offer a variety of credit building products for those who lack credit history or need credit repair; and serves as a preferred Small Business Administration lender, assisting 86 businesses to start or to expand throughout the communities Busey Bank serves since the beginning of 2022. FBC also represents that Busey Bank has generated an additional 265 community development loans within its AAs. FBC represents that it has internally qualified new community development investments throughout its AAs, including activities that benefit affordable housing, economic development and job creation, community services, and revitalization and stabilization of communities throughout its footprint. FBC also represents that Busey Bank has internally qualified more than 5,000 CRA-eligible hours of FBC employees providing financial expertise or technical assistance to community development-related organizations throughout its footprint. Busey Bank has also launched a Financial Pathways program, which includes a free financial education platform and provides free financial literacy workshops held by FBC associates.

CRA Performance of CF Bank

CF Bank was assigned an overall rating of "Satisfactory" at its most recent CRA performance evaluation by the FDIC, as of July 15, 2024 ("CF Bank

Evaluation").[35] The bank received "High Satisfactory" ratings for the Lending, Investment, and Service Tests.[36]

With respect to the Lending Test, examiners found that CF Bank's lending levels reflect good responsiveness to AA credit needs. Examiners also found that a high percentage of the institution's loans were made in the institution's AAs. Examiners also found that CF Bank's geographic distribution of loans reflects adequate penetration throughout the AAs. Examiners noted that the distribution of borrowers reflects, given the product lines offered by the institution, poor penetration among business customers of different sizes and retail customers of different income levels. Examiners also noted that CF Bank is a leader in making community development loans and uses innovative and/or flexible lending practices in order to serve AA credit needs.

With respect to the Investment Test, examiners found that CF Bank has a significant level of qualified community development investments and grants, occasionally in a leadership position, particularly those that are not routinely provided by private investors. Examiners also found that CF Bank exhibits good responsiveness to credit and community development needs. Examiners noted that CF Bank does not use innovative and/or complex investments to support community development initiatives.

With respect to the Service Test, examiners determined that CF Bank's delivery systems are reasonably accessible to essentially all portions of its AAs.

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[35] The CF Bank Evaluation was conducted using Interagency Large Institution CRA Examination Procedures. Examiners reviewed small business and HMDA-reportable loan data for 2021, 2022 and 2023. Examiners also reviewed community development activities from May 17, 2021, through July 15, 2024.

[36] The CF Bank Evaluation involved full-scope reviews of the bank's activities in its Kansas City, MO-KS; Wichita, KS; Tulsa, OK; Oklahoma City, OK; Dallas-Fort Worth, TX; Phoenix, AZ; Tucson, AZ; Denver, CO; Colorado Springs, CO; and New Mexico AAs. The Kansas City, MO-KS; Wichita, KS; Tulsa, OK; Oklahoma City, OK; and Dallas-Fort Worth, TX AAs were weighed most heavily, with the Kansas City, MO-KS and Wichita, KS AAs receiving slightly greater weight than others, based on overall lending and deposit activity within those AAs. The Phoenix, AZ; Denver, CO; and Colorado Springs, CO AAs were weighed more heavily than the Tucson, AZ, and New Mexico AAs.

Examiners note that, to the extent changes have been made, CF Bank's opening and closing of branches has generally not adversely affected the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals. Examiners noted that services (including business hours) do not vary in a way that inconveniences certain portions of the AAs, particularly LMI geographies and/or individuals. Examiners also found that CF Bank is a leader in providing community development services.

Additional Supervisory Views

In its review of the proposal, the Board consulted with and considered the views of the Reserve Bank as the primary federal supervisor of Busey Bank and the FDIC as the primary federal supervisor of CF Bank.[37] The Board also considered the results of the most recent consumer compliance examinations of Busey Bank and CF Bank, which included reviews of the banks' compliance management programs and compliance with consumer protection laws and regulations, including fair lending.

The Board has taken this information, as well as the CRA performance records of Busey Bank and CF Bank, into account in evaluating the proposal, including in considering whether FBC 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.

[37] Also, until its conversion on October 25, 2024, to a state member bank supervised by the Federal Reserve, Busey Bank was a state nonmember bank whose primary federal supervisor was the FDIC.

FBC represents that, following consummation of the proposal, it intends to continue offering all products and services currently offered by each of Busey Bank and CF Bank through the banks' combined branch network. FBC further represents that, as a result of the transaction, the greater size of the combined institution will allow for economies of scale, which will result in greater geographic reach and superior services. FBC also states that customers will benefit from an expanded, more convenient branch footprint and higher lending limits, as well as an expanded set of product offerings for current customers of Busey Bank and CF Bank. FBC represents that CF Bank customers will gain access to a variety of deposit products, including "Bank On" certified deposit accounts, as well as new mortgage and home equity line of credit products, including mortgage products available for certain borrowers with income below 80 percent of the Federal Financial Institutions Examination Council Median Family Income or homes within LMI census tracts in applicable AAs. FBC further represents that current Busey Bank customers will gain access to CF Bank's small business-focused credit and deposit products. FBC represents that Busey Bank and CF Bank have a number of programs, products, and activities designed to meet the needs of their respective communities.

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.[38] 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.[39]

FBC represents that Busey Bank plans to retain all of CF Bank's branches and that no Busey Bank branch would be closed or consolidated 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 compliance with fair lending and other consumer protection laws, supervisory information, information provided by FBC, 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.

Establishment of Branches

Busey Bank has applied under section 9 of the FRA to establish branches at the current locations of CF Bank.[40] The Board has assessed the factors it is required to

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[38] 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.

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

[40] See 12 U.S.C. § 321. Under section 9 of the FRA, state member banks may establish and operate branches on the same terms and conditions as are applicable to the establishment of branches by national banks. Thus, a state member bank resulting from an interstate merger transaction may maintain and operate a branch in a state other than the home state of the bank in accordance with section 44 of the FDI Act. See 12 U.S.C. § 36(d). A state member bank may retain any branch following a merger that might be established as a new branch of the resulting bank under state law. See 12 U.S.C. § 36(b)(2) and (c). Upon consummation, Busey Bank's branches would be permissible under applicable state law. See Ariz. Rev. Stat. § 6-324; Colo. Rev. Stat. 11-104-202(8);

consider when reviewing an application under that section, including Busey Bank's financial condition, management, capital, actions in meeting the convenience and needs of the communities to be served, CRA performance, and investment in bank premises.[41] For the reasons discussed in this order, the Board determines that those factors are 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."[42] In addition, the Bank Merger Act requires the Board to consider "risk to the stability of the United States banking or financial system."[43]

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

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Kan. Stat. § 9-1724(a); N.M. Stat § 58-1C-9; Okla. Stat. tit. 6, § 501.1(B); Tex. Fin. Code § 203.002.

[41] 12 CFR 208.6. Upon consummation of the proposed transaction, Busey Bank's investments in bank premises would remain within the legal requirements of section 208.21(a) of the Board's Regulation H, 12 CFR 208.21(a).

[42] 12 U.S.C. § 1842(c)(7).

[43] 12 U.S.C. § 1828(c)(5).

activities of the resulting firm.[44] 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.[45]

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.[46]

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.[47] The pro forma organization would not

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

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

[46] 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.

[47] FBC and CFB offer a range of retail and commercial banking products and services. FBC 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.[48] In reaching its conclusion, the

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[48] 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 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, Bank Merger Act, the FRA, and other applicable statutes. The Board's approval is specifically conditioned on compliance by FBC and Busey Bank 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 FBC and Busey Bank 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.

The proposal may not be consummated before the 15th 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 Reserve Bank, acting under delegated authority.

By order of the Board of Governors,[49] effective January 16, 2025.

(Signed) Michele Taylor Fennell

Michele Taylor Fennell
Associate Secretary of the Board

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

Appendix

Branches to Be Established by Busey Bank

1. 3237 East Camelback Road, Phoenix, Arizona
2. 7981 North Oracle Road, Tucson, Arizona
3. 4582 South Ulster Street, Denver, Colorado
4. 1 South Nevada Avenue, Colorado Springs, Colorado
5. 4707 West 135th Street, Leawood, Kansas
6. 9451 East 13th Street North, Wichita, Kansas
7. 11440 Tomahawk Creek Parkway, Leawood, Kansas
8. 4622 Pennsylvania Avenue, Kansas City, Missouri
9. 22 Maple Street, Clayton, New Mexico
10. 405 Chicosa Street, Roy, New Mexico
11. 5001 Gallardia Corporate Place, Oklahoma City, Oklahoma
12. 308 Northeast 9th Street, Oklahoma City, Oklahoma (expected to open in the first quarter of 2025)
13. 7120 South Lewis Avenue, Tulsa, Oklahoma
14. 2021 McKinney Avenue, Dallas, Texas
15. 3000 Internet Boulevard, Frisco, Texas
16. 8239 Preston Road, Dallas, Texas
17. 100 Throckmorton Street, Fort Worth, Texas