

PUBLIC DISCLOSURE

May 5, 2025

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First Community Bank
Certificate Number: 22964

1151 West Highway 77
San Benito, Texas 78586

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.

TABLE OF CONTENTS

INSTITUTION RATING	1
DESCRIPTION OF INSTITUTION	1
DESCRIPTION OF ASSESSMENT AREAS.....	2
SCOPE OF EVALUATION.....	3
CONCLUSIONS ON PERFORMANCE CRITERIA.....	4
DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW	9
BROWNSVILLE MSA AA – Full-Scope Review	9
MCALLEN MSA AA – Limited-Scope Review.....	15
NON-MSA AA – Limited-Scope Review	19
APPENDICES	22
INTERMEDIATE SMALL BANK PERFORMANCE CRITERIA.....	22
GLOSSARY	23

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

DESCRIPTION OF INSTITUTION

First Community Bank (FCB) maintains its headquarters in San Benito, Texas. First San Benito Bancshares Corporation, San Benito, Texas, wholly owns FCB. The bank does not maintain any banking affiliates or subsidiaries. The institution received a Satisfactory rating at its previous Federal Deposit Insurance Corporation (FDIC) Performance Evaluation, dated May 9, 2022, based on Interagency Intermediate Small Institution CRA Examination Procedures.

FCB operates from 9 full-service office locations. Since the prior evaluation, the bank has not opened or closed any offices nor has the bank participated in any merger or acquisition activities. With a primary business focus on commercial lending, the bank's loan products include commercial, residential real estate, construction and development, agricultural, and consumer loans.

As of December 31, 2024, Report of Condition and Income, the bank reported total assets of \$734.4 million, total loans of \$466.6 million, and total deposits of \$646.3 million. Since the previous evaluation, on average per year, total assets increased 1.5 percent, net loans grew 11.7 percent, and total deposits decreased 0.5 percent.

As shown in the following table, the mix of outstanding loans as of December 31, 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 52.4 percent of total loans.

Loan Portfolio Distribution as of 12/31/2024		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	86,236	18.5
Secured by Farmland	14,737	3.1
Secured by 1-4 Family Residential Properties	64,674	13.9
Secured by Multifamily (5 or more) Residential Properties	44,042	9.4
Secured by Nonfarm Nonresidential Properties	148,715	31.9
Total Real Estate Loans	358,404	76.8
Commercial and Industrial Loans	95,832	20.5
Agricultural Production and Other Loans to Farmers	3,766	0.8
Consumer Loans	4,138	0.9
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	4,466	1.0
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
Total Loans	466,606	100.0
<i>Source: Reports of Condition and Income</i>		

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

The bank has not changed the assessment areas since the previous evaluation. FCB designated three assessment areas, the Brownsville-Harlingen, TX Metropolitan Statistical Area (MSA) Assessment Area (Brownsville MSA AA), the McAllen-Edinburg-Mission, TX MSA Assessment Area (McAllen MSA AA), and the Texas Non-MSA Assessment Area (Non-MSA AA). Based on 2020 U.S. Census data, the combined assessment areas contain 340 tracts which includes 17 low-income, 85 moderate-income, 128 middle-income, and 96 upper-income. In addition, there are 14 tracts with no income designation. The assessment areas conform to technical CRA regulatory requirements. There were three distressed middle-income geographies in the Non-MSA AA during the review period. The Federal Emergency Management Agency (FEMA) did not declare any designated disaster areas during the review period. Refer to the individual assessment areas for additional information.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated May 9, 2022, to the current evaluation dated May 5, 2025. Examiners used the Interagency Intermediate Small Institution Examination Procedures to evaluate FCB’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 Brownsville MSA AA. Consequently, examiners applied full-scope procedures to and placed the greatest weight on the bank’s performance in the Brownsville MSA AA. Examiners applied limited-scope procedures to the McAllen MSA AA and the Non-MSA AA since they both received full-scope reviews during the past two evaluations. Examiners generally weighed each area consistently with that area’s overall lending level.

Assessment Area Breakdown of Loans, Deposits, and Branches						
Assessment Area	Loans		Deposits		Branches	
	\$(000s)	%	\$(000s)	%	#	%
Brownsville MSA AA	62,648	60.9	520,301	79.8	7	77.8
McAllen MSA AA	38,868	37.8	49,555	7.6	1	11.1
Non-MSA AA	1,296	1.3	82,550	12.7	1	11.1
Total	102,812	100.0	652,406	100.0	9	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 did 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	90,455	40.0	136	13.6
Secured by Farmland	10,297	4.6	11	1.1
Secured by 1-4 Family Residential Properties	40,365	17.9	147	14.7
Multi-Family (5 or more) Residential Properties	6,641	2.9	11	1.1
Commercial Real Estate Loans	15,376	6.8	22	2.2
Commercial and Industrial Loans	51,322	22.7	260	26.1
Agricultural Loans	6,696	3.0	40	4.0
Consumer Loans	3,755	1.7	268	26.9
Other Loans	1,073	0.5	102	10.2
Total Loans	225,980	100.0	997	100.0
<i>Source: 2024 Bank Data; Due to rounding, totals may not equal 100.0.</i>				

This evaluation considers small business loans originated during the period of January 1, 2024, to December 31, 2024. For 2024, the bank recorded a universe of 267 small business loans totaling \$37.8 million. Examiners considered the entire universe when reviewing the bank’s assessment area concentration performance, and the geographic distribution factor only considers loans originated inside the bank’s assessment areas. For borrower profile, examiners reviewed a sample of 73 small business loans totaling \$11.9 million from loans originated inside the bank’s assessment areas. Demographic comparisons were based on 2020 U.S. Census data as well as 2024 D&B data.

This evaluation also considers home mortgage loans reported on the bank’s Home Mortgage Disclosure Act (HMDA) Loan Application Register. This includes 2023 data showing 51 loans totaling \$15.0 million. The evaluation presents 2023 HMDA data for borrower profile and geographic distribution, the most recent year for which aggregate data exists as of this evaluation date; aggregate 2023 data served as the primary source of comparison. The assessment area concentration table will include HMDA reported data for 2023 only, as the bank was not a HMDA data reporter in 2021 or 2022.

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 May 9, 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 64.7 percent over the past 11 calendar quarters from June 30, 2022, to December 31, 2024. The ratio ranged from a low of 53.2 percent as of June 30, 2022, to a high of 71.3 percent as of December 31, 2024. 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 FCB displayed the second highest ratio.

LTD Ratio Comparison		
Bank	Total Assets as of 12/31/2024 (\$000s)	Average Net LTD Ratio (%)
First Community Bank, San Benito, TX	734,487	64.7
Rio Bank, McAllen, TX	945,393	54.4
Texas National Bank, Mercedes, TX	955,480	69.6
Texas Regional Bank, Harlingen, TX	2,715,928	58.6

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 and small business loans originated inside the assessment areas supports 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	50	98.0	1	2.0	51	13,101	87.0	1,958	13.0	15,059
Small Business	255	95.5	12	4.5	267	36,514	96.4	1,362	3.6	37,876

Source: 2024 Bank Data; 2023 HMDA Reported Data

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the assessment areas. Reasonable performance in the Brownsville MSA AA, McAllen MSA AA, and the Non-MSA AA supports this conclusion. Examiners placed the most weight on the bank’s performance in the Brownsville 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.

Examiners 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 Brownsville MSA AA and McAllen MSA AAs, lifts the poor performance in the Non-MSA AA to support this conclusion. Examiners placed most weight on the bank's performance in the Brownsville 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. Examiners 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 CD performance demonstrates excellent responsiveness to community development needs in its assessment areas through CD loans, QIs, and CD 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 18 community development loans totaling approximately \$32.2 million during the evaluation period. This level of activity represents 4.4 percent of average total assets of approximately \$727.1 million and 7.7 percent of average net loans of approximately \$416.1 million since the prior CRA evaluation. These levels slightly decreased from 4.5 percent of average total assets and 8.0 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 activities that promote community service activities. As shown in the following table, 58.3 percent by dollar volume of loans address activities that promote community service activities and revitalization projects, 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)	0	0	2	8,124	2	2,725	2	3,798	6	14,647
2023	0	0	0	0	3	980	2	3,278	5	4,258
2024	3	5,780	1	3,601	2	2,916	0	0	6	12,297
2025 (YTD)	1	1,036	0	0	0	0	0	0	1	1,036
Total	4	6,816	3	11,725	7	6,621	4	7,076	18	32,238

Source: Bank Data

The following table shows the bank’s community development loans benefiting 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)
Brownsville MSA AA	2	1,136	0	0	4	3,614	0	0	6	4,750
McAllen MSA AA	2	5,680	3	11,725	2	2,724	2	3,278	9	23,407
Non-MSA AA	0	0	0	0	0	0	2	3,798	2	3,798
Statewide/Regional	0	0	0	0	1	283	0	0	1	283
Total	4	6,816	3	11,725	7	6,621	4	7,076	18	32,238

Source: Bank Data

The following point highlights an example of CD loans made in the statewide/regional area.

- **Economic Development** – The bank originated an SBA 504 loan totaling approximately \$283,000 to a business in the broader statewide/regional area, which promoted economic development and provided permanent jobs to low- and moderate-income individuals in the area.

Qualified Investments

The bank made 90 qualified investments totaling approximately 29.2 million. The total dollar volume equates to 4.0 percent of average total assets of \$727.1 million and 12.5 percent of average securities of \$233.8 million since the prior evaluation. These levels increased from 3.7 percent of average total assets and decreased from 16.0 percent of average securities recorded at the prior evaluation.

The following table indicates that, by dollar volume, 99.0 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 benefiting 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)
Brownsville MSA AA	7	17	43	4,136	0	0	0	0	50	4,153
McAllen MSA AA	0	0	13	289	0	0	1	3	14	292
Non-MSA AA	0	0	3	1,707	0	0	0	0	3	1,707
Statewide/ Regional	0	0	22	22,801	0	0	1	250	23	23,051
Total	7	17	81	28,933	0	0	2	253	90	29,203
<i>Source: Bank Data</i>										

The following point highlights the statewide/regional qualified investments.

- **Community Services** - The bank invested in 22 bonds with a book value as of the evaluation date of \$22.8 million that benefit school districts throughout Texas in which a majority of the students are economically disadvantaged according to the Texas Education Agency.

Community Development Services

The bank has provided a total of 57 community development services since the prior evaluation. This level increased from the 51 community development services recorded at the prior evaluation. The services all involve bank personnel's use of their technical expertise to benefit organizations or projects with a primary purpose of community development.

The table shows that most of the services support activities promoting community services, 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)	2	7	4	0	13
2023	2	11	3	0	16
2024	2	13	2	0	17
2025 (YTD)	2	8	1	0	11
Total	8	39	10	0	57
<i>Source: Bank Data</i>					

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
	#	#	#	#	#
Brownsville MSA AA	10	31	10	0	51
McAllen MSA AA	0	4	0	0	4
Non-MSA AA	1	1	0	0	2
Total	11	36	10	0	57
<i>Source: Bank Data</i>					

The bank operates nine full-service branches with two branches and ATMs in a moderate-income census tract, four branches and ATMs in middle-income census tracts, and three branches and two ATMs in upper-income census tracts, as the bank’s South Padre Island branch does not maintain an ATM. The bank also has an agreement with 7-11 convenience stores (formerly Stripes) for its customers to utilize the ATM network free of charge. This agreement adds 74 more ATMs in the Brownsville MSA AA, 86 more in the McAllen MSA AA and 2 more in the Non-MSA AA. Overall, it provides access to 545 ATMs throughout Texas and surrounding states. 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.

BROWNSVILLE MSA AA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN BROWNSVILLE MSA AA

The Brownsville MSA AA consists of Cameron County, which represents all of the Brownsville-Harlingen, TX MSA in Southeast Texas. FCB operates seven full-service offices with ATMs within this assessment area. Two branches and ATMs are in moderate-income census tracts, three branches and ATMs are in middle-income census tracts, and two branches and ATMs are in upper-income census tract areas within the assessment area.

Economic and Demographic Data

The assessment area includes all 122 census tracts in Cameron County. These tracts reflect the following income designations according to 2020 U.S. Census data: 3 low-income tracts, 37 moderate-income tracts, 45 middle-income tracts, 33 upper-income tracts, and 4 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)	122	2.5	30.3	36.9	27.0	3.3
Population by Geography	421,017	2.1	26.4	39.5	31.1	0.9
Housing Units by Geography	152,544	2.0	24.2	38.9	34.3	0.6
Owner-Occupied Units by Geography	84,054	1.2	20.3	41.5	36.3	0.7
Occupied Rental Units by Geography	42,914	3.7	35.3	37.9	22.3	0.8
Vacant Units by Geography	25,576	1.6	18.1	32.0	48.0	0.3
Businesses by Geography	33,081	2.7	25.5	36.1	34.5	1.2
Farms by Geography	647	1.9	18.2	39.6	39.9	0.5
Family Distribution by Income Level	98,120	24.3	17.1	17.0	41.6	0.0
Household Distribution by Income Level	126,968	26.2	15.3	15.1	43.4	0.0
Median Family Income MSA - 15180	\$47,332	Median Housing Value		\$109,784		
		Median Gross Rent		\$725		
		Families Below Poverty Level		23.6%		

*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.*

Business demographics report that service industries represent the largest portion of businesses at 32.0 percent, followed by non-classifiable establishments at 24.5 percent, and retail trade at 13.1 percent. Major employers in the assessment area include Advanced Call Center Technologies, HEB Grocery, Space X, Walmart Inc., Keppel AmFELS, Caring for You Home Health, University of Texas in Rio Grande Valley, and Valley Baptist Medical Center. In addition, 59.9 percent of area businesses have 4 or fewer employees, and 91.3 percent operate from a single location.

The Texas Workforce Commission reported December 2024 unemployment rates of 5.2 percent for Cameron County, compared to the State of Texas rate of 4.1 percent and the U.S. rate of 4.0 percent for the same period.

Examiners used the 2024 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 2024 FFIEC-updated median family income of \$60,400 for the Brownsville, TX MSA. Of the housing units in the area, 55.1 percent are owner-occupied, 28.1 percent are occupied rental units, and 16.8 percent are vacant.

Median Family Income				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2024 (\$60,400)	<\$30,200	\$30,200 to <\$48,320	\$48,320 to <\$72,480	≥\$72,480

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, 22 financial institutions operated 221 offices within the bank's assessment area. Of these institutions, FCB ranked 13th with a 3.1 percent deposit market share. Credit unions, mortgage, and finance companies compete for loans in the area, thus heightening competition, however, 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 an organization that promotes economic development in the assessment area.

The contact stated that the community's major industries include the medical sector, transportation logistics, manufacturing, and back-office operations (such as call centers). Further, the primary demographics primarily include Hispanic residents. The contact noted the economic conditions are generally stable with a boom in the mortgage industry, which is attributed to SpaceX and Liquefied Natural Gas projects moving to the assessment area. The contact also commented that a variety of lending opportunities are available, especially for small business lending to entrepreneurs and affordable housing to local residents. Financial institutions can provide financial literacy to small businesses/entrepreneurs, in addition to partnering with the local economic development projects and programs that provide grants to small businesses and entrepreneurs. Overall, the community contact stated that financial institutions are doing well in the area, however, they could increase their risk appetite further to support small businesses in the area.

Credit Needs

Consistent with other metropolitan areas, the Brownsville 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 41.4 percent of the area's families report either low- and moderate-income. These characteristics typically suggest a higher need for activities that aid in providing community services targeted to low- and moderate-income individuals. Additionally, 32.8 percent of the area's census tracts are low- and moderate-income geographies, suggesting a need for activities that revitalize or stabilize qualifying geographies.

CONCLUSIONS ON PERFORMANCE CRITERIA IN BROWNSVILLE MSA AA

LENDING TEST

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

Geographic Distribution

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

Small Business Loans

The geographic distribution of small business loans reflects reasonable dispersion throughout the Brownsville 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 trails D&B data by 1.0 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 7.1 percentage points, also reflective of reasonable performance.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	2.7	3	1.7	120	0.5
Moderate	25.5	32	18.4	5,401	22.3
Middle	36.1	71	40.8	8,806	36.3
Upper	34.5	67	38.5	9,846	40.6
Not Available	1.2	1	0.6	75	0.3
Totals	100.0	174	100.0	24,248	100.0

Source: 2024 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the Brownsville 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 2.9 percentage points, reflecting reasonable performance. The table further shows that the bank’s level of lending in moderate-income geographies is below aggregate data by 0.8 percentage points, reflecting reasonable performance.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low	1.2	0.4	1	3.3	209	2.5
Moderate	20.3	14.1	4	13.3	426	5.1
Middle	41.5	40.3	11	36.7	2,304	27.4
Upper	36.3	44.7	14	46.7	5,463	65.0
Not Available	0.7	0.5	0	0.0	0	0.0
Total	100.0	100.0	30	100.0	8,402	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

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

Small Business Loans

The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among businesses of different sizes in the Brownsville 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 five 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	63.7	10	33.3	1,309	24.9
\$100,000 - \$249,999	18.5	3	10.0	220	4.2
\$250,000 - \$499,999	4.5	2	6.7	268	5.1
\$500,000 - \$1,000,000	2.2	1	3.3	149	2.8
Subtotal <= \$1,000,000	88.9	16	53.3	1,946	37.0
>\$1,000,000	2.4	8	26.7	1,747	33.3
Revenue Not Available	8.7	6	20.0	1,559	29.7
Total	100.0	30	100.0	5,252	100.0

Source: 2024 D&B Data, Bank Data. Due to rounding, totals may not equal 100.0%.

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 Brownsville MSA AA. The bank did not originate any loans to low-income borrowers; however, considering the aggregate performance of 1.3 percent, limited lending opportunities exist. Examiners also considered that 23.6 percent of families in the Brownsville 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 2.8 percentage points, reflecting reasonable performance.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low	24.3	1.3	0	0.0	0	0.0
Moderate	17.1	6.1	1	3.3	130	1.5
Middle	17.0	17.0	5	16.7	436	5.2
Upper	41.6	46.0	12	40.0	2,494	29.7
Not Available	0.0	29.6	12	40.0	5,342	63.6
Total	100.0	100.0	30	100.0	8,402	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 bank demonstrated a satisfactory record regarding the Community Development Test in the Brownsville MSA AA. The institution’s CD performance demonstrates adequate responsiveness to CD needs in the Brownsville MSA AA through CD loans, QIs, and CD services, as appropriate, considering the institution’s capacity and the need and availability of such opportunities for CD in the institution’s assessment area.

Community Development Loans

FCB originated 6 community development loans totaling \$4.7 million in the Brownsville MSA AA, demonstrating a decline in performance over the last evaluation when the bank recorded 12 community development loans totaling \$13.9 million in the Brownsville MSA AA. The current level equates to 14.7 percent of the bank’s overall level of community development loans by dollar volume. As noted, this area contributed 60.9 percent of the bank’s total loans. The following point highlights examples of the bank’s CD loans in the Brownsville MSA AA.

- **Economic Development** - The bank originated two SBA 504 loans to a family-oriented business totaling approximately \$2.9 million which promoted economic development through permanent jobs creation for low- and moderate-income individuals in the area.

Qualified Investments

The bank made use of 50 QIs totaling \$4.1 million in the Brownsville MSA AA, reflecting a significant increase in the number of investments, however, the dollar volume remained stable since the last evaluation when the bank recorded 26 QIs totaling \$4.1 million in the Brownsville MSA AA. The total dollar amount represents 14.2 percent of the bank's overall dollar level of investments. As noted, this area contributed 79.8 percent of the bank's total deposits. The following point highlights an example of the bank's QIs in the Brownsville MSA AA.

- ***Community Services*** - The bank invested in 5 bonds with a book value as of the evaluation date of \$4.0 million that benefit school districts throughout the assessment area in which a majority of the students are economically disadvantaged according to the Texas Education Agency.

Community Development Services

FCB provided 51 CD services in the Brownsville MSA AA, which equates to 89.5 percent of the bank's total CD services, a decrease from the 47 CD services recorded in the Brownsville MSA AA at the previous evaluation. As noted, this area contributed 77.8 percent of the bank's total branches. The following point highlights an example of the bank's CD services in the Brownsville MSA AA.

- ***Community Service*** – An officer of the bank serves on the Board of an organization dedicated to providing technical assistance to nonprofits that serves low- and moderate-income individuals.

As previously noted, besides its full-service office locations and ATMs, the bank provides adequate alternative delivery systems that help avail its services to low- and moderate-income individuals or geographies. FCB offers free access to its ATMs and its expanded network offered at 7/11s for its customers. In addition to its branches and ATMs in the Brownsville MSA AA, the bank provides other alternative delivery systems. Those systems include online banking and bill pay, as well as a mobile banking product that provides many of these same services from any mobile device.

MCALLEN MSA AA – Limited-Scope Review

DESCRIPTION OF THE INSTITUTION'S OPERATIONS IN MCALLEN MSA AA

The McAllen MSA AA consists of Hidalgo County, which represents all of the McAllen-Edinburg-Mission, TX MSA in Southeast Texas. FCB operates one full-service office and one ATM in an upper-income census tract within this area.

Economic and Demographic Data

The assessment area includes all 212 census tracts in Hidalgo County. These tracts reflect the following income designations according to the 2020 U.S. Census data: 13 low-income tracts, 47

moderate-income tracts, 80 middle-income tracts, 63 upper-income tracts, and 9 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)	212	6.1	22.2	37.7	29.7	4.2
Population by Geography	870,781	5.6	20.7	40.6	30.7	2.4
Housing Units by Geography	281,380	5.0	20.2	40.9	31.6	2.3
Owner-Occupied Units by Geography	165,793	5.1	19.0	40.6	33.0	2.2
Occupied Rental Units by Geography	78,085	5.7	22.8	38.1	30.7	2.7
Vacant Units by Geography	37,502	3.2	20.0	48.0	27.3	1.5
Businesses by Geography	75,198	3.1	14.7	36.6	42.0	3.7
Farms by Geography	1,231	2.2	15.7	39.2	40.3	2.6
Family Distribution by Income Level	195,687	26.1	15.2	16.2	42.5	0.0
Household Distribution by Income Level	243,878	26.5	14.8	15.6	43.0	0.0
Median Family Income - McAllen, TX MSA	\$46,609	Median Housing Value				\$100,611
		Median Gross Rent				\$737
		Families Below Poverty Level				25.5%
<i>Source: 2020 U.S. Census and 2024 D&B Data; 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>						

The following table presents the low-, moderate-, middle-, and upper-income categories, based on the 2024 FFIEC-updated median family income of \$57,300 for the McAllen MSA AA.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2024 (\$57,300)	<\$28,650	\$28,650 to <\$45,840	\$45,840 to <\$68,760	≥\$68,760
<i>Source: FFIEC</i>				

The Texas Workforce Commission reported a December 2024 unemployment rate of 6.0 percent for Hildago County compared to 4.1 percent for the State of Texas and 4.0 percent for the United States. Major employers in the McAllen MSA AA include Doctors Hospital at Renaissance, University of Texas Rio Grande Valley, South Texas Health System, U.S. Border Patrol, South Texas College, and H-E-B Grocery Co. LP.

CONCLUSIONS ON PERFORMANCE CRITERIA IN MCALLEN MSA AA

LENDING TEST

The institution's lending performance in the McAllen MSA AA is consistent with the institution's lending performance in the Brownsville MSA AA that was reviewed using full-scope examination procedures.

Geographic Distribution

Small Business Loans

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	3.1	0	0.0	0	0.0
Moderate	14.7	4	6.3	591	5.3
Middle	36.6	18	28.6	3,585	32.0
Upper	42.0	40	63.5	7,006	62.5
Not Available	3.7	1	1.6	31	0.3
Totals	100.0	63	100.0	11,213	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	1.8	0	0.0	0	0.0
Moderate	19.0	12.4	3	15.8	1,076	23.1
Middle	40.6	38.7	4	21.1	905	19.5
Upper	33.0	44.0	12	63.2	2,668	57.4
Not Available	2.2	3.0	0	0.0	0	0.0
Totals	100.0	100.0	19	100.0	4,649	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	66.9	6	24.0	987	17.4
\$100,000 - \$249,999	17.9	3	12.0	808	14.2
\$250,000 - \$499,999	4.2	5	20.0	932	16.4
\$500,000 - \$1,000,000	2.0	5	20.0	1,922	33.8
Subtotal <= \$1,000,000	91.0	19	76.0	4,649	82.0
>\$1,000,000	2.1	4	16.0	814	14.3
Revenue Not Available	6.9	2	8.0	215	3.8
Total	100.0	25	100.0	5,678	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	26.1	0.6	0	0.0	0	0.0
Moderate	15.2	4.5	0	0.0	0	0.0
Middle	16.2	13.6	0	0.0	0	0.0
Upper	42.5	53.0	4	21.1	1,051	22.6
Not Available	0.0	28.3	15	78.9	3,598	77.4
Totals	100.0	100.0	19	100.0	4,649	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 McAllen MSA AA was below the community development performance in the Brownsville MSA AA that was reviewed using full-scope examination procedures. However, it does not change the institution's rating overall.

NON-MSA AA – Limited-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN NON-MSA AA

FCB’s Non-MSA AA consists of Willacy County in Southeast Texas. During the review period, the bank operated one full-service office and one ATM in a middle-income census tracts within this area.

The assessment area includes all 6 census tracts in Willacy County. These tracts reflect the following income designations according to the 2020 U.S. Census data: 1 low-income tract, 1 moderate-income tracts, 3 middle-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)	6	16.7	16.7	50.0	0.0	16.7
Population by Geography	20,164	11.9	23.7	64.4	0.0	0.0
Housing Units by Geography	7,391	14.7	27.5	57.8	0.0	0.0
Owner-Occupied Units by Geography	3,939	13.6	25.9	60.5	0.0	0.0
Occupied Rental Units by Geography	1,943	5.4	36.7	58.0	0.0	0.0
Vacant Units by Geography	1,509	29.8	19.5	50.7	0.0	0.0
Businesses by Geography	929	14.6	30.6	54.8	0.0	0.0
Farms by Geography	91	26.4	11.0	62.6	0.0	0.0
Family Distribution by Income Level	4,375	35.7	18.3	18.7	27.4	0.0
Household Distribution by Income Level	5,882	33.9	18.5	14.6	33.0	0.0
Median Family Income Non-MSAs - TX		\$61,809	Median Housing Value			\$61,245
			Median Gross Rent			\$676
			Families Below Poverty Level			22.7%

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 2024 FFIEC-updated median family income of \$75,500 for the Texas Non-MSA AA.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2024 (\$75,500)	<\$37,750	\$37,750 to <\$60,400	\$60,400 to <\$90,600	≥\$90,600

Source: FFIEC

The Texas Workforce Commission reported a December 2024 unemployment rate of 5.5 percent for Willacy County compared to 4.1 percent for the State of Texas and 4.0 percent for the United States. Major employers in Willacy County include the SunnyGlen Children’s Home, Raymondville Independent School District, Lyford Independent School District, Charles Wetergrove & CO, and VTX 1 Communications.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE NON-MSA AA

LENDING TEST

The institution’s lending performance in the Non-MSA AA is below the institution’s lending performance in the Brownsville MSA AA that was reviewed using full-scope examination procedures. However, it does not change the conclusion for the institution overall.

Geographic Distribution

Small Business Loans

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	14.6	2	11.1	270	25.6
Moderate	30.6	7	38.9	420	39.9
Middle	54.8	9	50.0	363	34.5
Upper	0.0	0	0.0	0	0.0
Not Available	0.0	0	0.0	0	0.0
Totals	100.0	18	100.0	1,053	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	13.6	25.5	0	0.0	0	0.0
Moderate	25.9	25.5	1	100.0	50	100.0
Middle	60.5	49.0	0	0.0	0	0.0
Upper	0.0	0.0	0	0.0	0	0.0
Not Available	0.0	0.0	0	0.0	0	0.0
Totals	100.0	100.0	1	100.0	50	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	56.6	4	22.2	93	8.8
\$100,000 - \$249,999	19.2	0	0.0	0	0.0
\$250,000 - \$499,999	4.5	0	0.0	0	0.0
\$500,000 - \$1,000,000	1.6	3	16.7	376	35.7
Subtotal <= \$1,000,000	81.9	7	38.9	469	44.5
>\$1,000,000	2.6	3	16.7	241	22.9
Revenue Not Available	15.5	8	44.4	343	32.6
Total	100.0	18	0.0	1,053	100

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	35.7	3.9	1	100.0	50	100.0
Moderate	18.3	9.8	0	0.0	0	0.0
Middle	18.6	21.6	0	0.0	0	0.0
Upper	27.4	41.2	0	0.0	0	0.0
Not Available	0.0	23.5	0	0.0	0	0.0
Totals	100.0	100.0	1	100.0	50	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 below the community development performance in the Brownsville MSA AA that was reviewed using full scope examination procedures. However, it does not change the institution's rating 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.