



June 2, 2024

South State Bank, National Association
1101 First Street South
Winter Haven, FL 33880

Office of the Comptroller of the Currency
400 7th Street SW
Washington, D.C. 20219

Independent Bank
7777 Henneman Way
McKinney, TX 75070

Federal Deposit Insurance Corporation
Division of Depositor and Consumer Protection
Dallas Regional Office
1601 Bryan Street, Suite 1410
Dallas, Texas 75201

RE: Comment on South State Bank (South State to Acquire Texas-based Independent Bank Group)

I am submitting this letter to South State Bank's Community Reinvestment Act (CRA) public file for consideration on South State Bank's merger application.

On May 20, 2024, South State Corporation, and Independent Bank Group, jointly announced today that they have entered into a definitive agreement under which South State will acquire Independent Bank Group.

<https://www.southstatebank.com/global/about/stories-and-insights/southstate-to-acquire-texas-based-independent-bank-group-inc>

From 2010 to 2020, Independent Bank has excluded several Low to Moderate Income Census Tracts in Southern Dallas from their assessment area map. Also, the census tracts excluded are majority minority.

REDLINING CONCERNS/ DESCRIPTION OF ASSESSMENT AREA

Per 2011 Performance Evaluation

When Town Center Bank, Coppell, Texas, was acquired in 2010, bank management designated two census tracts in Tarrant County and 11 census tracts in Dallas County for a total of 13 census tracts as this portion of their assessment area. The bank maintains one office in this assessment area in Coppell, Texas. Tarrant County is located in the Fort Worth-Arlington MD.

https://crapes.fdic.gov/publish/2011/03076_111114.PDF

Per 2014 Performance Evaluation

Independent designated six assessment areas described as follows: (1) Dallas-Plano-Irving MD, which includes all of Collin and Denton Counties, and portions of Dallas County (117 tracts). Two census tracts in far northeastern Tarrant County, which is part of the Fort Worth-Arlington MD, are also included in this area.

https://crapes.fdic.gov/publish/2014/03076_140908.PDF

Per 2017 Performance Evaluation

Independent Bank designated all of Collin and Denton Counties as well as a portion of Dallas County as its assessment area within the Dallas-Plano-Irving MD. The entire area consists of 407 census tracts. Since the previous exam, the number of census tracts in this assessment area decreased by one; however, maintained similar demographics to those noted at the previous CRA evaluation.

https://crapes.fdic.gov/publish/2017/03076_170821.PDF

Independent Bank' decision to exclude low to moderate-income and majority minority neighborhoods in Southern Dallas from its CRA (Community Reinvestment Act) assessment area has had detrimental effects. This exclusion has resulted in reduced credit availability, limited investments, decreased lending activities, and has created a discouraging environment for prospective applicants in these communities.

Southern Dallas Zip Codes (LMI/High Minority Areas) *

75203, 75207, 75208, 75210, 75211, 75212, 75215, 75216, 75217, 75223, 75224, 75226, 75227, 75228, 75232, 75233, 75236, 75237, 75241, 75249, 75253

*This major minority community is home to 500,000 residents.

Regulatory Violations:

Between 2010 and 2020, Independent Bank breached the following regulatory requirements:

12 CFR § 345.41(e)(2):

- Violation: Engaged in practices that may reflect illegal discrimination.

12 CFR § 345.41(e)(3):

- Violation: Arbitrarily excluded low- or moderate-income geographies, without considering the bank's size and financial condition.

DOJ, CFPB, and OCC announce aggressive redlining initiative; take action against national bank for alleged lending discrimination.

On October 22, 2021 the DOJ, in collaboration with the CFPB and the OCC, [announced](#) a new initiative to combat redlining and lending discrimination. The Combatting Redlining Initiative will be led by the DOJ's Civil Rights Division's Housing and Civil Enforcement Section in partnership with U.S. Attorney's offices, and will, among other things, (i) "ensure that fair lending enforcement is informed by local expertise on housing markets and the credit needs of local communities of color"; (ii) "expand the department's analyses of potential redlining to both depository and non-depository institutions" (the DOJ noted that non-depository lenders now make the majority of mortgages in the U.S.); (iii) strengthen financial regulator partnerships to ensure fair lending violations are identified and referred to the DOJ; and (iv) increase fair lending coordination with state attorneys general to identify potential violations. Attorney General Merrick Garland [stated](#) that the initiative will "address modern-day redlining by making far more robust use of our fair lending authorities," and marks the DOJ's "most aggressive, coordinated effort to address redlining." Garland noted that several redlining investigations are currently ongoing, and more are expected to be opened in the upcoming months.

<https://www.justice.gov/opa/pr/justice-department-announces-new-initiative-combat-redlining>

Department of Justice (DOJ) Redlining Cases

All banks fined by the Department of Justice (DOJ) previously received a Satisfactory or Outstanding rating in their Community Reinvestment Act (CRA) Performance Evaluation conducted by their regulator. In these evaluations, the regulator did not identify discriminatory or other illegal credit practices by these financial institutions. However, despite these positive evaluations, the DOJ issued regulatory fines for redlining and discrimination. The Justice Department's Combating Redlining Initiative has secured over \$107 million in relief for communities of color nationwide that have experienced lending discrimination by banks.

<https://www.justice.gov/crt/recent-accomplishments-housing-and-civil-enforcement-section>

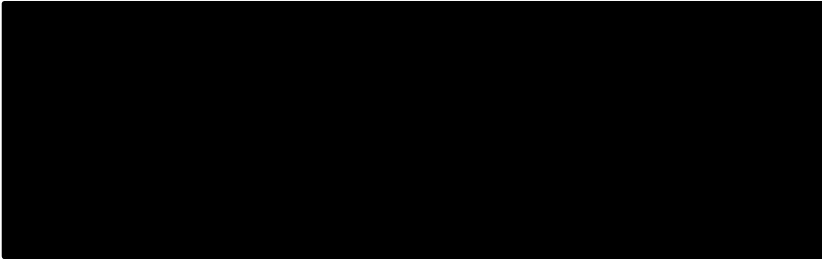
Conclusion

From 2010 to 2020, Independent Bank engaged in a pattern or practice of redlining in violation of the Fair Housing Act ("FHA"), 42 U.S.C. §§ 3601–3619, the Equal Credit Opportunity Act ("ECOA"), 15 U.S.C. §§ 1691–1691f, and Regulation B, 12 C.F.R. § 1002.1 et seq., by discriminating based on race, color, and national origin. Specifically, Independent Bank engaged in redlining by avoiding providing home loans,

small business loans, and other financial services in majority-Black/Hispanic and Low to Moderate Income census tracts.

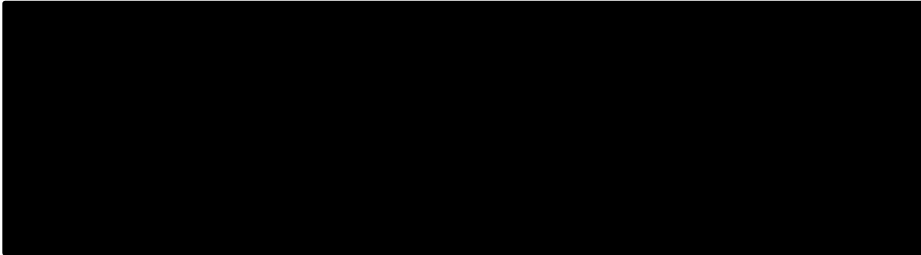
On behalf of the 500,000 residents that reside in the Southern Dallas Community, we request that the U.S. Department of Justice (DOJ) and Consumer Financial Protection Bureau (CFPB) hold South State Bank account if this merger is approved.

Sincerely,





November 4, 2024



Re: Independent Bank – Application to Establish a Branch Office in Dallas, Texas

Dear 

The FDIC completed our review of your correspondence concerning the application filed by Independent Bank, McKinney, Texas to establish a branch office in Dallas, Texas, on June 26, 2024. The FDIC took into consideration the issues you raised in your Community Reinvestment Act (CRA) protest and investigated those issues as well as the bank's overall CRA performance. Based on our review, we approved the application on November 1, 2024, subject to the condition described in the enclosed Statement.

If there are any questions regarding this letter, please contact Assistant Regional Director Lauri S. Angle at (972) 761-8337, or Review Examiner David Harrell at (501) 859-5858.

Sincerely,

David E. Wright
Deputy Regional Director

Enclosure

cc: Independent Bank, McKinney, Texas

FEDERAL DEPOSIT INSURANCE CORPORATION

Re: Independent Bank
McKinney, Texas

Application to Establish a Branch in Dallas, Texas

STATEMENT

Per Section 345.29 of the CRA regulation, the FDIC takes into account any views expressed by interested parties that are submitted in accordance with Part 303 of the FDIC's Rules and Regulations in considering bank applications. Additionally, the FDIC must consider the statutory factors set forth in Section 6 of the FDI Act (12 U.S.C. 1816). This includes an analysis of the convenience and needs of the community to be served.

In evaluating this proposed transaction, FDIC staff reviewed: (i) the bank's CRA record of performance; (ii) written public comments; (iii) the fair lending and other consumer compliance records of the bank; (iv) information provided by the bank in response to public comments; and (v) confidential supervisory information.

CRA Performance Evaluation Rating

For the purposes of the CRA, the FDIC assigned Independent Bank an overall "Satisfactory" rating at its most recently issued CRA Performance Evaluation as of April 24, 2023.

CRA Protest

In the course of reviewing public input on the application, the FDIC received an adverse comment that was considered a CRA protest. The CRA protest was critical of Independent Bank's home mortgage and small business lending activities in Dallas County and South Dallas, lending activity to Black applicants, branch locations, CRA initiatives, marketing/outreach efforts, product offerings, and diversity in staff.

Bank's Response

The bank notes they have several loan programs that are intended to help underserved communities take advantage of affordable credit opportunities. In addition, the bank holds financial literacy courses to provide education to help credit history. The bank also notes that in all Performance Evaluations from 2012 to 2023, the geographic distribution performance factor has been rated at least adequate and that specifically the 2023 CRA Public Evaluation describes efforts taken from 2020 through 2023.

The bank identified that two of their four branch locations in Dallas County operate in majority-minority tracts based on 2020 U.S. Census Data. The response also confirms the bank employs several African American loan officers for both home mortgage and commercial lending in Dallas.

The bank notes 2022 home mortgage and small business lending was in line with similarly situated banks in both applications and originations.

Summary Analysis

The FDIC fully considered and assessed the issues and concerns raised in the CRA protest and Independent Bank's response. The FDIC also considered confidential information regarding the institution.

The FDIC evaluated the bank's HMDA and CRA data to analyze the allegations and determined that the bank does serve South Dallas and does offer product solutions for the unbanked and underbanked.

After a careful review of the concerns, the FDIC approved the application with a condition. This condition will help continue to ensure home mortgage and small business lending needs in Independent Bank's CRA assessment areas are met.

Implement the Action Plan (Plan) approved by the Board of Directors of Independent Bank on April 18, 2024, and the FDIC on June 11, 2024. Implementation of the approved Plan will include action on the Bank-developed strategies to improve home mortgage and small business lending in majority-minority and majority-Black tracts within the bank's Dallas-Fort Worth MSA assessment area, primarily within Dallas County. The implementation also addresses strategies to improve home mortgage applications and originations to Black applicants using Bank developed metrics, to assess actions and progress under the Plan. The Bank should continue to provide quarterly updates to the FDIC's Dallas Regional Office detailing the Bank's progress under the Plan.