

PUBLIC DISCLOSURE

June 24, 2024

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

International Bank of Commerce
Certificate Number: 25679

1600 F.M. 802
Brownsville, Texas 78521

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

600 North Pearl Street, Suite 700
Dallas, Texas 75201

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

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INSTITUTION RATING

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

An institution in this group has 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.

PERFORMANCE LEVELS	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding		X	
High Satisfactory	X		
Low Satisfactory			X
Needs to Improve			
Substantial Noncompliance			

** The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.*

The Lending Test is rated High Satisfactory.

- Lending levels reflect excellent responsiveness to assessment area credit needs.
- A high percentage of loans are made in the institution's assessment areas.
- The geographic distribution of loans reflects adequate penetration throughout the assessment areas.
- The distribution of borrowers reflects, given the product lines offered by the institution, excellent penetration among retail customers of different income levels and business customers of different sizes.
- The institution exhibits an excellent record of serving the credit needs of the most economically disadvantaged areas of its assessment areas, low-income individuals, and/or very small businesses.
- The institution makes no use of innovative and/or flexible lending practices in order to serve assessment area credit needs.
- The institution is a leader in making community development loans.

The Investment Test is rated Outstanding.

- The institution has an excellent level of qualified community development investments and grants, often in a leadership position, particularly those that are not routinely provided by private investors.
- The institution exhibits excellent responsiveness to credit and community development needs.
- The institution makes extensive use of innovative and/or complex investments to support community development initiatives.

The Service Test is rated Low Satisfactory.

- Delivery systems are accessible to essentially all portions of the institution's assessment areas.
- To the extent changes have been made, the institution's opening and closing of branches has improved the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals.
- Services (including where appropriate, business hours) are tailored to the convenience and needs of the assessment areas, particularly low- and moderate-income geographies and/or individuals.
- The institution provides an adequate level of providing community development services.

DESCRIPTION OF INSTITUTION

International Bank of Commerce, Brownsville, Texas (IBC Brownsville) began operations in 1984. The bank received an Outstanding rating at its previous March 11, 2021, Federal Deposit Insurance Corporation (FDIC) CRA Performance Evaluation based on Federal Financial Institutions Examination Council (FFIEC) Large Institution CRA Examination Procedures.

International Bancshares Corporation (IBC), Laredo, Texas, wholly owns IBC Subsidiary Corporation, Laredo, Texas. In turn, IBC Subsidiary Corporation wholly owns IBC Brownsville as well as Commerce Bank, Laredo, Texas; International Bank of Commerce, Laredo, Texas; International Bank of Commerce, Oklahoma City, Oklahoma; and International Bank of Commerce, Zapata, Texas. This evaluation does not consider any affiliate or subsidiary lending or community development activities.

IBC Brownsville functions as a retail bank operating 12 full-service offices in Cameron County, Texas and added 29 branches in the McAllen, Texas market comprised of Hidalgo County, that were transferred from International Bank of Commerce, Laredo, Texas effective January 2022.

The bank focuses on residential and commercial lending, but also offers a variety of loan products including construction, consumer, and agricultural loans. IBC Brownsville's various deposit offerings consist of consumer and commercial checking and savings accounts, debit and gift cards, and merchant processing for commercial customers. Alternative delivery systems include remote deposit capture, online and mobile banking with bill pay capabilities, telephone banking, drive-thru facilities, and 56 automated teller machines (ATMs). Additionally, given IBC Brownsville's affiliation with its holding company, its customers also receive free access to all branch locations and ATMs that make up the International Bancshares Corporation network.

As of the March 31, 2024, Consolidated Reports of Condition and Income, the bank reported total assets of approximately \$4.0 billion, total loans of \$1.3 billion, and total deposits of \$3.6 billion. Since the prior evaluation, total assets increased by 170.3 percent, total loans by 98.9 percent, and total deposits by 195.8 percent, primarily attributed to the new McAllen, Texas market. As presented in the following table, the mix of outstanding loans as of March 31, 2024, shows that commercial lending represents the largest loan category.

Loan Portfolio Distribution as of 03/31/2024		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	263,888	19.7
Secured by Farmland	8,461	0.6
Secured by 1-4 Family Residential Properties	71,694	5.3
Secured by Multifamily (5 or more) Residential Properties	140,119	10.4
Secured by Nonfarm Nonresidential Properties	466,823	34.8
Total Real Estate Loans	950,985	70.8
Commercial and Industrial Loans	364,317	27.2
Agricultural Production and Other Loans to Farmers	1,690	0.1
Consumer Loans	21,153	1.6
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	3,414	0.3
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
Total Loans	1,341,559	100.0
<i>Source: Reports of Condition and Income</i>		
<i>Due to rounding, totals may not equal 100.0%</i>		

Examiners did not identify any financial, legal, or other impediments that affect the institution's ability to meet the credit needs of its assessment areas.

DESCRIPTION OF ASSESSMENT AREAS

IBC Brownsville designated two assessment areas: The Brownsville Metropolitan Statistical Area (MSA) assessment area (AA); and McAllen MSA AA. As noted, the former IBC Laredo branches located in the McAllen, Texas market moved to the IBC Brownsville Charter effective January 1, 2022, resulting in the addition of the McAllen MSA AA. The bank's AAs meet the technical requirements of the CRA. The following table provides additional details regarding the composition of each AA. Refer to the individual sections of this evaluation for a more detailed description of each area, as applicable.

Description of Assessment Areas			
Assessment Area	Counties in Assessment Area	# of Census Tracts	# of Branches
Brownsville MSA AA	Cameron	122	12
McAllen MSA AA	Hidalgo	212	29

Source: Bank Data; 2020 U.S. Census

SCOPE OF EVALUATION

General Information

The evaluation covers the period from the last evaluation dated March 11, 2021, to the current evaluation dated June 24, 2024. To assess performance, examiners applied the Federal Financial Institutions Examination Council (FFIEC) Large Institution CRA Examination Procedures, which include the Lending, Investment, and Service Tests. The appendices define each test's criteria.

Examiners applied full-scope procedures to assess IBC Brownsville's performance in its McAllen MSA AA, and Brownsville MSA AA received limited-scope review. As shown in the following table, the McAllen MSA AA accounted for a majority of the bank's deposits and branches, while Brownsville MSA AA originated a majority of the bank's loans. Consequently, examiners weighed the records in the Brownsville MSA AA slightly heavier when arriving at applicable conclusions and ratings, consistent with that area's lending level.

Assessment Area Breakdown of Loans, Deposits, and Branches						
Assessment Area	Loans		Deposits		Branches	
	\$(000s)	%	\$(000s)	%	#	%
Brownsville MSA AA	43,615	52.5	1,317,613	36.8	12	29.3
McAllen MSA AA	48,143	47.5	2,261,650	63.2	29	70.7
Total	91,758	100.0	3,579,263	100.0	41	100.0

Source: CRA Small Business Reported Data (2022); FDIC Summary of Deposits (06/30/2023); Bank Data

Activities Reviewed

For the Lending Test, CRA Large Institution procedures require examiners to consider a bank's reported home mortgage, small business, and small farm loans, as well as all reported community development loans originated since the prior evaluation. Consequently, this evaluation considers the following loans, based on readily available information, reported according to CRA data collection reporting requirements:

Small Business Loans

- 2021: 900 loans totaling \$77.0 million
- 2022: 551 loans totaling \$100.7 million
- 2023: 498 loans totaling \$95.3 million

Small Farm Loans

- 2021: 9 loans totaling \$3.0 million
- 2022: 17 loans totaling \$4.9 million
- 2023: 14 loans totaling \$4.3 million

Community Development Loans

- March 11, 2021 – June 24, 2024: 121 loans totaling \$789.5 million

Small farm loans represent a minimal percentage of the bank's reported lending, accounting for 4.6 percent of the total dollar volume of CRA data in 2022. Given the nominal lending volume, this evaluation does not include an analysis of small farm loans, as any analysis would not affect the conclusions or the overall ratings.

Since no trends exist between the different years' data that materially affect applicable conclusions or ratings, unless otherwise noted, this evaluation only presents 2022 data, the most recent year for which aggregate data exists as of this evaluation date. However, examiners presented all years of loan data since the prior evaluation in the assessment area concentration criterion. Examiners primarily compared the bank's performance to applicable aggregate data when reaching overall conclusions and ratings although this evaluation also includes demographic data based on the 2020 U.S. Census and 2022 D&B business demographic data.

This evaluation also reviewed the bank's qualified investments and community development services for the period since the previous CRA evaluation through March 11, 2021. Qualified investments included new investments and donations, as well as outstanding qualified investments from prior to this evaluation. Finally, the evaluation encompassed a review of delivery systems, including branches and alternative delivery systems and the impact of any branch openings and closings, as well as a review of retail banking products and services targeted to low- and moderate-income individuals or small businesses.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

IBC Brownsville demonstrated a high satisfactory record for the bank as a whole under the Lending Test. Excellent lending activity, its leadership in community development lending, and excellent borrower profile lending distribution coupled with a high percentage of loans made in the bank's assessment areas somewhat lifted the adequate geographic loan distribution and lack of innovative or flexible lending practices to support this conclusion. Conclusions regarding the institution's overall Lending Test performance is consistent in the Brownsville MSA and McAllen MSA AAs.

Lending Activity

Lending levels reflect excellent responsiveness to assessment area credit needs. Excellent small business lending performances support this conclusion. This performance is consistent in the Brownsville MSA AA, while inconsistent in the McAllen MSA AA where lending activity performance lands below the institution's overall record. Examiners considered the bank's size, business strategy, and capacity relative to the assessment areas' credit needs when arriving at this conclusion.

Small Business Loans

The level of small business lending activity reflects excellent responsiveness to assessment area credit needs. Excellent overall market ranking primarily supports this conclusion. The bank's small business loan originations have declined since the previous evaluation. IBC Brownsville captured a 2.0 percent market share of the total number of small business loans and a 10.1 percent market share of the total dollar volume of loans. According to 2022 aggregate CRA data, IBC Brownsville ranked 15th out of 138 reporting lenders inside its assessment areas, reflecting excellent performance. This ranking, which considers the total number and dollar volume of loans made by each institution, lands the bank in the top 10.9 percent of lenders reporting such loans in the assessment areas.

Assessment Area Concentration

A high percentage of loans are made in the institution's assessment areas. A high majority of small business loans originated inside the bank's assessment areas supports this conclusion. Examiners considered the bank's asset size and office structure, as well as the loan categories reviewed relative to the areas' combined size and economy when arriving at this conclusion.

The following table shows the institution originated a substantial majority of its small business loans by number and a high percentage by dollar volume inside the assessment areas. However, considering both the number and dollar volume of the loan product reviewed, examiners concluded that the institution originated an overall high percentage of its loans in its assessment areas.

Lending Inside and Outside of the Assessment Areas										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000)s				Total \$
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Small Business										
2021*	803	89.2	97	10.8	900	59,879	77.8	17,092	14.8	76,971
2022	508	92.2	43	7.8	551	91,758	91.1	8,968	8.9	100,726
2023	451	90.6	47	9.4	498	80,799	84.8	14,466	15.2	95,265
Total	1,762	90.4	187	9.6	1,949	232,436	85.2	40,526	14.8	272,962
Source: CRA Reported Data (2021-2023) *Only includes Brownsville MSA AA. Due to rounding, totals may not equal 100.0%										

Geographic Distribution

The geographic distribution of loans reflects adequate penetration throughout the assessment areas. This performance is consistent in the Brownsville MSA and McAllen MSA AAs. 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 percentage by number of loans originated when arriving at conclusions. This factor only considered loans originated inside the bank's assessment areas.

Borrower Profile

The distribution of borrowers reflects, given the product lines offered by the institution, excellent penetration among retail customers of different income levels and business customers of different size. This performance is consistent in the McAllen MSA AA and inconsistent in the Brownsville MSA AA where the bank's performance lands below the institution's overall record. 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 percentage by number of loans originated when arriving at conclusions. This factor only considered loans originated inside the bank's assessment areas.

Innovative or Flexible Lending Practices

The institution makes no use of innovative and/or flexible lending practices in order to serve assessment area credit needs. However, IBC Brownsville refers all consumer purpose residential applications to the mortgage division of its affiliate International Bank of Commerce, Laredo, Texas, which offers innovative and/or flexible mortgage lending programs.

Community Development Loans

The institution is a leader in making community development loans. Its leadership regarding the dollar volume of community development loans and the community development loans' excellent

responsiveness support this conclusion. This performance is consistent in the Brownsville MSA and McAllen MSA AAs.

During the evaluation period, IBC Brownsville originated 121 community development loans totaling \$789.5 million. This level of activity represents 23.6 percent of average total assets of \$3.3 billion and 73.2 percent of average net loans of \$1.1 billion. This activity reflects a decrease in dollar volume from the previous evaluation when the bank originated 121 loans totaling \$811.1 million, which represented 75.2 percent of average total assets and 140.6 percent of average net loans.

In addition to reflecting leadership based on their level, the community development loans reflect excellent responsiveness to the assessment areas' community development needs. As detailed in the following table, 43.1 percent of the dollar volume of all community development loans revitalize or stabilize qualifying geographies. In addition, 45.7 percent of community development loans originated in the Brownsville MSA AA or the McAllen MSA AA promote economic development, as defined by the regulation. As later noted, activities that revitalize or stabilize qualifying geographies represent a primary community development need for the bank's assessment areas, while activities that benefit economic development also reflect a community development need in the assessment areas. The following tables show the bank's community development lending by assessment area, purpose, and year.

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	4	27,109	0	0	6	35,154	22	71,148	32	133,412
McAllen MSA AA	0	0	0	0	12	74,406	14	32,139	26	106,546
Statewide/Regional	26	279,203	0	0	6	33,593	31	236,793	63	549,589
Total	30	306,312	0	0	24	143,153	67	340,081	121	789,546
Source: Bank Data										

Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2021	12	134,310	0	0	5	7,244	14	68,500	31	210,054
2022	3	12,399	0	0	14	100,848	22	105,946	39	219,193
2023	13	140,233	0	0	4	26,700	23	99,483	40	266,416
YTD 2024	2	19,370	0	0	1	8,361	8	66,152	11	93,883
Total	30	306,312	0	0	24	143,153	67	340,081	121	789,546
Source: Bank Data										

The following is a notable example of a statewide/regional community development loan activity.

- **Affordable Housing** – The bank originated a loan for \$8.5 million to construct a 49-unit senior apartment development. The Low-Income Housing Tax Credit (LIHTC) property designates 41 units for households earning at or below 60 percent of the area median gross income. Thus, the activity primarily benefits low- or moderate-income individuals and families.

INVESTMENT TEST

IBC Brownsville demonstrated an outstanding record for the bank as a whole regarding the Investment Test. An excellent level of qualified community development investments and donations, excellent responsiveness to credit and community development needs, and extensive use of innovative and/or complex investments support this conclusion. Conclusions regarding the institution's overall Investment Test performance is inconsistent in the Brownsville MSA AA and the McAllen MSA AA where Investment Test performance falls below the institution's overall record.

Investment and Grant Activity

The institution has an excellent level of qualified community development investments and grants, often in a leadership position, particularly those that are not routinely provided by private investors. The dollar volume of qualified investments primarily supports this conclusion. The bank made use of 294 qualified investments and donations totaling \$135.5 million. This represents 4.1 percent of average total assets of \$3.3 billion and 7.6 percent of average total securities of \$1.8 billion. These levels reflect an increase over the 2.8 percent of average total assets and a decrease over the 10.1 percent of average total securities reported in the prior evaluation. The tables below summarize the bank's qualified investments and donations by assessment area and purpose.

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	5	21,652	138	695	16	29	0	0	159	22,376
McAllen MSA AA	5	15,878	99	464	19	37	0	0	123	16,379
Statewide/Regional	12	96,762	0	0	0	0	0	0	12	96,762
Total	22	134,292	237	1,159	35	66	0	0	294	135,517
Source: Bank Data										

The following is a notable example of a statewide/regional qualified investment activity.

- **Affordable Housing** – The bank invested \$96.8 million in Government National Mortgage Association bonds comprised of mortgages the provide affordable housing to low- and moderate-income borrowers.

Responsiveness to Credit and Community Development Needs

The institution exhibits excellent responsiveness to credit and community development needs. As reflected in the above table, a substantial majority of the qualified investments and donations funded affordable housing needs, which is an identified community development need.

Community Development Initiatives

The institution makes extensive use of innovative and/or complex investments to support community development initiatives. For example, the bank made equity investments into a proprietary fund established by IBC Brownsville's Board of Directors to partner with various developers, city and state housing and development agencies, and builders to construct or refurbish affordable housing projects in Texas and Oklahoma. By using this proprietary fund as a general partner in the various projects, the bank leveraged low-income housing tax credits granted to developers as well as other tax incentives granted by municipalities to ensure the feasibility and sustainability of the various projects. IBC Brownsville invested over \$37.5 million into this fund.

The establishment of this proprietary fund involved significant cost and expertise in various areas including real estate development, legal, tax, accounting, finance, zoning, and construction. This approach reflects a strong commitment to IBC Brownsville's community development goals and exemplifies excellent responsiveness through extensive use of innovative and complex investments not routinely provided by private investors that directly address identified needs in the bank's assessment areas and throughout the state.

SERVICE TEST

IBC Brownsville demonstrated a low satisfactory record regarding the Service Test for the bank as a whole. Its adequate level in providing community development services and tailored services to the needs of the assessment areas primarily support this conclusion. Additionally, delivery systems are reasonably accessible to essentially all portions of the assessment areas and the bank's opening and closing of branches has not adversely affected the accessibility of its delivery systems. Conclusions regarding the institution's overall Service Test performance is consistent in the Brownsville MSA AA and the McAllen MSA AA institution's overall record.

Accessibility of Delivery Systems

Delivery systems are reasonably accessible to essentially all portions of the institution's assessment areas. Readily accessible alternative delivery systems and the reasonably accessible branch distribution to supports this conclusion. This performance is consistent with both the Brownsville MSA AA and the McAllen MSA AA.

The following table illustrates the distribution of the bank's branches and ATMs by geography income level for 2022. The table shows that in low-income geographies, the percentages of branches rises above and ATMs fall below but within adequate ranges of the percentage of the assessment areas' population residing in those areas, thereby reflecting reasonable accessibility.

The table further shows that in moderate-income geographies, the percentages of branches and ATMs fall below but within adequate ranges of the percentage of the assessment areas' population residing in those areas, thereby also reflecting reasonable accessibility.

Branch and ATM Distribution by Geography Income Level								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	16	4.8	57,348	4.4	2	4.9	2	3.6
Moderate	84	25.1	291,255	22.5	7	17.1	10	17.8
Middle	125	37.4	519,972	40.3	18	43.9	23	41.1
Upper	96	28.7	398,424	30.8	13	31.7	17	30.4
NA	13	3.9	24,799	1.9	1	2.47.1	4	7.1
Total	334	100.0	1,291,798	100.0	41	100.0	56	100.0
Source: 2020 U.S. Census; Bank Data Due to rounding, totals may not equal 100.0%								

The institution makes its alternative delivery systems readily accessible to all portions of the assessment areas. In addition to its ATMs, the bank offers a variety of alternative systems that prove effective in delivering retail banking services in low- and moderate-income geographies or to low- and moderate-income individuals. As noted previously, due to IBC Brownsville's affiliation with its holding company, its customers also receive free access to all branch locations and ATMs that make up the International Bancshares Corporation network. As of December 31, 2023, this network includes 166 branch locations and 256 ATMs. Further, IBC Brownsville offers free, 24-hour customer access to accounts via a local telephone number. This free service allows customers to access balance and deposit information, make account transfers, and obtain information on checks cleared by the bank. IBC Brownsville provides this service in both English and Spanish. IBC Brownsville's customers make extensive use of this service, logging an average of 129,475 calls per month.

In addition, IBC Brownsville provides an internet website that allows customers to view products, locate branches and ATMs, access their accounts, and pay bills free of charge 24 hours a day. IBC Brownsville has 165,704 consumer customers utilizing the online banking with 23.90 percent of those customers residing in low- or moderate-income geographies. Additionally, the bank has 22,398 business customers utilizing the online banking services with 21.66 percent of the business customers conducting business from low- or moderate-income geographies.

Further, IBC Brownsville's IBC Link offers a cash management service for business customers that allows customers to access account information. Business customers may transfer funds between accounts, reconcile account balances, and perform wire transfers. Likewise, the bank's IBC Mobile allows the bank's online banking customers to check balances, pay bills, make transfers, and find branch and ATM locations from cellular phones or personal electronic devices. Finally, IBC Brownsville's branch locations remained open and operating under normal business hours during the COVID-19 pandemic. Staying open during the pandemic ensured bank customers had access to all regular bank functions.

Changes in Branch Locations

To the extent changes have been made, the institution's opening and closing of branches has improved the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals. As seen in the following table, the transfer of 29 branches to the IBC Brownsville charter resulted in an increase of six branches in low and moderate-income geographies.

Net Distribution of Branch Openings/Closings							
Assessment Area	# of Branch Openings	# of Branch Closings	Income Level of Census Tract (+/-)				Unknown
			Low	Moderate	Middle	Upper	
McAllen MSA AA	29	0	2+	4+	13+	9+	1+
Total	29	0	2+	4+	13+	9+	1+

Reasonableness of Business Hours and Services

Services (including where appropriate, business hours) are tailored to the convenience and needs of the assessment areas, particularly low- and moderate-income geographies and/or individuals. Extended hours and tailored services support this conclusion.

The institution maintains extended hours relative to the areas served and the industry. Most locations maintain at least 8-hour lobby hours Monday thru Friday, Saturday lobby hours, and Sunday hours at 14 offices throughout the bank's assessment areas. All motor facilities provide extended hours, as well. Hours of operation did not materially vary for offices in low- and moderate-income census tracts compared with those in middle- and upper-income tracts.

As previously discussed, the bank provides many services designed to meet the needs of low- and moderate-income areas and individuals as well as smaller sized businesses. The range of services covers a wide variety of products and services including consumer checking, savings, money market, certificates of deposit, and individual retirement accounts as well as prepaid, debit, and credit cards, currency exchange, and home equity, consumer, and mortgage loans.

The presence of Spanish-speaking personnel in many offices helps ensure the provision of the bank's services to its served areas. For its Spanish-speaking customer base, IBC Brownsville offers product brochures translated into Spanish. For businesses, the bank provides products and services including checking and savings accounts, Treasury Management and merchant services, business credit cards, positive pay, and lockbox services.

Community Development Services

The institution provides an adequate level of community development services. The extent, or number, of community development services primarily supports this conclusion.

The following table shows that the bank provided 184 community development services since the prior evaluation. The number of community development services reflects a decrease over the 760

community development services recorded at the prior evaluation which was primarily due to Covid-19 in which the bankers could not provide financial literacy as in previous years. The services all involve bank personnel's use of technical expertise to benefit organizations or projects with a primary purpose of community development, as defined by CRA regulations. In addition to the extent, community development services exhibit adequate responsiveness to available opportunities as illustrated by the level of addressing community services as identified community development needs in the AAs. The following tables summarize the community development service activity by AA, purpose, and year.

Community Development Services by Assessment Area					
Assessment Area	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
Brownsville MSA AA	6	93	3	0	105
McAllen MSA AA	0	67	15	0	79
Statewide/Regional	0	0	0	0	0
Total	6	160	18	0	184
Source: Bank Data					

Community Development Services					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2021	1	13	3	0	17
2022	1	28	2	0	31
2023	3	78	13	0	94
YTD 2024	1	41	0	0	42
Total	6	160	18	0	184
Source: Bank Data					

The following are notable examples of the bank's qualified community development services for the bank as a whole.

- **Community Services** – Bank staff presented FDIC's Money Smart program at events with audiences comprised of low- and moderate-income individuals. The bank also presented its own version of Money Smart, called Money Buzz for children ages 5 through 9. Money Buzz is a free, child-friendly lesson on personal finance that IBC Brownsville and its affiliated institutions created to fill a void in personal finance education among America's youth. Thus, the program provides community services in the form of financial education targeted to low- and moderate-income individuals.
- **Community Services** – In a leadership role, IBC Brownsville and its affiliated institutions developed the We Do More Rx Card. The card, targeted to low- and moderate-income bank customers, provides discounts on all Food and Drug Administration-approved prescription

drugs that amount to an average savings of 15.0 percent off the cash price for brand name drugs and 40.0 percent off for generic drugs. The activity provides community services by addressing health matters targeted to low- and moderate-income individuals.

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.

MCALLEN MSA AA – Full-Scope Review

DESCRIPTION OF INSTITUTION'S OPERATIONS IN MCALLEN MSA AA

The McAllen MSA AA includes Hidalgo County, the sole county that comprises the McAllen-Edinburg-Mission, TX MSA, located in South Texas on the border with Mexico.

Economic and Demographic Data

Based on 2020 U.S. Census, the assessment area's 212 census tracts reflect the following income designations: 13 low-, 47 moderate-, 80 middle-, 63 upper-income, and 9 census tracts with no income designation. The following table provides select demographic characteristics for the assessment area.

Demographic Information of the Assessment Area McAllen MSA AA						
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	68,599	3.1	14.8	36.6	42.0	3.6
Farms by Geography	1,076	2.0	15.8	39.1	40.7	2.3
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 MSA - 32580 McAllen-Edinburg-Mission, TX MSA		\$46,609	Median Housing Value			\$100,611
			Median Gross Rent			\$737
			Families Below Poverty Level			25.5%
Source: 2020 U.S. Census; 2022 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 area's largest employers include H-E-B grocery stores, McAllen Independent School District (ISD), Edinburg ISD, University of Texas Rio Grande Valley, Hidalgo County, McAllen Medical Center and Doctors Hospital at Renaissance along with other city and government entities. Service industries represent the largest portion of the area's businesses at 31.2 percent, followed by non-classifiable establishments at 22.7, and retail trade at 12.8 percent.

The Texas Workforce Commission recorded an unemployment rate of 5.4 percent as of April 2024 for Hidalgo County. Such rate is above both the State of Texas' rate and the national rate of 3.5 and 3.5, respectively, for the same time period.

Competition

The area contains a low level of competition from other chartered banks based on the area population, with each of the 145 offices from the 20 institutions serving on average approximately 6,005 people. IBC Brownsville ranks 1st in market share with 15.7 percent of the area's deposits based on the FDIC's June 30, 2023, Deposit Market Share Report.

Community Contact

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 area's economy is robust. The contact noted that the local economy is growing due to expansion in the manufacturing area in McAllen, which has created stable jobs as well as provided stability to local businesses. The contact further noted that the area did not appear to be drastically affected by the COVID-19 pandemic with noted continual commercial growth. Opportunities for financial institution participation include small business, commercial, and home mortgage loans according to the contact. The contact indicated that local financial institutions are responsive to the area's credit needs and strongly participate in meeting the credit needs of the community including surrounding areas.

Credit and Community Development Needs and Opportunities

Considering information obtained from the community contact, bank management, as well as demographic and economic data, examiners concluded the primary credit needs in the McAllen MSA AA include small business loans. Furthermore, as indicated by the community contact as well as demographic and economic data, the assessment area's community development needs primarily include affordable housing, economic development, and efforts that revitalize and stabilize the area. Additionally, given the percentage of the population reporting low- and moderate-incomes, community development needs include services that benefit low- and moderate-income individuals.

CONCLUSIONS ON PERFORMANCE CRITERIA IN MCALLEN MSA AA

LENDING TEST

IBC Brownsville demonstrated a high satisfactory record under the Lending Test in the McAllen MSA AA. The bank's leadership in community development lending and excellent borrower profile lending distribution coupled with good lending levels lifted adequate geographic lending distribution performance to support this conclusion.

Lending Activity

Lending levels reflect good responsiveness to assessment area credit needs in the McAllen MSA AA. Good performance regarding small business lending supports this conclusion.

Small Business Loans

Small business lending levels reflect good responsiveness to the assessment area credit needs in the McAllen MSA AA. Good overall market ranking and share supports this conclusion. IBC Brownsville captured a 1.4 percent market share of the total number of small business loans and a 6.9 percent market share of the total dollar volume of loans. IBC Brownsville ranked 17th out of 120 reporting lenders inside the assessment area, based on 2022 aggregate CRA data. This ranking, which considers the total number and dollar volume of loans made by each institution, lands the bank in the top 14.2 percent of lenders reporting such loans in the assessment area.

Geographic Distribution

The geographic distribution of loans reflects adequate penetration throughout the McAllen MSA AA. Adequate performance regarding small business lending supports this conclusion.

Small Business Loans

The geographic distribution of small business loans reflects adequate penetration throughout the assessment area. Adequate performances in low- and moderate-income census tracts support this conclusion. As shown in the following table, the bank's performance in low-income census tracts falls 1.3 percentage points below aggregate data, reflecting adequate performance. In moderate-income census tracts, the bank's performance is comparable to aggregate data, rising only 0.6 percentage points above, also reflecting adequate performance. Further, the table shows that the bank's levels in both low- and moderate-income geographies land within adequate ranges of available D&B data.

Geographic Distribution of Small Business Loans McAllen MSA AA						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low	3.1	3.0	4	1.7	1,008	2.3
Moderate	14.8	15.6	38	16.2	6,486	14.9
Middle	36.6	36.8	75	31.9	14,036	32.2
Upper	42.0	41.2	110	46.8	20,502	47.0
Not Available	3.6	3.5	8	3.4	1,583	3.6
Totals	100.0	100.0	235	100.0	43,615	100.0
Source: 2022 D&B Data; CRA Reported Data (2022); 2022 CRA Aggregate Data Due to rounding, totals may not equal 100.0%						

Borrower Profile

The distribution of borrowers reflects, given the product lines offered by the institution, excellent penetration among business customers of different size in the McAllen MSA AA. Excellent performance regarding small business loans supports this conclusion.

Small Business Loans

The distribution of borrowers reflects excellent penetration of small business loans among businesses of different sizes. An excellent record of lending to businesses with gross annual revenues of \$1 million or less primarily supports this conclusion. As shown in the following table, the bank's level of lending to businesses with gross annual revenues of \$1 million or less falls below demographic data but exceeds aggregate performance by 20.5 percent, reflecting excellent performance.

Distribution of Small Business Loans by Gross Annual Revenue Category McAllen MSA AA						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
≤ \$1,000,000	90.2	45.5	155	66.0	24,802	56.9
>1,000,000	2.3	--	80	34.0	18,813	43.1
Revenue Not Available	7.5	--	0	0.0	0	0.0
Totals	100.0	100.0	235	100.0	43,615	100.0
Source: 2022 D&B Data; CRA Reported Data (2022); 2022 CRA Aggregate Data; "--" data not available Due to rounding, totals may not equal 100.0%						

Community Development Loans

The institution is a leader in making community development loans in the McAllen MSA AA. Specifically, the institution granted 26 community development loans totaling \$106.5 million during the evaluation period, which equates to 55.6 percent of the bank's community development loans

inside its assessment areas. As noted, the McAllen MSA AA contributed 47.5 percent of reviewed loans. A majority of the community development loans by dollar volume promote economic development in the area, which demonstrates the bank's responsiveness to an identified community development need.

The following point highlights an example of community development lending in the McAllen MSA AA:

- ***Economic Development*** –The bank originated a \$13.6 million loan to build a new hotel that creates and retains permanent jobs for low- and moderate -income individuals.

INVESTMENT TEST

IBC Brownsville demonstrated a low satisfactory record under the Investment Test within the McAllen MSA AA. An adequate level of qualified community development investments and donation activity, coupled with adequate responsiveness to the assessment area's needs and extensive use of innovative and/or complex investments support this conclusion.

Investment and Grant Activity

The institution has an adequate level of qualified community development investments and grants, rarely in a leadership position, particularly those that are not routinely provided by private investors in the McAllen MSA AA. The bank made use of 123 qualified investments and donations totaling \$16.4 million within the assessment area. The current dollar amount represents 42.3 percent of the bank's qualified investments inside its assessment areas. As noted, the McAllen MSA AA accounted for 63.2 percent of the bank's deposits.

The following point highlights an example of the bank's qualified investments in the McAllen MSA AA:

- ***Affordable Housing*** – IBC Brownsville invested over \$15.8 million and created a low-income housing tax credit equity investment fund structured as a proprietary investment, that benefitted two properties located in the McAllen MSA AA.

Responsiveness to Credit and Community Development Needs

The institution exhibits adequate responsiveness to credit and community development needs in the McAllen MSA AA. A substantial majority of the qualified investments and donations funded affordable housing needs, which is an identified community development need.

Community Development Initiatives

The institution makes extensive use of innovative and/or complex investments to support community development initiatives in the McAllen MSA AA. The investments in the

aforementioned proprietary fund granted within the assessment area reflect innovative and complex characteristics.

SERVICE TEST

IBC Brownsville demonstrated an low satisfactory record regarding the Service Test in the McAllen MSA AA. An adequate level of community development services, reasonably accessible delivery systems, and tailored services to the needs of the assessment area primarily support this conclusion. Additionally, the bank's opening and closing of branches has not adversely affected the accessibility of its delivery systems.

Accessibility of Delivery Systems

Delivery systems are reasonably accessible to all portions of the institution's McAllen MSA AA. A reasonably accessible branch distribution as well as readily accessible alternative delivery systems support this conclusion.

The following table illustrates the distribution of the bank's branches and ATMs by geography income level for 2023. The table shows that in low-income geographies, the percentages of branches and ATMs rises above but within adequate ranges of the percentage of the assessment areas' population residing in those areas, thereby reflecting reasonable accessibility. The table further shows that in moderate-income geographies, the percentages of branches and ATMs fall below but within adequate ranges of the percentage of the assessment areas' population residing in those areas, thereby also reflecting reasonable accessibility. In addition, the bank has a stand-alone motor bank which is also in a moderate-income census tract.

Branch and ATM Distribution by Geography Income Level McAllen MSA AA								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	13	6.1	48,695	5.6	2	6.9	2	6.5
Moderate	47	22.2	180,059	20.7	4	13.8	4	12.9
Middle	80	37.7	353,589	40.6	13	44.8	14	45.2
Upper	63	29.7	267,597	30.7	9	31.0	10	32.2
NA	9	4.2	20,841	2.4	1	3.5	1	3.2
Total	212	100.0	870,781	100.0	29	100	31	100.0
Source: 2020 U.S. Census; Bank Data Due to rounding, totals may not equal 100.0%								

Further, the institution makes its alternative delivery systems readily accessible to all portions of the assessment area. As previously noted, in addition to its ATMs, the bank offers other alternative delivery systems including online banking, remote deposit capture, telephone banking, and mobile banking services, with consistent services offered bank-wide.

Changes in Branch Locations

To the extent changes have been made, the McAllen MSA AA opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals. The bank transferred six but did not close any branches in low- or moderate-income geographies, thus not affecting the accessibility of its delivery systems in those areas.

Reasonableness of Business Hours and Services

Services (including where appropriate, business hours) are tailored to the convenience and needs of the assessment area, particularly low- and moderate-income geographies and/or individuals in the McAllen MSA AA. The bank's business hours and services within the McAllen MSA AA are consistent with the bank's overall conclusion, including the extended drive-thru hours and some branches have Sunday availability.

Community Development Services

The institution provides an adequate level of community development services in the McAllen MSA AA. As reflected in the Community Development Services by Assessment Area table, the bank provided 79 community development services since the previous evaluation in the McAllen MSA AA. The current number equates to an average of 2.7 community development services per full-service office per year since the branches opened for IBC Brownsville. The majority of qualified services included community services targeted to low- or moderate-income individuals, demonstrating responsiveness to identified community development needs.

The following are examples of community development services specific to the McAllen MSA AA:

- ***Community Services*** – Senior officers lend their financial expertise in serving on the board of an organization that provides services and support in various ways specifically targeted to low- and moderate-income individuals.
- ***Economic Development*** – Officers of the bank served as a board member for an economic development organization which promotes economic development through the financing of businesses that meet the regulation's size requirements and supports permanent job creation, retention, or improvement, either for currently low- or moderate-income persons or in low- or moderate-income, or other qualifying, geographies.

OTHER ASSESSMENT AREA – Limited-Scope Review

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE LIMITED-SCOPE REVIEW ASSESSMENT AREA

The following table identifies whether conclusions regarding the applicable tests for the noted assessment area for which examiners performed a limited-scope review either exceed, are consistent with, or fall below the performance of the institution. Examiners made these determinations through a review of available facts and data, aggregate lending data comparisons, and demographic information. The conclusions from the limited-scope review contributed to the institution's overall performance.

Assessment Area	Lending Test	Investment Test	Service Test
Brownsville MSA AA	Consistent	Below	Consistent

Facts and data supporting conclusions for the limited-scope assessment area follows, beginning with a summary of the institution's operations and activities, followed by geographic distribution and borrower profile performances. The Appendix includes demographic data for the limited-scope assessment area.

Brownsville MSA AA

The Brownsville MSA AA includes Cameron County, the sole county that comprises the Brownsville-Harlingen, TX MSA, located in South Texas on the border with Mexico. IBC Brownsville operates 12 offices and 25 ATMs in this area. The bank did not open or close any branches in the Brownsville MSA AA since the previous examination. The following table provides details regarding this area's activities.

Activity	#	\$(000s)
Home Mortgage Loans	-	-
Small Business Loans	273	48,143
Community Development Loans	32	133,412
Qualified Investments	159	22,376
Community Development Services	105	-
<i>Source: HMDA Reported Data (2022); CRA Reported Data (2022); Bank Data</i>		

Geographic Distribution

Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography																			2022
Assessment Area:	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate
Brownsville MSA AA	273	48,143	53.7	7,856	2.7	3.3	1.8	26.2	22.7	25.5	35.5	31.5	36.4	34.3	40.3	35.4	1.2	2.2	0.9
Source: 2022 D&B Data; 01/01/2022 - 12/31/2022 Bank Data; 2022 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%																			

Borrower Profile

Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues											2022
Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available	
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans
Brownsville MSA AA	273	48,143	53.7	7,856	88.1	60.1	49.5	2.6	39.9	9.2	0.0
Source: 2022 D&B Data; CRA Reported Data (2022); 2022 CRA Aggregate Data Due to rounding, totals may not equal 100.0%											

APPENDICES

LARGE 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) through its lending activities by considering a bank's home mortgage, small business, small farm, and community development lending. If consumer lending constitutes a substantial majority of a bank's business, the FDIC will evaluate the bank's consumer lending in one or more of the following categories: motor vehicle, credit card, other secured, and other unsecured. The bank's lending performance is evaluated pursuant to the following criteria:

- 1) The number and amount of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, in the bank's assessment area;
- 2) The geographic distribution of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, based on the loan location, including:
 - i. The proportion of the bank's lending in the bank's assessment area(s);
 - ii. The dispersion of lending in the bank's assessment areas(s); and
 - iii. The number and amount of loans in low-, moderate-, middle- and upper-income geographies in the bank's assessment area(s);
- 3) The distribution, particularly in the bank's assessment area(s), of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, based on borrower characteristics, including the number and amount of:
 - i. Home mortgage loans low-, moderate-, middle- and upper-income individuals
 - ii. Small business and small farm loans to businesses and farms with gross annual revenues of \$1 million or less;
 - iii. Small business and small farm loans by loan amount at origination; and
 - iv. Consumer loans, if applicable, to low-, moderate-, middle- and upper-income individuals;
- 4) The bank's community development lending, including the number and amount of community development loans, and their complexity and innovativeness; and
- 5) The bank's use of innovative or flexible lending practices in a safe and sound manner to address the credit needs of low- and moderate-income individuals or geographies.

Investment Test

The Investment Test evaluates the institution's record of helping to meet the credit needs of its assessment area(s) through qualified investments that benefit its assessment area(s) or a broader statewide or regional area that includes the bank's assessment area(s). Activities considered under the Lending or Service Test may not be considered under the investment test. The bank's investment performance is evaluated pursuant to the following criteria:

- 1) The dollar amount of qualified investments;
- 2) The innovativeness or complexity of qualified investments;
- 3) The responsiveness of qualified investments to available opportunities; and
- 4) The degree to which qualified investments are not routinely provided by private investors.

Service Test

The Service Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by analyzing both the availability and effectiveness of the bank's systems for delivering retail banking services and the extent and innovativeness of its community development services.

The bank's retail banking services are evaluated pursuant to the following criteria:

- 1) The current distribution of the bank's branches among low-, moderate-, middle-, and upper-income geographies;
- 2) In the context of its current distribution of the bank's branches, the bank's record of opening and closing branches, particularly branches located in low- or moderate-income geographies or primarily serving low- or moderate-income individuals;
- 3) The availability and effectiveness of alternative systems for delivering retail banking services (*e.g.*, RSFs, RSFs not owned or operated by or exclusively for the bank, banking by telephone or computer, loan production offices, and bank-at-work or bank-by-mail programs) in low- and moderate-income geographies and to low- and moderate-income individuals; and
- 4) The range of services provided in low-, moderate-, middle-, and upper-income geographies and the degree to which the services are tailored to meet the needs of those geographies.

The bank's community development services are evaluated pursuant to the following criteria:

- 1) The extent to which the bank provides community development services; and
- 2) The innovativeness and responsiveness of community development services.

SCOPE OF EVALUATION

International Bank of Commerce	
Scope of Examination: Full-scope review was performed on the following assessment area: McAllen MSA AA	
Time Period Reviewed:	03/11/2021 to 06/24/2024
Products Reviewed: Small Business Loans: (01/01/2021 – 12/31/2023)	

DESCRIPTION OF LIMITED-SCOPE ASSESSMENT AREA

Brownsville MSA AA

The Brownsville MSA AA consists of all census tracts in Cameron County. Based on 2020 U.S. Census data, the assessment area census tracts include 3 low-, 37 moderate-, 45 middle-, and 33 upper-income tracts, as well as 4 tracts with no income designation. The following table includes certain demographic data for this assessment area.

Demographic Information of the Assessment Area Brownsville MSA AA						
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	30,293	2.7	26.2	35.5	34.3	1.2
Farms by Geography	575	1.6	16.3	42.6	39.0	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 Brownsville-Harlingen, TX MSA	\$47,332	Median Housing Value				\$109,784
			Median Gross Rent			\$725
			Families Below Poverty Level			23.6%
Source: 2020 U.S. Census and 2022 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.						

Based on 2022 CRA data, IBC Brownsville reported 273 small business loans totaling \$48.1 million in this area. The bank captured 3.5 percent market share of the total number and 17.3 percent market share of the total dollar volume of small business loans. IBC Brownsville ranked 9th out of 96 total lenders inside the Brownsville MSA AA. The ranking, which considers the total number and dollar amount of loans made by each institution, lands the bank in the top 9.4 percent of lenders reporting such loans in this assessment area.

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. Bank CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Bank 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 bank:
 - (i) Has not been reported or collected by the bank or an affiliate for consideration in the bank'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 bank's assessment area(s) or a broader statewide or regional area including the bank'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 bank'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 (for example, geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (for example, 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 (for example, 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.

Micropolitan Statistical Area: CBSA associated with at least one urbanized area having a population of at least 10,000, but less than 50,000.

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.