

# **PUBLIC DISCLOSURE**

August 3, 2020

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Charter Bank  
Certificate Number: 18660

10502 Leopard Street  
Corpus Christi, Texas 78410

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

1601 Bryan Street, Suite 1410  
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 area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Charter Bank's (CB) satisfactory Lending Test record supports the overall Community Reinvestment Act (CRA) rating. The following points summarize conclusions regarding the applicable test, discussed in detail elsewhere.

- The loan-to-deposit (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.
- A majority of loans and other lending-related activities are in the institution's assessment area.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.
- 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.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the Lending Test's conclusion.

## DESCRIPTION OF INSTITUTION

### **Background**

CB, a locally owned community bank headquartered in Corpus Christi, Texas, began operations in December of 1962. Charter Bancshares, Inc., Corpus Christi, Texas, a one-bank holding company, wholly owns CB. The bank received a Satisfactory rating at its previous evaluation, dated July 31, 2017, based on Federal Financial Institutions Examination Council (FFIEC) Small Institution CRA Examination Procedures as performed by the Federal Deposit Insurance Corporation (FDIC).

### **Operations**

CB functions as a retail bank focusing on commercial and construction loans from four full-service offices, three in Corpus Christi, Texas and one in Rockport, Texas. The Description of Assessment Area depicts the offices' specific locations. The bank did not open or close any full-

service offices and did not participate in any merger or acquisition activities since the previous evaluation. Additionally, the bank’s lending focus remains unchanged from the last evaluation.

CB offers a variety of loan products including residential, consumer, commercial, and construction and land development loans. The bank also provides a variety of consumer and commercial deposit services including checking and savings accounts. Alternative banking services include internet banking, telephone and mobile banking, debit cards, and an automated teller machine (ATM) located at each office facility. Service hours remain consistent with area and industry norms and drive-thru facilities offer extended business hours on weekdays and Saturdays.

### **Ability and Capacity**

As of March 31, 2020, assets totaled \$283.8 million, consisting primarily of net loans & leases of \$166.5 million and securities of \$101.1 million. Total deposits equaled \$232.2 million as of the same date. Since the last evaluation, on average per year, total assets increased 6.3 percent, net loans increased 12.7 percent, and total deposits increased 5.6 percent.

The following table illustrates the mix of outstanding loans as of March 31, 2020, which reflects a distribution supportive of the institution’s primary business focus.

<b>Loan Portfolio Distribution</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction & Land Development	47,008	27.7
Secured by Farmland	1,237	0.7
Secured by 1-4 Family Residential	20,125	11.8
Secured by Multi-Family Residential	2,338	1.4
Secured by Nonfarm Nonresidential Properties	42,436	25.0
<b>Total Real Estate Loans</b>	<b>113,144</b>	<b>66.6</b>
Agricultural Production	0	0.0
Commercial and Industrial	49,707	29.3
Consumer	559	0.3
Other Loans	7,004	4.1
Less Unearned Income	608	0.3
<b>Gross Loans</b>	<b>169,806</b>	<b>100.0</b>

*Source: Reports of Condition and Income (3/31/2020)*

Based on the information discussed in this section as well as other regulatory data, the institution’s financial condition, size, product offerings, prior performance, and status of any legal impediments did not affect its ability to meet the assessment area’s credit needs.

## DESCRIPTION OF ASSESSMENT AREA

CB designated one assessment area consisting of the entire counties of Nueces and Aransas in the Corpus Christi, Texas Metropolitan Statistical Area (MSA) and a portion, specifically four census tracts, of San Patricio County in the Texas Non-MSA area. Given the configuration of the contiguous census tracts, examiners concluded the geographies in San Patricio County did not extend substantially beyond the boundaries of the Corpus Christi, Texas MSA. The assessment area conforms to CRA regulatory requirements.

The following table shows that the bank operates four full-service offices in this area, as well as an ATM located at each office.

Office Locations				
County/City/Office	Office Type	Census Tract Number	Census Tract Income Level	Office Opened or Closed Since Last Evaluation
<i>Nueces County</i>				
Corpus Christi – Charter Bank	Main Office	0036.02	Upper	No
Corpus Christi – Navigation Branch	Branch	0007.00	Moderate	No
Corpus Christi – Saratoga Branch	Branch	0054.06	Upper	No
<i>Aransas County</i>				
Rockport – Rockport Branch	Branch	9503.00	Middle	No

*Source: Bank Data (2019); 2015 American Community Survey (ACS) Census*

### **Economic and Demographic Data**

Based on the 2015 ACS Census data, the assessment area’s 92 census tracts consist of 6 low-, 24 moderate-, 31 middle-, 27 upper-income census tracts and 4 census tracts without available income information. Service industries represent the largest portion of businesses at 40.0 percent, followed by non-classifiable establishments at 14.5 percent, and retail trade at 14.1 percent. Major employers in the assessment area include Bay Ltd., Naval Air Station Corpus Christi, H.E.B., Christus Spohn Health System, Driscoll Children’s Hospital, Corpus Christi Medical Center, and Corpus Christi Independent School District.

Texas Workforce Commission’s June 2020 figures reflect an average unemployment rate of 10.0 percent for Nueces, San Patricio, and Aransas Counties as compared to the State of Texas rate of 8.6 and the U.S. rate of 11.1 percent. The Federal Emergency Management Agency declared Nueces, San Patricio, and Aransas Counties as major disaster counties due to storms and flooding in August 2017, and the COVID-19 Pandemic in March of 2020. The following table provides additional demographic and economic data for the assessment area.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	92	6.5	26.1	33.7	29.3	4.4
Population by Geography	394,092	5.7	28.6	34.8	30.2	0.7
Housing Units by Geography	168,073	5.3	26.7	36.5	31.5	0.0
Owner-Occupied Units by Geography	83,984	3.6	24.5	36.8	35.1	0.0
Occupied Rental Units by Geography	59,192	7.3	31.9	33.2	27.6	0.0
Vacant Units by Geography	24,897	6.0	22.0	43.2	28.8	0.0
Businesses by Geography	27,600	3.3	28.7	35.4	32.3	0.3
Farms by Geography	756	2.4	20.8	35.7	41.0	0.1
Family Distribution by Income Level	98,205	22.7	17.5	17.9	41.9	0.0
Household Distribution by Income Level	143,176	25.2	16.4	16.6	41.8	0.0
Median Family Income MSA - 18580 Corpus Christi, TX MSA	\$58,364	Median Housing Value				\$128,032
Median Family Income Non-MSAs - TX	\$52,198	Median Gross Rent				\$892
					Families Below Poverty Level	13.7%
<i>Source: 2015 ACS Census; 2019 D&amp;B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

## **Competition**

CB's assessment area contains a moderate level of competition from other chartered banks based on its population, with each of the 102 offices from its 15 institutions serving approximately 3,733 people. CB ranks 7<sup>th</sup> in deposit market share within the counties of Nueces, San Patricio, and Aransas, capturing 3.6 percent of the area's deposits based on the June 30, 2019, FDIC Deposit Market Share Report. Six large national or regional banks with 57 offices within the assessment area hold 79.8 percent of the deposit market share. Overall, the competition level still allows for lending opportunities.

## **Community Contacts**

Examiners used an existing community contact to help assess the current economic conditions, community credit needs, and potential opportunities for bank involvement in the assessment area. The contact, knowledgeable of the area's economic and housing environments, noted strong economic conditions prior to the onset of the COVID-19 Pandemic, with business services in oil and natural gas and other commercial enterprises primarily driving the local economy. The community contact noted a lack of affordable housing, as local home developers are unable to keep up with the demand for residential real estate and face increased development costs associated with procuring land for development and meeting stringent windstorm safety construction requirements.

The contact mentioned a recent drastic increase in the need for business lending due to the COVID-19 Pandemic, with small businesses needing assistance accessing additional credit sources while their businesses are under mandatory shutdown orders. The contact stated that local financial institutions do an excellent job extending credit to new and established businesses of all sizes, and was not aware of any unmet credit needs in the community.

### **Credit Needs**

Considering information obtained from the community contact, bank management, as well as demographic and economic data, examiners concluded that the primary credit needs of the assessment area include commercial, including small business, as well as affordable housing lending.

## **SCOPE OF EVALUATION**

### **General Information**

This evaluation covers the period of July 31, 2017, to August 3, 2020, the date of the previous evaluation to this evaluation’s date. To assess performance, examiners applied the FFIEC Small Institution CRA Examination Procedures, which include the Lending Test. The appendix lists the applicable test’s criteria.

### **Activities Reviewed**

Lending Test procedures require examiners to determine the bank’s major product lines for review. As an initial matter, examiners may select from among the same loan categories used for CRA Large Bank evaluations: home mortgage, small business, small farm, and consumer loans. The following table shows lending activity for 2019, which reflects a generally consistent pattern with the bank’s lending emphasis since the prior evaluation.

<b>Loans Originated or Purchased</b>				
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>	<b>#</b>	<b>%</b>
Construction and Land Development	58,279	41.0	262	42.4
Secured by Farmland	2,356	1.6	4	0.7
Secured by 1-4 Family Residential Properties	9,774	6.9	86	13.9
Multifamily	954	0.7	4	0.7
Commercial Real Estate	19,093	13.4	41	6.7
Agricultural Loans	0	0.0	0	0.0
Commercial and Industrial Loans	45,020	31.6	174	28.2
Consumer Loans	431	0.3	23	3.7
Other	6,391	4.5	23	3.7
<b>Gross Loans</b>	<b>142,298</b>	<b>100.0</b>	<b>617</b>	<b>100.0</b>
<i>Source: Bank Data (2019)</i>				

Considering the dollar volume and number of loans originated, as well as management's stated business strategy, examiners determined that the bank's major product line from those typically reviewed consists of commercial loans at 45.0 percent of 2019 originations by dollar volume. Since none of the other typically considered loan categories offered by the bank represent a major product line and would not materially affect any conclusions or ratings, this evaluation does not discuss them, including farm loans at 1.6 percent by dollar volume, residential loans at 7.6 percent, and consumer loans at 0.3 percent.

Based on readily available information, examiners reviewed a random sample of 55 small business loans totaling \$9.9 million out of a universe of 215 loans totaling \$64.1 million originated in 2019. The random sample, considered representative of the entire evaluation period, uses a statistical 90 percent Confidence Interval and a 10 percent Precision Level. D&B data for 2019 provided a standard of comparison for the small business loans reviewed. Small business loans received all of the weighting when arriving at applicable conclusions given that this evaluation only considers small business loans.

The appendix presents the home mortgage lending tables for data collected and reported by the bank pursuant to the Home Mortgage Disclosure Act (HMDA). The appendix shows this data for informational purposes and for 2018, the most recent year for which aggregate data exists as of this evaluation date. The institution reported 68 loan originations totaling \$8.0 million on its 2018 HMDA Loan Application Register.

## **CONCLUSIONS ON PERFORMANCE CRITERIA**

### **LENDING TEST**

CB demonstrated an overall satisfactory record regarding the Lending Test. Reasonable records regarding the bank's LTD ratio and geographic and borrower profile lending distributions, coupled with a majority of loans granted inside its assessment area support this conclusion.

For the CRA Small Bank Lending Test, typically, examiners will first determine whether the presence of any weaker LTD ratio or assessment area concentration performance warrants downgrading the overall Lending Test conclusion. Absent any such warranted downgrading, examiners will then place more weight on the bank's borrower profile and geographic loan distributions when arriving at the overall Lending Test conclusion.

### **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. Reasonable overall and comparative levels support this conclusion.

### ***Overall Level***

The overall level of the bank's average, net LTD ratio reflects reasonable performance. For the 11 quarters since the prior evaluation, the bank recorded a 65.5 percent average, net LTD ratio. This ratio is higher than the 54.9 percent average, net LTD ratio reported at the previous evaluation.

Over the 11 quarters, the bank’s quarterly, net LTD ratio ranged from a low of 54.7 percent on September 30, 2017, to a high of 71.7 percent on March 31, 2020, and reflects a gradual increase over the review period.

***Comparative Level***

The comparative level of the bank’s average, net LTD ratio reflects reasonable performance. Examiners identified and listed in the following table three comparable institutions based on one or more of the following factors: operating in or near the bank’s assessment area, reporting similar asset sizes, and/or reflecting generally similar lending emphases.

The following table shows that CB posted the second highest of the four ratios listed. CB’s ratio lands within a reasonable range of the other listed ratios, rising 8.1 percentage points above the lowest listed ratio and falling 15.7 percentage points below the highest listed ratio.

<b>LTD Ratio Comparative Level</b>		
<b>Bank Name and Location</b>	<b>Total Assets \$(000s)</b>	<b>Average, Net LTD Ratio (%)</b>
Charter Bank, Corpus Christi, Nueces County, TX	283,761	65.5
<b>Comparable Banks</b>		
Value Bank, Corpus Christi, Nueces Co., TX	245,561	57.4
First Community Bank, Corpus Christi, Nueces Co., TX	444,898	81.2
First State Bank of Odem, Odem, San Patricio Co., TX	143,472	60.7

*Source: Reports of Condition and Income (9/30/2017 – 3/31/2020)*

**Assessment Area Concentration**

A majority of loans and other lending-related activities are in the institution’s assessment area. A majority of small business loans granted inside the bank’s assessment area supports this conclusion. The following table shows that for small business loans by both measures, the percentages of the number and dollar volume, the bank granted majorities inside its assessment area.

<b>Lending Inside and Outside of the Assessment Area</b>										
<b>Loan Category</b>	<b>Number of Loans</b>				<b>Total #</b>	<b>Dollar Amount of Loans \$(000s)</b>				
	<b>Inside</b>		<b>Outside</b>			<b>Inside</b>		<b>Outside</b>		<b>Total \$(000s)</b>
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>		<b>\$</b>	<b>%</b>	<b>\$</b>	<b>%</b>	
Small Business	46	83.6	9	16.4	55	8,261	83.3	1,652	16.7	9,913

*Source: Bank Data (2019)*

**Geographic Distribution**

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. Reasonable performance regarding small business loans in the bank’s sole assessment area supports this conclusion. Examiners considered the loan product type reviewed relative to the available comparative data and any performance context issues when arriving at this conclusion.

Examiners focused on the bank’s performance based on the percentage by number of loans and only considered loans granted inside the bank’s assessment area.

***Small Business Loans***

The geographic distribution of small business loans reflects reasonable performance. Reasonable performances in low- and moderate-income geographies support this conclusion. Examiners focused on the bank’s percentages based on the number of loans granted in low- and moderate-income geographies relative to the percent of businesses.

The following table shows that within the low-income census tracts, the bank’s level rises 3.2 percentage points above the percent of businesses. Given the bank’s level and limited lending opportunities as suggested by D&B data, the bank’s record reflects reasonable performance. The table further shows that in moderate-income census tracts, the bank’s lending percentage exceeds the percentage of businesses by 8.3 percentage points, also reflective of reasonable performance.

<b>Geographic Distribution of Small Business Loans</b>					
<b>Tract Income Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low	3.3	3	6.5	955	11.6
Moderate	28.7	17	37.0	3,213	38.9
Middle	35.4	18	39.1	3,117	37.7
Upper	32.3	7	15.2	936	11.3
Not Available	0.3	1	2.2	40	0.5
<b>Totals</b>	<b>100.0</b>	<b>46</b>	<b>100.0</b>	<b>8,261</b>	<b>100.0</b>

*Source: 2019 D&B Data; Bank Data (2019)  
Due to rounding, totals may not equal 100.0%*

**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. Reasonable performance regarding small business loans in the bank’s sole assessment area supports this conclusion. Examiners considered the loan category reviewed relative to the available comparative data and any performance context issues. Examiners focused on the percentages by the number of loans and only considered loans granted inside the assessment area.

***Small Business Loans***

The borrower profile distribution of small business loans reflects reasonable performance. Reasonable performance to businesses with gross annual revenues of \$1 million or less primarily supports this conclusion. Examiners focused on the overall levels of the bank’s percentages when arriving at conclusions. The companies’ gross annual revenues define the borrowers’ profiles for this review.

The following table shows that to businesses with gross annual revenues of \$1 million or less, the bank granted almost six out of every ten loans, thereby reflecting reasonable performance. D&B data reflects 82.7 percent of the businesses reporting gross annual revenues of \$1 million or less, although D&B captures data only for those businesses that report such information.

<b>Distribution of Small Business Loans by Gross Annual Revenues</b>					
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
< \$100,000	48.5	6	13.0	122	1.5
\$100,000 - \$249,999	23.6	9	19.6	1,186	14.3
\$250,000 - \$499,999	6.9	5	10.9	967	11.7
\$500,000 - \$1,000,000	3.7	6	13.0	1,098	13.3
<b>Subtotal &lt;= \$1,000,000</b>	<b>82.7</b>	<b>26</b>	<b>56.5</b>	<b>3,373</b>	<b>40.8</b>
>\$1,000,000	4.6	19	41.3	4,388	53.1
Revenue Not Available	12.7	1	2.2	500	6.1
<b>Total</b>	<b>100.0</b>	<b>46</b>	<b>100.0</b>	<b>8,261</b>	<b>100.0</b>
<i>Source: 2019 D&amp;B Data; Bank Data (2019) Due to rounding, totals may not equal 100.0%</i>					

### **Response to Complaints**

The bank did not receive any CRA-related complaints since the previous evaluation. Therefore, this criterion did not affect the Lending Test conclusion.

## **DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

Examiners did not identify any evidence of discriminatory or other illegal credit practices inconsistent with helping meet community credit needs. Therefore, this consideration did not affect the institution's overall CRA rating.

## APPENDICES

### SMALL BANK PERFORMANCE CRITERIA

#### Lending Test

The Lending Test for CRA Small Banks evaluates the institution'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 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;
- 4) The geographic distribution of the bank's loans; 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).

## 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.

**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.

**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.

**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.

**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.

**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 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.

**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.

## HOME MORTGAGE LOAN DATA TABLES

### Assessment Area Concentration

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total	Dollar Amount of Loans \$(000s)				Total
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage	65	95.6	3	4.4	68	7,634	96.0	321	4.0	7,955
<i>Source: Bank Data (2018)</i> <i>Due to rounding, totals may not equal 100.0%</i>										

### Geographic Distribution

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2018	3.6	0.8	3	4.6	129	1.7
Moderate						
2018	24.5	15.1	23	35.4	1,891	24.8
Middle						
2018	36.8	29.7	24	36.9	2,380	31.2
Upper						
2018	35.1	54.4	15	23.1	3,234	42.3
Not Available						
2018	0.0	0.0	0	0.0	0	0.0
<b>Totals</b>						
<b>2018</b>	<b>100.0</b>	<b>100.0</b>	<b>65</b>	<b>100.0</b>	<b>7,634</b>	<b>100.0</b>
<i>Source: 2015 ACS Census; Bank Data (2018); 2018 HMDA Aggregate Data</i> <i>Due to rounding, totals may not equal 100.0%</i>						

### Borrower Profile

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
<b>Corpus Christi, TX MSA Median Family Income (18580)</b>				
2018 (\$63,600)	<\$31,800	\$31,800 to <\$50,880	\$50,880 to <\$76,320	≥\$76,320
<i>Source: FFIEC</i>				

<b>Distribution of Home Mortgage Loans by Borrower Income Level</b>						
<b>Borrower Income Level</b>	<b>% of Families</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low						
2018	22.7	3.1	0	0.0	0	0.0
Moderate						
2018	17.5	10.7	1	1.5	21	0.3
Middle						
2018	17.9	20.6	3	4.6	183	2.4
Upper						
2018	41.9	41.8	17	26.2	2,139	28.0
Not Available						
2018	0.0	23.8	44	67.7	5,291	69.3
<b>Totals</b>						
<b>2018</b>	<b>100.0</b>	<b>100.0</b>	<b>65</b>	<b>100.0</b>	<b>7,634</b>	<b>100.0</b>
<i>Source: 2015 ACS Census; Bank Data (2018); 2018 HMDA Aggregate Data Due to rounding, totals may not equal 100.0%</i>						

The above HMDA distribution table by borrower income indicates that 44 HMDA loans, or 67.7 percent, did not have borrower income available. This is attributed to the loans being originated for business purposes/investment.