

# **PUBLIC DISCLOSURE**

February 3, 2025

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

First Community Bank  
Certificate Number: 24353

416 North Water Street  
Corpus Christi, Texas 78401

Federal Deposit Insurance Corporation  
Division of Depositor and Consumer Protection  
Dallas Regional Office

600 North Pearl Street, Suite 700  
Dallas, Texas 75201

This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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## INSTITUTION RATING

**INSTITUTION'S CRA RATING:** This institution is rated **Satisfactory**.

An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment areas, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

**The Lending Test is rated Satisfactory.**

- The loan-to-deposit ratio (LTD) is reasonable (considering seasonal variations and taking into account lending-related activities) given the institution's size, financial condition, and assessment area credit needs.
- A substantial majority of loans are in the institution's assessment areas.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment areas.
- The distribution of borrowers reflects, given the demographics of the assessment areas, reasonable penetration among individuals of different income levels (including low- and moderate-income) and businesses of different sizes.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the Lending Test rating.

**The Community Development Test is rated Outstanding.**

The institution's community development performance demonstrates excellent responsiveness to community development needs in its assessment areas through community development loans, qualified investments, and community development services, as appropriate, considering the institution's capacity and the need and availability of such opportunities for community development in the institution's assessment areas.

## DESCRIPTION OF INSTITUTION

First Community Bank (FCB), headquartered in Corpus Christi, Texas, operates offices in Aransas, Nueces, San Patricio, Victoria, Jim Wells, and Kleberg Counties. Coastal Bend Bancshares, Inc., Corpus Christi, Texas, is a one-bank holding company that owns all of FCB. The bank does not maintain any banking affiliates or subsidiaries. FCB received a Satisfactory rating at its previous Federal Deposit Insurance Corporation (FDIC) Performance Evaluation, dated January 5, 2022, based on Federal Financial Institutions Examination Council (FFIEC) Intermediate Small Institution CRA Examination Procedures.

The bank operates from 13 locations consisting of 11 full-service and 2 limited-service offices. FCB has not opened or closed any offices or participated in any merger or acquisition activity since the prior evaluation.

With a primary business focus on commercial lending, FCB’s loan products include commercial, residential real estate, construction and development, agricultural, and consumer loans. FCB offers government guaranteed loan programs, such as Small Business Administration loans. The institution also offers a variety of consumer and commercial deposit services. Alternative banking services include internet and mobile banking, electronic bill pay, 16 automated teller machines (ATMs) that accept deposits, and drive-thru services. Service hours proved consistent with area and industry norms.

As of the September 30, 2024, Report of Condition and Income, the bank reported total assets of \$679.6 million, total loans of \$455.5 million, and total deposits of \$609.8 million. Since the previous evaluation, on average per year, total assets increased 4.5 percent, net loans grew 4.6 percent, and total deposits increased 4.5 percent.

As seen in the following table, the mix of outstanding loans as of September 30, 2024, reflects a similar distribution to that shown for originated loans under the Scope of Evaluation, with commercial-related loans representing the bank’s largest loan type at 42.3 percent of total loans.

Loan Portfolio Distribution as of 09/30/2024		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	101,843	22.4
Secured by Farmland	22,417	4.9
Secured by 1-4 Family Residential Properties	116,168	25.5
Secured by Multifamily (5 or more) Residential Properties	10,213	2.2
Secured by Nonfarm Nonresidential Properties	136,413	30.0
Total Real Estate Loans	387,054	85.0
Commercial and Industrial Loans	55,859	12.3
Agricultural Production and Other Loans to Farmers	3,543	0.8
Consumer Loans	8,854	1.9
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	215	<0.1
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
Total Loans	455,525	100.0
Source: Reports of Condition and Income		

Based on the information discussed in this section, as well as other regulatory data, the institution’s financial condition, size, product offerings, and prior performance did not affect its ability to meet the assessment areas’ credit needs. Furthermore, there are no legal impediments affecting the bank’s ability to lend in its assessment area.

DESCRIPTION OF ASSESSMENT AREAS

FCB designated three assessment areas consisting of: 1) the entire counties of Aransas, Nueces, and San Patricio, which make up the Corpus Christi, TX Metropolitan Statistical Area (MSA) (Corpus Christi MSA AA), 2) the entire county of Victoria, which is part of the Victoria, TX MSA (Victoria MSA AA), and 3) the entire counties of Jim Wells and Kleberg within the Texas Non-MSA (Non-MSA AA). Based on 2020 U.S. Census data, the combined assessment areas contain 170 total census tracts with the following income designations: 6 low-income tracts, 46 moderate-income tracts, 63 middle-income tracts, 47 upper-income tracts, and 8 tracts that have not been assigned an income classification.

The bank has not changed its assessment areas since the prior evaluation; however, Aransas County was part of the Non-MSA AA at the prior evaluation, but is now part of the Corpus Christi MSA AA due to Census changes. The assessment areas conform to CRA regulatory requirements. Refer to the individual assessment areas for additional information.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated January 5, 2022, to the current evaluation dated February 3, 2025. Examiners used the Interagency Intermediate Small Institution Examination Procedures to evaluate First Community Bank’s CRA performance. These procedures include the Lending Test and the Community Development Test.

As previously noted, the bank operates in three separate assessment areas throughout Texas. The following table shows the bank generated the largest percentage of its loans and deposits in the Corpus Christi MSA AA. Consequently, examiners applied full-scope procedures to and placed the greatest weight on the bank’s performance in the Corpus Christi MSA AA. Examiners applied limited-scope procedures to the Victoria MSA AA and the Non-MSA AA since they both received full-scope reviews during the past two evaluations. Examiners generally weighed each area consistent with that area’s overall lending level.

Assessment Area Breakdown of Loans, Deposits, and Branches						
Assessment Area	Loans		Deposits		Branches	
	\$(000s)	%	\$(000s)	%	#	%
Corpus Christi MSA AA	88,115	80.5	343,781	59.7	7	63.6
Victoria MSA AA	1,322	1.2	15,812	2.8	1	9.1
Non-MSA AA	19,984	18.3	216,175	37.5	3	27.3
Total	109,421	100.0	575,768	100.0	11	100.0
Source: 2023 HMDA Data; 2024 Small Business Data; FDIC Summary of Deposits (06/30/2024). Due to rounding, totals may not equal 100.0.						

Activities Reviewed

For the Lending Test, examiners determined that the bank’s major product lines include small

business and home mortgage lending. This conclusion considered the bank’s business strategy, and the number and dollar volume of loans originated during the evaluation period. Consumer and small farm loans did not represent major product lines and do not materially affect conclusions or ratings. As such, this evaluation does not present them. Bank records indicated that the lending focus and product mix remained consistent throughout the evaluation period. The following table shows the bank’s originations and purchases over the most recent calendar year by loan type.

Loans Originated or Purchased				
Loan Category	\$(000s)	%	#	%
Construction and Land Development	93,807	39.0	215	17.0
Secured by Farmland	1,531	0.6	11	0.9
Secured by 1-4 Family Residential Properties	50,492	21.0	225	17.8
Multi-Family (5 or more) Residential Properties	1,220	0.5	4	0.3
Commercial Real Estate Loans	20,578	8.5	42	3.3
Commercial and Industrial Loans	62,233	25.8	321	25.4
Agricultural Loans	3,024	1.3	45	3.6
Consumer Loans	7,948	3.3	403	31.8
Other Loans	0	0	0	0
Total Loans	240,833	100.0	1,266	100.0
Source: 2024 Bank Data; Due to rounding, totals may not equal 100.0.				

This evaluation considers home mortgage loans reported on the bank’s Home Mortgage Disclosure Act (HMDA) Loan Application Registers. This includes 2021 data showing 444 loans totaling \$113.1 million, 2022 data showing 272 loans totaling \$78.6 million, and 2023 data showing 191 loans totaling \$74.8 million. Examiners did not identify any trends between the years’ data that materially affect conclusions. Therefore, this evaluation presents geographic and borrower profile lending distribution information for 2023, the most recent year for which aggregate data is available as of the evaluation’s date. Aggregate HMDA data for 2023 provided the standard of comparison for the reviewed home mortgage loans.

This evaluation also considers small business loans originated during the period of January 1, 2024, to December 31, 2024. For 2024, the bank recorded a universe of 337 small business loans totaling \$42.4 million. Examiners considered the entire universe when reviewing the bank’s assessment area concentration performance. Additionally, examiners considered the volume of loans from the universe originated inside the bank’s assessment areas when reviewing performance regarding the geographic distribution factor. Finally, examiners reviewed a random sample of 58 small business loans originated in 2024 totaling \$8.2 million to conduct the borrower profile distribution review. D&B data for 2024 provided the standard of comparison for the sampled small business loans.

As reflected in the following table, examiners considered the universes by dollar volume and number of loans for home mortgage loans originated in 2023 and small business loans originated in 2024, as well as management’s stated business strategy to determine the weighting applied to the loan categories reviewed, when arriving at applicable conclusions. Therefore, home mortgage loans received heavier weighting when arriving at overall conclusions. However, in the Victoria MSA

AA and Non-MSA AA, small business lending represents the primary product of those reviewed and received heavier weighting when arriving at applicable conclusions.

Loan Products Reviewed				
Loan Category	Universe		Reviewed	
	#	\$(000s)	#	\$(000s)
Home Mortgage	191	74,839	191	74,839
Small Business	337	42,358	337	42,358
Source: 2023 HMDA Reported Data; 2024 Bank Data				

For the Community Development Test, bank management provided data on community development loans, qualified investments, and community development services since the prior CRA evaluation dated January 5, 2022.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

FCB demonstrated a satisfactory record regarding the Lending Test. Reasonable geographic lending distribution and reasonable borrower profile performance primarily support this conclusion. Additionally, the bank demonstrated a reasonable LTD ratio and originated a substantial majority of loans in the bank’s assessment areas. The Appendix lists the criteria used to evaluate the Lending Test.

Loan-to-Deposit Ratio

The LTD ratio is reasonable (considering seasonal variations and taking into account lending-related activities) given the institution’s size, financial condition, and assessment area credit needs.

The bank’s LTD ratio averaged 77.6 percent over the past 11 calendar quarters from March 31, 2022, to September 30, 2024. The ratio ranged from a low of 69.4 percent as of September 30, 2022, to a high of 84.2 percent as of December 31, 2023. Examiners identified and listed in the following table three comparable banks based on their asset size, geographic location, and lending focus. The table shows that First Community Bank displayed the second highest ratio.

LTD Ratio Comparison		
Bank	Total Assets as of 09/30/2024 \$(000s)	Average Net LTD Ratio (%)
First Community Bank, Corpus Christi, TX	679,583	77.6
Charter Bank, Corpus Christi, TX	309,419	70.8
Texas Champion Bank, Corpus Christi, TX	440,194	110.6
ValueBank Texas, Corpus Christi, TX	305,714	55.0
Source: Reports of Condition and Income (3/31/2022 – 09/30/2024)		

**Assessment Area Concentration**

A substantial majority of loans and other lending-related activities are in the institution’s assessment areas. A substantial majority of home mortgage loans outweighed a majority of small business loans originated inside the assessment areas to support this conclusion. Examiners considered the bank’s asset size and office structure, as well as the loan products reviewed, relative to the assessment areas’ size and economy, when arriving at this conclusion.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2021	400	90.1	44	9.9	444	103,373	91.4	9,726	8.6	113,099
2022	242	89.0	30	11.0	272	70,986	90.3	7,592	9.7	78,578
2023	177	92.7	14	7.3	191	71,956	96.1	2,883	3.9	74,839
Subtotal	819	90.3	88	9.7	907	246,315	92.4	20,201	7.6	266,516
Small Business	301	89.3	36	10.7	337	37,466	88.5	4,892	11.5	42,358
Source: 2024 Bank Data; 2021-2023 HMDA Reported Data										

**Geographic Distribution**

The geographic distribution of loans reflects reasonable dispersion throughout the assessment areas. Reasonable performance in the Corpus Christi MSA AA and the Non-MSA AA outweighed poor performance in the Victoria MSA AA to support this conclusion. Examiners placed most weight on the bank’s performance in the Corpus Christi MSA AA. Examiners considered the loan product types reviewed relative to the available comparative data and any performance context issues when arriving at this conclusion. They focused on the percentages by the number of loans in low- and moderate-income geographies when arriving at conclusions.

**Borrower Profile**

The distribution of borrowers reflects, given the demographics of the assessment areas, reasonable penetration among individuals of different income levels (including low- and moderate-income) and businesses of different sizes. Reasonable performances in the Corpus Christi MSA AA, the Victoria MSA AA, and the Non-MSA AA support this conclusion. Examiners placed most weight on the bank’s performance in the Corpus Christi MSA AA. Examiners considered the loan product types reviewed relative to the available comparative data and any performance context issues when arriving at this conclusion. They focused on the percentages by the number of loans when arriving at conclusions.

**Response to Complaints**

The institution has not received any CRA-related complaints since the previous evaluation;



therefore, this criterion did not affect the Lending Test rating.

COMMUNITY DEVELOPMENT TEST

The institution’s community development performance demonstrates excellent responsiveness to community development needs in its assessment areas through community development loans, qualified investments, and community development services, as appropriate, considering the institution’s capacity and the need and availability of such opportunities for community development in the institution’s assessment areas. The Appendix defines community development and lists the criteria used to evaluate the Community Development Test.

Community Development Loans

FCB originated 40 community development loans totaling approximately \$50.7 million during the evaluation period. This level of activity represents 7.8 percent of average total assets of approximately \$649.2 million and 11.5 percent of average net loans of approximately \$439.6 million since the prior CRA evaluation. These levels decreased from the 15.6 percent of average total assets and 21.1 percent of average net loans reported at the previous evaluation.

The community development loans proved responsive to the areas’ needs given that they primarily address economic development. As seen in the following table, 95.2 percent by dollar volume address activities that promote economic development, which demonstrates the bank’s responsiveness to an identified community development need. The following table illustrates the bank’s community development lending activity by year and purpose.

Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2022 (Partial)	2	298	1	298	12	44,107	1	65	16	44,768
2023	0	0	3	580	7	2,105	1	145	11	2,830
2024	1	280	1	145	8	2,074	3	620	13	3,119
2025 (YTD)	0	0	0	0	0	0	0	0	0	0
Total	3	578	5	1,023	27	48,286	5	830	40	50,717
Source: Bank Data										

The following table shows the bank’s community development loans benefitting each assessment area, as applicable.

Community Development Lending by Assessment Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Corpus Christi MSA AA	1	116	0	0	16	37,779	1	80	18	37,975
Victoria MSA AA	1	280	0	0	0	0	0	0	1	280
Non-MSA AA	1	182	5	1,023	11	10,507	4	750	21	12,462
Statewide Activities	0	0	0	0	0	0	0	0	0	0
Regional Activities	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>3</b>	<b>578</b>	<b>5</b>	<b>1,023</b>	<b>27</b>	<b>48,286</b>	<b>5</b>	<b>830</b>	<b>40</b>	<b>50,717</b>
<i>Source: Bank Data</i>										

**Qualified Investments**

The bank made 105 qualified investments totaling approximately 18.1 million. The total dollar volume equates to 2.8 percent of average total assets of \$649.2 million and 12.3 percent of average securities of \$146.6 million since the prior evaluation. These levels are consistent with the 2.8 percent of average total assets and lower than the 18.2 percent of average securities recorded at the prior evaluation.

The following table indicates that, by dollar volume, 77.8 percent of the qualified investments support activities promoting community services. These efforts demonstrate the bank’s responsiveness to an identified need in the bank’s assessment areas. The following table shows the bank’s qualified investments benefitting each assessment area, as applicable.

Qualified Investments by Assessment Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Corpus Christi MSA AA	4	2,731	35	1,469	6	62	2	592	47	4,854
Victoria MSA AA	0	0	4	1	0	0	0	0	4	1
Non-MSA AA	0	0	10	28	3	3	0	0	13	31
Statewide Activities	0	0	39	12,569	0	0	2	625	41	13,194
Regional Activities	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>4</b>	<b>2,731</b>	<b>88</b>	<b>14,067</b>	<b>9</b>	<b>65</b>	<b>4</b>	<b>1,217</b>	<b>105</b>	<b>18,080</b>
<i>Source: Bank Data</i>										

The following point highlights the statewide/regional qualified investments.

- Community Services** – The bank invested in 39 bonds that benefit school districts throughout Texas in which a majority of the students are economically disadvantaged. The investments had a \$12.6 million book value as of the evaluation date.

**Community Development Services**

The bank provided 55 community development services since the prior evaluation. This number equates to an average of 1.7 community development services per full-service office per year since the prior evaluation. This level decreased from the 57 community development services averaging 2.0 community development services per office per year recorded at the prior evaluation. The services involve bank personnel’s use of their technical expertise to benefit organizations or projects with a primary purpose of community development, as defined by the CRA regulation.

The table shows that most of the services support activities promoting community services and economic development, which demonstrates responsiveness to identified community development needs in the bank’s assessment areas. The following table illustrates the bank’s community development services by year and purpose.

Community Development Services					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2022 (Partial)	4	6	6	0	16
2023	2	13	7	0	22
2024	2	7	8	0	17
2025 (YTD)	0	0	0	0	0
Total	8	26	21	0	55
Source: Bank Data					

The following table shows the bank’s community development services benefitting each assessment area, as applicable.

Community Development Services by Assessment Area					
Assessment Area	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
Corpus Christi MSA AA	8	10	13	0	31
Victoria MSA AA	0	6	2	0	8
Non-MSA AA	0	10	6	0	16
Total	8	26	21	0	55
Source: Bank Data					

The bank operates one full-service branch with an ATM in a moderate-income census tract, four branches in middle-income census tracts, five branches in upper-income census tracts, and one branch in a census tract that has not been assigned an income classification. FCB also operates six stand-alone ATMs: two in moderate-income census tracts, two in middle-income census tracts, and two in upper-income census tracts. Fifteen of the seventeen ATMs are interactive teller machines whereby customers have access to a live teller from Monday through Friday from 8 am to 7 pm and on Saturday from 9 am to 12 pm. In addition to ATMs, the bank provides alternative delivery

systems, such as remote deposit capture, online and mobile banking, and electronic bill pay that help avail the bank’s services to low- and moderate-income individuals across all portions of the assessment areas.

**DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

The bank’s compliance with the laws relating to discrimination and other illegal credit practices was reviewed, including the Fair Housing Act and the Equal Credit Opportunity Act. Examiners did not identify any discriminatory or other illegal credit practices.

**CORPUS CHRISTI MSA AA – Full-Scope Review**

**DESCRIPTION OF INSTITUTION’S OPERATIONS IN CORPUS CHRISTI MSA AA**

The Corpus Christi MSA AA consists of all tracts within Nueces, San Patricio, and Aransas Counties, which makes up the Corpus Christi, TX MSA in Southeast Texas. FCB operates 7 full-service offices and 2 limited-service offices, as well as 10 deposit taking ATMs, in the Corpus Christi MSA AA.

**Economic and Demographic Data**

The assessment area includes all 124 census tracts in Nueces, San Patricio, and Aransas Counties. These tracts reflect the following income designations according to 2020 U.S. Census data: 4 low-income tracts, 32 moderate-income tracts, 46 middle-income tracts, 36 upper-income tracts, and 6 tracts that have not been assigned an income classification. The following table illustrates select demographic characteristics of the assessment area.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	124	3.2	25.8	37.1	29.0	4.8
Population by Geography	445,763	3.7	24.0	37.9	32.9	1.5
Housing Units by Geography	195,034	3.8	23.7	38.4	32.2	1.8
Owner-Occupied Units by Geography	100,554	2.5	23.7	36.0	35.8	2.0
Occupied Rental Units by Geography	63,267	6.6	25.0	43.1	24.9	0.5
Vacant Units by Geography	31,213	2.6	21.2	36.6	35.5	4.0
Businesses by Geography	46,415	3.0	18.0	35.0	42.2	1.8
Farms by Geography	1,361	1.8	16.9	30.9	48.2	2.1
Family Distribution by Income Level	111,473	23.3	16.3	18.3	42.1	0.0
Household Distribution by Income Level	163,821	25.2	15.5	17.1	42.2	0.0
Median Family Income–Corpus Christi, TX MSA		\$67,020	Median Housing Value			\$159,440
Families Below Poverty Level		12.4%	Median Gross Rent			\$1,045
Source: 2020 U.S. Census and 2024 D&B Data; Due to rounding, totals may not equal 100.0% (*) The NA category consists of geographies that have not been assigned an income classification.						

Service industries represent the largest portion of businesses at 34.0 percent, followed by non-classifiable establishments at 24.0 percent, retail trade at 11.4 percent, and finance, insurance, and real estate at 11.1 percent. Major employers in the assessment area include Naval Air Station-Corpus Christi, Corpus Christi Independent School District, CHRISTUS Spohn Health Systems, H.E.B., Corpus Christi Army Depot, City of Corpus Christi, and Corpus Christi Medical Center. In addition, 60.7 percent of area businesses have 4 or fewer employees, and 90.7 percent operate from a single location. The Texas Workforce Commission reported December 2024 unemployment rates of 4.2 percent for Aransas County, 3.9 percent for Nueces County, and 4.6 for San Patricio County, compared to the State of Texas rate of 3.7 percent and the U.S. rate of 3.8 percent for the same period. Of the housing units in the area, 51.6 percent are owner-occupied, 32.4 percent are occupied rental units, and 16.0 percent are vacant.

Examiners used the 2023 FFIEC-updated median family income level to analyze home mortgage loans under the borrower profile criterion. The following table presents the low-, moderate-, middle-, and upper-income categories, based on the 2023 FFIEC-updated median family income of \$77,400 for the Corpus Christi, TX MSA.

Median Family Income				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2023 (\$77,400)	<\$38,700	\$38,700 to <\$61,920	\$61,920 to <\$92,880	≥\$92,880
Source: FFIEC				

**Competition**

The assessment area contains a moderate level of competition from other chartered banks based on its population. According to the FDIC Deposit Market Share data as of June 30, 2024, 16 financial institutions operated 95 offices within the bank’s assessment area. Of these institutions, FCB ranked 6<sup>th</sup> with a 4.3 percent deposit market share. Credit unions, mortgage, and finance companies compete for loans in the area, thus heightening competition. The competition level allows for lending opportunities.

**Community Contact(s)**

Examiners contacted a community member knowledgeable of the area’s economic, demographic, and business environments to help assess the current economic conditions, community credit needs, and potential opportunities for bank involvement in the area. The contact represents a non-profit organization that focuses on economic development.

The contact stated that the business climate of the area is heavily based on the service sectors of hospitality and tourism. Further, the area’s geographic location combined with its abundant natural resources, plentiful resources for outdoor recreation and visitation opportunities, along with a regional economy that is experiencing significant growth, creates a dynamic location that is planning for sustainable growth that expands and diversifies its economic and employment bases. The contact also commented that a variety of lending opportunities are available, especially for

small business and home mortgage loans and that the area’s financial institutions appropriately serve the general banking and credit needs of the area.

**Credit and Community Development Needs and Opportunities**

Consistent with other metropolitan areas, the Corpus Christi MSA AA creates a range of lending opportunities for a variety of loan products. Considering information from the community contact, bank management, and demographic and economic data, examiners determined that small business and home mortgage loans represent the primary credit needs of the assessment area.

With respect to the area’s community development needs, examiners considered that 39.6 percent of the area’s families report either low or moderate incomes. These characteristics typically suggest a higher need for activities that aid in providing community services targeted to low- and moderate-income individuals. Additionally, 29.0 percent of the area’s census tracts are low- or moderate-income geographies, suggesting a need for activities that revitalize or stabilize qualifying geographies.

**CONCLUSIONS ON PERFORMANCE CRITERIA IN CORPUS CHRISTI  
MSA AA**

**LENDING TEST**

FCB demonstrated a satisfactory record regarding the Lending Test in the Corpus Christi MSA AA. Reasonable geographic lending distribution performance and reasonable borrower profile performance support this conclusion.

**Geographic Distribution**

The geographic distribution of loans reflects reasonable dispersion throughout the Corpus Christi MSA AA. Reasonable home mortgage and small business performance supports this conclusion.

***Home Mortgage Loans***

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the Corpus Christi MSA AA. Reasonable performance in low- and moderate-income census tracts supports this conclusion. The following table shows that the bank’s level of lending in low-income geographies exceeds aggregate data by 0.3 percentage points, reflecting reasonable performance. The table further shows that the bank’s level of lending in moderate-income geographies exceeds aggregate data by 8.4 percentage points, reflecting reasonable performance.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low	2.7	1.3	2	1.6	153	0.2
Moderate	24.0	13.5	28	21.9	4,471	7.1
Middle	37.8	34.4	49	38.3	44,424	70.4
Upper	35.5	50.8	49	38.3	14,083	22.3
Not Available	0.0	0.0	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>128</b>	<b>100.0</b>	<b>63,130</b>	<b>100.0</b>
<i>Source: 2020 U.S. Census; 2023 HMDA Data; 2023 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0%.</i>						

***Small Business Loans***

The geographic distribution of small business loans reflects reasonable dispersion throughout the Corpus Christi MSA AA. The following table shows that the bank’s level of lending in low-income geographies trails D&B data by 2.4 percentage points, reflecting reasonable performance. The table further shows that the bank’s level of lending in moderate-income geographies trails D&B data by 5.7 percentage points, also reflective of reasonable performance.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	3.0	1	0.6	100	0.4
Moderate	18.0	19	12.3	4,561	18.3
Middle	35.0	59	38.1	7,081	28.3
Upper	42.2	76	49.0	13,243	53.0
Not Available	1.8	0	0.0	0	0.0
<b>Totals</b>	<b>100.0</b>	<b>155</b>	<b>100.0</b>	<b>24,985</b>	<b>100.0</b>
<i>Source: 2024 D&amp;B Data; Bank Data. Due to rounding, totals may not equal 100.0%.</i>					

**Borrower Profile**

The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among individuals of different income levels (including low- and moderate-income) and businesses of different sizes in the Corpus Christi MSA AA. Reasonable home mortgage and small business performance support this conclusion.

***Home Mortgage Loans***

The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among individuals of different income levels (including low- and moderate-income) within the Corpus Christi MSA AA. The bank did not originate any loans to low-income borrowers; however, considering the aggregate performance of 2.0 percent, limited lending opportunities exist. Examiners also considered that 12.4 percent of families in the Corpus Christi MSA AA have incomes below the poverty level, as there are notably greater challenges for these families when trying to

qualify for home mortgage loans. Consequently, after considering the performance context, examiners concluded the bank’s performance to low-income borrowers is reasonable. The table further shows that the bank’s level of lending to moderate-income borrowers trails aggregate data by 5.4 percentage points, reflecting reasonable performance.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low	23.3	2.0	0	0.0	0	0.0
Moderate	16.5	10.1	6	4.7	787	1.2
Middle	18.5	18.0	22	17.2	3,644	5.8
Upper	41.7	44.3	62	48.4	18,240	28.9
Not Available	0.0	25.6	38	29.7	40,459	64.1
Total	100.0	100.0	128	100.0	63,130	100.0
Source: 2020 U.S. Census; 2023 HMDA Data; 2023 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0%.						

**Small Business Loans**

The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among businesses of different sizes in the Corpus Christi MSA AA. Reasonable performance to business with gross annual revenues (GARs) of \$1 million or less supports this conclusion. The following table shows that the bank originated over six out of every ten small business loans to businesses with GARs of \$1 million or less, reflective of reasonable performance.

Distribution of Small Business Loans by Gross Annual Revenues					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
< \$100,000	63.1	8	28.6	1,159	23.9
\$100,000 - \$249,999	18.3	5	17.9	277	5.7
\$250,000 - \$499,999	4.3	2	7.1	414	8.5
\$500,000 - \$1,000,000	2.2	4	14.3	819	16.9
Subtotal <= \$1,000,000	87.9	19	67.9	2,669	55.0
>\$1,000,000	2.7	4	14.3	1,634	33.6
Revenue Not Available	9.5	5	17.9	556	11.4
Total	100.0	28	100.0	4,859	100.0
Source: 2024 D&B Data, Bank Data. Due to rounding, totals may not equal 100.0%.					

**COMMUNITY DEVELOPMENT TEST**

The institution’s community development performance demonstrates adequate responsiveness to community development needs in the Corpus Christi MSA AA through community development loans, qualified investments, and community development services, as appropriate, considering the



institution's capacity and the need and availability of such opportunities for community development in the institution's assessment area.

### **Community Development Loans**

The bank originated 18 community development loans totaling \$38.0 million in the Corpus Christi MSA AA, demonstrating improved performance over the last evaluation when the bank recorded 19 community development loans totaling \$35.9 million in the Corpus Christi MSA AA. The current level equates to 74.9 percent of the bank's overall level of community development loans by dollar volume. The following point highlights an example of the bank's community development loans in the Corpus Christi MSA AA.

- ***Economic Development*** – The bank provided \$841.5 thousand in funding for the purchase and renovation of an existing hotel located in a moderate-income census tract. The activity provided economic development by financing a business that meets the regulation's size eligibility standards and that supports permanent job creation, retention, or improvement for low- and moderate-income persons or in low- or moderate-income areas.

### **Qualified Investments**

The bank made 47 qualified investments totaling \$4.9 million in the Corpus Christi MSA AA, reflecting a significant increase since the last evaluation when the bank recorded 35 qualified investments totaling \$2.5 million in the Corpus Christi MSA AA. The total dollar amount represents 26.8 percent of the bank's overall dollar level of investments. As noted, this area contributed 59.7 percent of the bank's total deposits. The following point highlights an example of the bank's qualified investments in the Corpus Christi MSA AA.

- ***Community Service*** – The bank invested in four bonds that benefit the Corpus Christi Independent School District in which 73.3 percent of the students are economically disadvantaged according to the Texas Education Agency. The investments had a \$1.3 million book value as of the evaluation date.

### **Community Development Services**

Since the previous evaluation, the bank provided 31 community development services in the Corpus Christi MSA AA, which equates to 56.4 percent of the bank's total community development services, a decrease from the 33 community development services recorded in the Corpus Christi MSA AA at the previous evaluation. The number of community development services equates to an average of 1.5 community development services per office per year since the prior evaluation. The following point highlights an example of the bank's community development services in the Corpus Christi MSA AA.

- ***Economic Development*** – An officer of the bank serves on the Board of a non-profit organization dedicated to business development and retention, entrepreneurship, innovation and technology, and workforce development.

VICTORIA MSA AA – Limited-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN VICTORIA MSA AA

The Victoria MSA AA consists of Victoria County, one of two counties that makes up the Victoria, TX MSA in Southeast Texas. During the review period, FCB operated one full-service office and one ATM in a middle-income tract within this area.

The assessment area includes all 25 census tracts in Victoria County. These tracts reflect the following income designations according to the 2020 U.S. Census data: 2 low-income tracts, 7 moderate-income tracts, 9 middle-income tracts, 6 upper-income tracts, and 1 tract that has not been assigned an income classification. The following table illustrates select demographic characteristics of the assessment area.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	25	8.0	28.0	36.0	24.0	4.0
Population by Geography	91,319	5.7	26.2	39.3	28.8	0.0
Housing Units by Geography	37,264	5.6	26.3	39.4	28.8	0.0
Owner-Occupied Units by Geography	21,872	5.1	20.3	40.3	34.3	0.0
Occupied Rental Units by Geography	10,648	5.7	37.1	37.4	19.9	0.0
Vacant Units by Geography	4,744	7.7	29.2	39.5	23.6	0.0
Businesses by Geography	9,172	3.5	30.7	34.5	31.2	0.1
Farms by Geography	327	1.2	19.9	38.5	40.4	0.0
Family Distribution by Income Level	22,172	22.6	17.4	19.0	41.1	0.0
Household Distribution by Income Level	32,520	25.1	15.0	17.6	42.3	0.0
Median Family Income - Victoria, TX MSA		\$71,697	Median Housing Value			\$149,625
Families Below Poverty Level		11.4%	Median Gross Rent			\$947
Source: 2020 U.S. Census and 2024 D&B Data; Due to rounding, totals may not equal 100.0%. (* ) The NA category consists of geographies that have not been assigned an income classification.						

The following table presents the low-, moderate-, middle-, and upper-income categories, based on the 2023 FFIEC-updated median family income of \$69,700 for the Victoria MSA AA.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2023 (\$69,700)	<\$34,850	\$34,850 to <\$55,760	\$55,760 to <\$83,640	≥\$83,640
Source: FFIEC				

The Texas Workforce Commission reported a December 2024 unemployment rate of 3.7 percent for Victoria County compared to 3.7 percent for the State of Texas and 3.8 percent for the United States. Major employers in the Victoria MSA AA include Formosa Plastics, Victoria Independent

School District (ISD), The Inteplast Group, Citizens Medical Center, Calhoun ISD, INVISTA, and Caterpillar-NAHEX Victoria.

CONCLUSIONS ON PERFORMANCE CRITERIA IN VICTORIA MSA AA

LENDING TEST

The institution’s lending performance in the Victoria MSA AA is below the lending performance for the institution; however, it does not change the institution rating.

Geographic Distribution

Small Business Loans

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	3.5	0	0.0	0	0.0
Moderate	30.7	1	9.1	94	9.0
Middle	34.5	5	45.5	189	18.1
Upper	31.2	5	45.5	762	72.9
Not Available	0.1	0	0.0	0	0.0
Totals	100.0	11	100.0	1,045	100.0
Source: 2024 D&B Data; Bank Data; Due to rounding, totals may not equal 100.0%					

Home Mortgage Loans

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low	5.1	1.9	0	0.0	0	0.0
Moderate	20.3	18.8	1	33.3	48	17.3
Middle	40.3	42.5	2	66.7	230	82.7
Upper	34.3	36.8	0	0.0	0	0.0
Not Available	0.0	0.0	0	0.0	0	0.0
Totals	100.0	100.0	3	100.0	278	100.0
Source: 2020 U.S. Census; Bank Data, 2023 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0%.						

**Borrower Profile**

***Small Business Loans***

Distribution of Small Business Loans by Gross Annual Revenues					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
< \$100,000	62.8	1	11.1	7	0.7
\$100,000 - \$249,999	15.5	2	22.2	89	9.1
\$250,000 - \$499,999	4.9	2	22.2	594	60.8
\$500,000 - \$1,000,000	2.8	0	0.0	0	0.0
Subtotal <= \$1,000,000	86.0	5	55.5	690	70.6
>\$1,000,000	3.5	0	0.0	0	0.0
Revenue Not Available	10.6	4	44.4	287	29.4
Total	100.0	9	100.0	977	100.0
Source: 2024 D&B Data, Bank Data. Due to rounding, totals may not equal 100.0%.					

***Home Mortgage Loans***

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low	22.6	1.4	0	0.0	0	0.0
Moderate	17.4	8.4	0	0.0	0	0.0
Middle	19.0	17.5	0	0.0	0	0.0
Upper	41.1	47.8	1	33.3	48	17.3
Not Available	0.0	24.8	2	66.7	230	82.7
Totals	100.0	100.0	3	100.0	278	100.0
Source: 2020 U.S. Census; 2023 HMDA Data; 2023 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0%.						

**COMMUNITY DEVELOPMENT TEST**

The institution’s community development performance in the Victoria MSA AA is below the community development performance for the institution; however, it does not change the institution rating.

**NON-MSA AA – Limited-Scope Review**

**DESCRIPTION OF INSTITUTION’S OPERATIONS IN NON-MSA AA**

FCB’s Non-MSA AA consists of Jim Wells and Kleberg Counties in Southeast Texas. During the review period, the bank operated three full-service offices and six ATMs in moderate-, middle-, and upper-income census tracts within this area.

The assessment area includes all 21 census tracts in Jim Wells and Kleberg Counties. These tracts reflect the following income designations according to the 2020 U.S. Census data: 7 moderate-income tracts, 8 middle-income tracts, 5 upper-income tracts, and 1 tract that has not been assigned an income classification. The bank’s eight middle-income tracts are classified as distressed. The following table illustrates select demographic characteristics of the assessment area.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	21	0.0	33.3	38.1	23.8	4.8
Population by Geography	69,931	0.0	39.9	37.5	22.6	0.0
Housing Units by Geography	29,719	0.0	39.1	38.2	22.6	0.0
Owner-Occupied Units by Geography	14,987	0.0	39.5	37.1	23.4	0.0
Occupied Rental Units by Geography	9,077	0.0	38.4	36.8	24.9	0.0
Vacant Units by Geography	5,655	0.0	39.3	43.6	17.1	0.0
Businesses by Geography	5,164	0.0	38.1	38.0	23.9	0.0
Farms by Geography	226	0.0	28.8	38.1	33.2	0.0
Family Distribution by Income Level	16,756	24.7	18.3	16.4	40.6	0.0
Household Distribution by Income Level	24,064	28.7	16.0	17.0	38.3	0.0
Median Family Income Non-MSAs - TX		\$61,809	Median Housing Value			\$94,721
Families Below Poverty Level		17.1%	Median Gross Rent			\$812
Source: 2020 U.S. Census and 2024 D&B Data; Due to rounding, totals may not equal 100.0%. (*) The NA category consists of geographies that have not been assigned an income classification.						

The following table presents the low-, moderate-, middle-, and upper-income categories, based on the 2023 FFIEC-updated median family income of \$73,200 for the Non-MSA AA.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2023 (\$73,200)	<\$36,600	\$36,600 to <\$58,560	\$58,560 to <\$87,840	≥\$87,840
Source: FFIEC				

The Texas Workforce Commission reported a December 2024 unemployment rate of 4.6 percent for Jim Wells County and 4.0 percent for Kleberg County compared to 3.7 percent for the State of Texas and 3.8 percent for the United States. Major employers in Jim Wells and Kleberg Counties include the King Ranch, Walmart, HEB Food Store, CHRISTUS Spohn Health Systems, Alice ISD, and Jim Wells and Kleberg Counties.

# CONCLUSIONS ON PERFORMANCE CRITERIA IN THE NON-MSA AA LENDING TEST

The institution’s lending performance in the Non-MSA AA is consistent with the institution’s lending performance overall.

## Geographic Distribution

### Small Business Loans

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	0.0	0	0.0	0	0.0
Moderate	38.1	51	37.8	6,375	55.7
Middle	38.0	22	16.3	590	5.2
Upper	23.9	62	45.9	4,471	39.1
Not Available	0.0	0	0.0	0	0.0
Totals	100.0	135	100.0	11,436	100.0
Source: 2024 D&B Data; Bank Data; Due to rounding, totals may not equal 100.0%.					

### Home Mortgage Loans

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low	0.0	0.0	0	0.0	0	0.0
Moderate	32.6	20.8	12	26.1	1,388	16.2
Middle	35.4	34.5	17	37.0	3,238	37.9
Upper	23.3	34.5	16	34.8	3,818	44.7
Not Available	8.7	10.2	1	2.2	103	1.2
Totals	100.0	100.0	46	100.0	8,548	100.0
Source: 2020 U.S. Census; 2023 HMDA Data, 2023 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0%.						

**Borrower Profile**

***Small Business Loans***

Distribution of Small Business Loans by Gross Annual Revenues					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
< \$100,000	57.1	9	42.9	1,049	44.9
\$100,000 - \$249,999	17.4	5	23.8	579	24.8
\$250,000 - \$499,999	5.1	0	0.0	0	0.0
\$500,000 - \$1,000,000	3.0	0	0.0	0	0.0
Subtotal <= \$1,000,000	82.6	14	66.7	1,628	69.6
>\$1,000,000	3.4	1	4.8	400	17.1
Revenue Not Available	14.0	6	28.6	310	13.3
Total	100.0	21	100.0	2,338	100.0
Source: 2024 D&B Data, Bank Data. Due to rounding, totals may not equal 100.0%.					

***Home Mortgage Loans***

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low	24.7	1.4	1	2.2	32	0.4
Moderate	17.4	7.4	3	6.5	219	2.6
Middle	16.2	15.1	9	19.6	1,078	12.6
Upper	41.7	53.7	27	58.7	6,283	73.5
Not Available	0.0	22.3	6	13.0	936	10.9
Totals	100.0	100.0	46	100.0	8,548	100.0
Source: 2020 U.S. Census; 2023 HMDA Data, 2023 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0%.						

**COMMUNITY DEVELOPMENT TEST**

The institution’s community development performance in the Non-MSA AA is consistent with the community development performance overall.

## **APPENDICES**

### **INTERMEDIATE SMALL BANK PERFORMANCE CRITERIA**

#### **Lending Test**

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by considering the following criteria:

- 1) The bank's loan-to-deposit ratio, adjusted for seasonal variation, and, as appropriate, other lending-related activities, such as loan originations for sale to the secondary markets, community development loans, or qualified investments;
- 2) The percentage of loans, and as appropriate, other lending-related activities located in the bank's assessment area(s);
- 3) The geographic distribution of the bank's loans;
- 4) The bank's 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; and
- 5) The bank's record of taking action, if warranted, in response to written complaints about its performance in helping to meet credit needs in its assessment area(s).

#### **Community Development Test**

The Community Development Test considers the following criteria:

- 1) The number and amount of community development loans;
- 2) The number and amount of qualified investments;
- 3) The extent to which the bank provides community development services; and
- 4) The bank's responsiveness through such activities to community development lending, investment, and service needs.



## GLOSSARY

**Aggregate Lending:** The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

**American Community Survey (ACS):** A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five year estimates based on population thresholds.

**Area Median Income:** The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

**Assessment Area:** A geographic area delineated by the bank under the requirements of the Community Reinvestment Act.

**Census Tract:** A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

**Combined Statistical Area (CSA):** A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

**Community Development:** For loans, investments, and services to qualify as community development activities, their primary purpose must:

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms; or
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies.

**Community Development Corporation (CDC):** A CDC allows banks and holding companies to make equity type of investments in community development projects. Institution CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Institution CDCs are also tailored to their financial and marketing needs. A CDC may purchase, own, rehabilitate, construct, manage, and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization.

**Community Development Financial Institutions (CDFIs):** CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

A certified CDFI must meet eligibility requirements. These requirements include the following:

- Having a primary mission of promoting community development;
- Serving an investment area or target population;
- Providing development services;
- Maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means;
- Not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

**Community Development Loan:** A loan that:

- (1) Has as its primary purpose community development; and
- (2) Except in the case of a wholesale or limited purpose institution:
  - (i) Has not been reported or collected by the institution or an affiliate for consideration in the institution's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and
  - (ii) Benefits the institution's assessment area(s) or a broader statewide or regional area including the institution's assessment area(s).

**Community Development Service:** A service that:

- (1) Has as its primary purpose community development;
- (2) Is related to the provision of financial services; and
- (3) Has not been considered in the evaluation of the institution's retail banking services under § 345.24(d).

**Consumer Loan(s):** A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

**Core Based Statistical Area (CBSA):** The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

**Distressed Middle-Income Nonmetropolitan Geographies:** A nonmetropolitan middle-income geography will be designated as distressed if it is in a county that meets one or more of the following triggers:

- (1) An unemployment rate of at least 1.5 times the national average;
- (2) A poverty rate of 20 percent or more; or
- (3) A population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family. Other family is further classified into “male householder” (a family with a male householder and no wife present) or “female householder” (a family with a female householder and no husband present).

**FFIEC-Estimated Income Data:** The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

**Full-Scope Review:** A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (e.g, geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (e.g, innovativeness, complexity, and responsiveness).

**Geography:** A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

**Home Mortgage Loans:** Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

**Housing Unit:** Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

**Limited-Scope Review:** A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area.

Performance under applicable tests is often analyzed using only quantitative factors (e.g, geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

**Low-Income:** Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a geography.

**Low Income Housing Tax Credit:** The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended. It is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department distributes low-income housing tax credits to housing credit agencies through the Internal Revenue Service. The housing agencies allocate tax credits on a competitive basis.

Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits. Or, they may sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains throughout the compliance period, usually 30 years.

**Market Share:** The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

**Median Income:** The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

**Metropolitan Division (MD):** A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

**Metropolitan Statistical Area (MSA):** CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

**Middle-Income:** Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 and less than 120 percent in the case of a geography.

**Moderate-Income:** Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 and less than 80 percent in the case of a geography.

**Multi-family:** Refers to a residential structure that contains five or more units.

**Nonmetropolitan Area** (also known as **non-MSA**): All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

**Owner-Occupied Units:** Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

**Qualified Investment:** A lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**Rated Area:** A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

**Rural Area:** Territories, populations, and housing units that are not classified as urban.

**Small Business Investment Company (SBIC):** SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures. These SBIC debentures are then sold to private investors. An SBIC's success is linked to the growth and profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

**Small Business Loan:** A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

**Small Farm Loan:** A loan included in "loans to small farms" as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

**Underserved Middle-Income Nonmetropolitan Geographies:** A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for population size, density, and dispersion indicating the area’s population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

**Upper-Income:** Individual income that is 120 percent or more of the area median income, or a median family income that is 120 percent or more in the case of a geography.

**Urban Area:** All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, “urban” consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

“Urban” excludes the rural portions of “extended cities”; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.