



COMERICA BANK
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***Via Eapps System
Confidential Treatment Requested***

August 30, 2018

Ms. Karen Smith
Director of Applications
Federal Reserve Bank of Dallas
2200 North Pearl Street
Dallas, Texas 75201

Re: Comerica Bank, Dallas, Texas, to Establish a Branch at 2 Riverway Drive, Houston, Texas 77056, Supplemental Information Request Response; Comerica Bank, Dallas, Texas (Charter No. 3187-26, FDIC Cert. No. 00983)

Dear Ms. Smith and Mr. Simmons:

I am writing on behalf of Comerica Bank ("Comerica") to respond to your letter of August 23, 2018, regarding our branch application for the 2 Riverway Drive, Houston, Texas location. In your letter, you made a request for four points of information. In this regard, the following is Comerica's response to those four requests.

- 1. Provide an update on Bank's activities under the Community Reinvestment Act ("CRA") since the 2015 CRA examination conducted by the Federal Reserve Bank of Dallas. In your response, address your activities under each of the lending, investment, and service tests and present information for the bank's combined assessment areas, as well as for the assessment areas that include Houston, Texas.**

Introduction

Comerica has developed strong ties to all the communities it serves, which includes the Houston, Texas area. Most recently, staff of Comerica met with the Houston Mayor's office and reaffirmed its commitments to the city of Houston and its residents. For your benefit, we have attached a copy of that presentation for your files. More importantly, as has been demonstrated over the years of Comerica's CRA ratings of Outstanding and Satisfactory, Comerica is not only committed to meeting the CRA's requirements, it is an important part of who we are as a bank.

Comerica is strategically aligned by three business segments: The Business Bank, The Retail Bank, and Wealth Management. Comerica focuses on relationships,

and helping people and businesses be successful. With regard to the Comerica's CRA strategy, lending results are primarily driven by loans to small and middle market sized businesses, commercial real estate construction loans, and loans to non-profit organizations and municipalities.

Since Comerica's last CRA examination, several enhancements to its CRA program have been or are in the process of being implemented:

- A CRA Working Group was established in early 2017. The group includes many of Comerica's senior executives and meets monthly to discuss CRA performance.
- In June 2018, Comerica's CRA Department was restructured in order to utilize a first-line of defense/second-line of defense strategy. The External Affairs Department (reporting to Corporate Communications and Contributions) now handles community and other external outreach. Their focus is on ascertaining community needs, charitable contributions, community development services (especially financial education), and managing community partner relationships. The CRA Compliance Department (reporting to Corporate Compliance) has an oversight role, which includes monitoring performance, ensuring CRA qualification for certain loans, investments and services, managing CRA examinations and audits, and managing risk.
- Systems are being upgraded to improve efficiency and accuracy with reporting. For example, a new software platform will be fully implemented by the beginning of 2019 which will improve contributions and volunteerism reporting. Additionally, robotics software is being utilized in order to better identify potential community development loans.
- Community Development Services – During the 2015 examination, weakness in the levels of community development services were noted in the San Jose, California and Southeast Michigan CRA assessment areas. Strategic plans were developed in order to address the issues in early 2017 and results for the year showed significant improvement in both geographies.

Lending Test

As mentioned, small business loans and community development loans have a significant impact on Comerica's CRA performance. Comerica looks to enhance performance, especially in low- and moderate-income ("LMI") communities and communities of color, through two programs:

- Business Banking Specialists – These bankers work directly with and in support to the Retail Banking network with loan requests of \$500,000 or less.
- Market Segmentation Initiatives – These teams focus on increasing

outreach and new business opportunities in various market segments. Current teams include:

- African American
- Asian American
- Asian Indian
- Asian Pacific
- Hispanic
- LGBT
- Middle Eastern
- South Asian
- Veterans
- Women

What follows are highlights of Comerica's lending performance since the previous CRA examination, with a focus on small business and community development lending.

- Small Business Loans¹
 - From 2015 through 2017, Comerica funded 24,895 small business loans totaling more than \$5.966 billion. Of this total, 2,683 (11%) totaling \$646,132,000 (11%) were made in the Houston CRA assessment area. This is significant in that Comerica has roughly 25 CRA assessment areas, yet more than 10% of Comerica's entire loans were generated in Houston.
 - During this same time period, the Bank made 964 loans (35.93%) totaling \$236,540,000 (36.61%) to businesses located in LMI census tracts in Houston.
- Community Development Loans
 - From 2015 through 2017, Comerica reported 390 community development loans totaling more than \$1.16 billion. Of this total, 41 (11%) totaling \$159,554,000 (14%) were made in the Houston CRA assessment area. As was the case with small business loans, these percentages are significant since it is only one of roughly 25 CRA assessment areas.
 - Notable community development loans from this period include:
 - An annual renewal and three credit line increases (totaling \$45 million) in 2017 to a Texas-based company that specializes in environmental remediation. The company experienced a significant increase in demand for its services

¹ Please note that the loan volumes above include totals for 2016 and 2017 that are preliminary and subject to possible revision.

after Hurricane Harvey in Houston and Hurricane Irma in Florida. The additional capital allowed the company to meet the needs of people and businesses in both markets.

- A new loan for \$1 million to a statewide Community Development Financial Institution (“CDFI”) in Florida. The funds were used to invest in a multibank consortium that provides loans to small businesses that don’t qualify for traditional bank financing.
- A loan for \$6.5 million in Southeast Michigan that remediated a brownfield and former automotive plant. The project led to new job creation and increased tax revenue to the city, which had only recently emerged from receivership.
- A \$5 million loan to a CDFI that enabled the bank to participate in the Detroit Home Mortgage Program. The goal of this unique program is to increase homeownership in Detroit by providing flexible financing, including second mortgages, when borrowers are challenged with meeting loan-to-value requirements.

Investment Test

Comerica’s CRA qualified investments consist of investments in Low-Income Housing Tax Credits (LIHTC), LMI mortgage-backed securities and charitable contributions.

- a. From 2015 through 2017, Comerica made or held CRA qualified investments totaling more than \$290 million. Of this total, just under \$53 million impacted the Houston CRA assessment area.
- b. Also, of the above total, more than \$677,000 in CRA qualified charitable contributions were provided in Houston.
- c. Other notable contributions during the 2015-2017 period include:
 - i. A \$100,000 donation to the American Red Cross in the aftermath of Hurricane Harvey in 2017.
 - ii. Grants totaling \$30,000 to several non-profit organizations in Houston after Hurricane Harvey. It is worth noting that these funds, which were reallocated from other markets, were provided in partnership with the Federal Home Loan Bank of Dallas which matched the funds dollar-for-dollar. Thanks to this match, the organizations received a total of \$60,000.
 - iii. Grants totaling \$25,000 to three non-profit organizations in Broward, Collier and Palm Beach Counties in Florida in the aftermath of Hurricane Irma in 2017. As was the case in Texas, these funds were

reallocated from other markets.

- iv. Grants totaling more than \$1.1 million across all Comerica markets where funds were provided to CDFIs who used the dollars as lending capital. The CDFIs provide loans to small businesses that are unable to secure traditional financing.

Service Test

As mentioned previously, Comerica is primarily a middle market lender. However, Comerica continues to offer products that are beneficial to LMI consumers. These products are available in all markets, including Houston, and include the following:

- Access Checking – A lower cost checking account that includes low opening deposit amounts, low minimum balance requirements and multiple options to choose from that can eliminate monthly maintenance fees.
- On the Job Banking – This product provides no- or low-cost personal banking services to employees of business customers, many of which are located in LMI geographies.
- Secured Credit Card – Designed to help individuals who are seeking to build or re-establish credit. If the account is in good standing after 12 months, the customer can apply for a traditional credit card. The account is secured by a certificate of deposit, requires a minimum \$300 balance and has a \$35 annual fee.

More detailed information about these products are available upon request.

Comerica has been very active in its communities and has also been a leader in the provision of financial education. During the 2015-2017 timeframe:

- Employees participated in more than 6,400 CRA qualified events, meetings and financial education classes across Comerica's markets.
- In 2017 alone, Comerica employees spent more than 6,150 hours volunteering in CRA qualified activities.
- In the Houston CRA assessment area, Comerica employees participated in 415 CRA qualified events, meetings and financial education classes.
- In 2017, Houston employees spent 440 hours volunteering in CRA qualified activities.
- From 2015 through 2017, Comerica employees delivered financial education curricula to more than 131,000 across all its markets. Of this total, more than 23,000 students were in the Houston CRA assessment area.

It is also worth noting that in 2017, Comerica more than tripled the volume of CRA qualified community development services in the San Jose Assessment area from 2016. In Southeast Michigan, volumes were more than doubled. As mentioned

previously, these two CRA assessment areas had been identified as being challenged in the prior CRA examination.

Another item of note involves the Comerica's Youth Savings Program ("YSP"). In 2016, Comerica successfully lobbied the State of California to change an existing law that prevented the program from being offered in schools. The YSP has been offered in Michigan and Texas for many years and has been very well received. The goal is to now begin offering it in California schools as well.

Finally, an important part of the Service Test includes ensuring that Comerica's CRA assessment area are appropriate and do not purposely exclude LMI census tracts. In 2017, Comerica conducted a very thorough review of its assessment areas to ensure that the boundaries of the areas were appropriate. Some revisions were made after considering:

- Updated demographic and income information provided by the U.S. Census Bureau, as of December 31, 2015.
- Ratios of loans made inside and outside Comerica's assessment areas.
- Where Comerica could reasonably include full counties within the assessment areas, rather than using portions of counties.
- It is worth noting that no changes were made to the existing boundaries of the Houston CRA assessment area.

2. Describe the expected benefits that would accrue to the public as a result of the proposed branch.

The new branch location at 2 Riverway Drive, Houston, Texas, will provide additional convenience and accessibility to products and services for the surrounding neighborhoods, businesses in the surrounding office building complexes, and the greater Houston community and economy through the investment made in this new location. Additionally, other Comerica business units are co-located in the building which helps facilitate banking services for customers from various aspects, retail, small business, middle market, *etc.* And our regional director along with our market President also reside in this office complex. In addition, the Houston community will also benefit from the expanded hours for customers to handle transactions through video and other, new technologies.² Therefore, providing the full scope of Comerica's presence, availability, and services in a centralized facility to service all surrounding areas in a new, more modern environment than we were able to do at the closing branch³.

² This will allow Comerica to provide service to customers potentially two hours earlier and three hours later than our traditional banking center hours adding flexibility and convenience to serve the greater Houston community.

³ We note for you that the branch being replaced by the 2 Riverway location, is less than two miles from that closing branch.

- 3. Compare the services, products, and facilities at the existing branch at 2401 Fountainview Drive, Suite 100, Houston, Texas 77057 ("Fountainview branch"), which is expected to close, with the services, products and facilities at the branch proposed to replace it at 2 Riverway Drive. This discussion should include a comparison of the banking products and services, including deposit and loan products and services, automated teller machines, drive through facilities, and hours of operations. In your response, indicate any services or products offered at the existing Fountainview branch that are contemplated to be reduced or discontinued at the proposed branch, as well as any services or products that are expected to be enhanced.**

The new proposed location at 2 Riverway will, excluding safe deposit box and night depository services⁴, include all the same products, services, and access channels (e.g., ATM access) that are provided at the Fountainview branch location, up to and including the following:

- Full range of depository accounts
- Full range of loan products
- ATM services
- Access to all web and mobile banking services
- Anticipated drive through services
- 2 Riverway is 1.97 miles away from Fountainview
- Safe deposit box and night depository services will be accommodated at the San Felipe banking center which is only .97 miles away from Fountainview, closer than the new proposed 2 Riverway location.

We are proud to note for you that the new proposed 2 Riverway branch will have expanded hours for customers to handle transactions through video and other, new technologies⁵ in addition to the same in-person access channels enjoyed at the Fountainview branch location. This will allow Comerica Bank to provide service to customers potentially two hours earlier and three hours later than our traditional banking center hours adding flexibility and convenience to serve the surrounding communities.

- 4. Provide a description of Bank's branching strategy, including any plans to establish additional branches in 2018.**

Comerica's Banking Center (branch) expansion strategy has generally been in a holding pattern since the recession (~2008). The majority of adjustments Comerica Bank has made to its branch network over that time has been consolidation of overlapping offices and underperforming facilities, along with efforts to relocate facilities to improve visibility and access for customers in more

⁴ The 2 riverway will not have safe deposit services or night depository services, these services however are available at our San Felipe location located .97 miles of Fountainview.

⁵ This expanded service is not available at the Fountainview location.

convenient areas and locations.

In 2018 we have completed several branching adjustments in the City of Detroit, Michigan and Aptos, California. We will be doing the same in Santa Monica, California later this year. Beyond these, we are developing initial plans to look at selective additional new locations in 2019 and beyond to augment and fill servicing gaps in our existing markets. The first of the 2019 efforts will have focus in our Texas Market and will start with the Dallas-Fort Worth area.

In closing this response, we want to reiterate that, as we have noted and committed to many times before, Comerica has no countenance or patience for discrimination of any kind within its organization. We trust that your office has come to see Comerica as a supportive member of the communities it serves and a supporter of the law and spirit of equal credit opportunity and take great comfort in Comerica's current and past CRA practices.

Should you have any questions in this regard, please contact me at 214.462.4401.

Very truly yours,



DJ Culkar
Senior Vice President, Assistant General
Counsel, and Assistant Secretary

Attachments

Cc: Jeff Gerlach, TDoB
Catherine Robinson, FRB-Dallas

Comerica's Commitment to Greater Houston

May 21, 2018

Comerica Bank[®]

commitment

Community Development

Comerica Banking Centers

- Of the 48 banking centers in the Greater Houston Assessment Area, **14** are located in low-to-moderate income census tracts, see chart to the right.

2017 LMI Qualified Greater Houston Area Banking Center				
Banking Center	Address	Zip	LMI Category	Community/Neighborhood
Gulf Freeway	9997 Almeda Genoa Rd	77075	Low	South Belt/Ellington
Mangum	2201 Mangum Rd	77092	Low	Spring Branch-East
Greenspoint	2201 Mangum Rd	77060	Low	Greenspoint/Spring Branch East
Gulfgate	200 Gulfgate Mall	77087	Low	Gulfgate
Airport	9100 Airport Blvd	77061	Low	Greater Hobby
Galena Park	1515 Clinton Dr	77547	Moderate	Galena Park
Cypress Station	855 FM 1960 W	77090	Moderate	Cypress Station
Almeda	13300 Almeda Rd	77045	Moderate	Almeda/ Central Southwest
Northshore	12727 East Fwy	77015	Moderate	Northshore
Northwest 290-Fairbanks	14104 Northwest Fwy.	77040	Moderate	Fairbanks/ Northwest Crossing
Gessner-Kempwood	2820 Gessner Dr	77080	Moderate	Spring Branch North
Lockwood	800 Lockwood Dr	77020	Moderate	Lockwood/ Denver Harbor/ Port Houston
Humble West	8450 FM 1960 Bypass Rd W	77338	Moderate	Humble
Pasadena-Spencer	4041 Spencer Hwy	77504	Moderate	Pasadena



Community Development Loans

- Over the past 5 years Comerica has loaned more than **12MM dollars** in the greater Houston “Complete Communities” target areas through our lending practices.
- The loans range from \$2MM – \$6MM.
 - On average the bank lends about \$2.5MM annually.

Community Development Loans			
Year	# of Loans	Amount of Loans (in million)	Community
2013	1	\$2,000	Second Ward
2014	0	\$0	No Activity
2015	2	\$2,100	Gulfton/Third Ward
2016	1	\$3,000	Second Ward
2017	2	\$5,700	ACRES Home/Gulfton
Total:	5	\$12,800.00 Invested in Complete Communities	

Community Development Investments

- Comerica has invested close to **\$1MM** dollars in the greater Houston area.
- Comerica investments with Community Development Advisory Council (CDAC) and other Complete Community nonprofit partners, which make-up more than half of those investments (\$584K)
 - Houston is well-represented on the Comerica Bank Texas Community Development Advisory Committee:
 - **Community Redevelopment:** Paul Charles, Neighborhood Recovery Community Development Corporation
 - **Education:** Deavra A. Daughtry, Texas Women's Empowerment Foundation (TWEF)
 - **Housing:** Tamara Foster, New Hope Housing

Community Development Investments			
Year	Houston	CDAC	3 rd Ward/Acres Home
2013	\$172,000	\$77,000	\$32,500
2014	\$202,000	\$77,000	\$32,500
2015	\$156,304	\$82,000	\$38,500
2016	\$206,629	\$82,000	\$40,000
2017	<u>n/a</u>	<u>\$82,000</u>	<u>\$40,000</u>
Total:	\$736,933	\$400,000	\$183,500

Giving Back to the Community

Charitable Contributions

- Comerica Bank supports charitable 501(c)(3) organizations through the Comerica Charitable Foundation that align with its areas of giving focus:
 - Education
 - Economic/community development
 - Human Services
 - Comerica Bank has invested a little over \$1.18 million in the Greater Houston community from 2015-2017.

Community Involvement

- At Comerica Bank, we are committed to corporate social responsibility. Over the past 4 years our **450** Greater Houston area colleagues have donated nearly 18,000 hours of service to Houston area non-profits.
- Comerica Bank and the Blue Triangle Friends hosted a fundraising and awareness event at its Kirby Banking Center and raised \$40,000 for Blue Triangle Multicultural Association and to save Dr. John Biggers' mural **“Celebrating the Contributions of African American Women to American Life and Education.”** The mural is in jeopardy as a result of an aged roof and the impact of Hurricane Harvey.



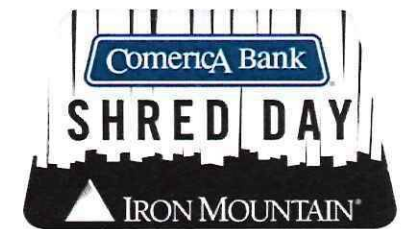
Hurricane Harvey Relief

- In August of 2017, Comerica donated **\$100,000** to the American Red Cross to assist with disaster relief efforts in the aftermath of Hurricane Harvey - in addition to **\$360,000** contributed to the community during the same calendar year.
 - Comerica and Federal Home Loan Bank of Dallas Hurricane Harvey Relief for Community Based Nonprofit partners and Small Businesses - **\$75,000**.
 - Comerica Bank partnered with TWEF to honor 30 trained counselors certified by Logos University to support 200 youth with emotional trauma counseling in LMI schools and the community post Hurricane Harvey. Celebrity Psychologist and TWEF Ambassador along with several forum speakers provided inspirational words including recognizing the Harvey's financial impact and how to recover.
 - The bank also launched the Comerica Colleague Disaster Relief Program to assist and support our approximately 450 colleagues that reside in the Greater Houston area affected by Hurricane Harvey. The program encompasses a colleague disaster relief fund, PTO supplement, special interest-free personal unsecured installment loan program and colleague volunteer support. Comerica provided the seed money for the disaster relief fund with a **\$50,000** contribution from its foundation. The CCDRF will continuously be funded by voluntary donations from colleagues who want to assist other colleagues facing unexpected financial challenges.



Shred Day Houston

- For the past six years, Comerica Bank has partnered with Iron Mountain, the global leader in storage and information management services, to host Shred Day Houston. Iron Mountain securely shreds the public's paper documents for free at Comerica Bank's Mangum Banking Center each April to raise awareness of identity theft prevention, recycling and giving back to the local community. Research shows that identity theft and fraudulent claims significantly increase after natural disasters, which makes Shred Day even more relevant in 2018
- Comerica Bank also helps shred hunger at the event. The Houston Food Bank is on-site to collecting cash donations, as well as nonperishable food items. Since 2013, Shred Day Houston has securely destroyed and recycled more than 660,000 pounds of paper and provided more than 170,000 meals for area residents served by the Houston Food Bank.



Financial Education

Financial Education

- Comerica is committed to providing students with the skills and knowledge needed to successfully navigate the increasingly complex financial world we live in.
- Over the past 5 years, Comerica has provided financial education in partnership with various nonprofit organizations to approx. **77,000** individuals and families in greater Houston.
- The Comerica Community Resource Center in Third Ward Houston is housed at Change Happens Corporate Headquarters and has served close to **6,000** individuals and families throughout the greater Houston area.
- Comerica's Senior Management serves on various boards providing technical assistance on financial matters including the Harris County Housing Finance Corporation, SEARCH, DePelchin Children's Center, Boy Scouts of America, Junior Achievement, Ronald McDonald House, Houston Community Tool Bank, Dress for Success and Change Happens Board of Directors.

Comerica Financial Education Stats		
Year	Total LMI Served	(CCRC) Change Happens (Third Ward)
2013	13,564	n/a
2014	12,151	1,974
2015	9,287	1,188
2016	18,548	1,664
2017	<u>23,077</u>	<u>1,125</u>
Total:	76,627	5,951

Financial Education Initiatives

- 2018 Financial Education Initiatives
 - Comerica sponsored and provided financial education and piggy banks to 300 youth from greater Houston during Super Bowl Weekend. The event was the 2nd Annual Youth Bowl Event which was originally hosted as an alternative to the NFL Experience for LMI youth during Super Bowl 2017.
 - We hosted 30+ women owned businesses at its corporate office in Houston for a discussion on Women, Money and Banking during Women's History Month. A member of Comerica Bank's Community Banker served on the panel to discuss issues impacting women in business and available financing opportunities
 - Comerica provides financial education to residents of New Hope Housing annually at several of their sites throughout the Houston area which includes residents living in the Second Ward Complete Community Zone.



EMPOWER Series Houston

- In April 2018, The EMPOWER Series presented by Comerica Bank announced its expansion to Houston during Houston Money Week.
- The EMPOWER Series is dedicated to positively impacting the world by inspiring people to thrive. Topics include financial coaching, counseling and personal development workshops for students and adults. Local and national speakers share their inspiring personal stories of empowerment along with addressing a financial literacy topic.
 - 2017 Speakers:
 - Munson Steed, Dr. Dennis Kimbro, Dr. Randal Pinkett, Rock-T and Dr. Nicole LaBeach

