

PUBLIC DISCLOSURE

June 4, 2024

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

International Bank of Commerce
Certificate Number: 19629

1200 San Bernardo Avenue
Laredo, Texas 78040

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

600 North Pearl Street, Suite 700
Dallas, Texas 75201

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

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INSTITUTION RATING

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

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

PERFORMANCE LEVELS	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding		X	
High Satisfactory	X		X
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			
<i>* The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.</i>			

The Lending Test is rated **High Satisfactory.**

- Lending levels reflect excellent responsiveness to assessment area credit needs.
- An adequate 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, good penetration among retail customers of different income levels and business customers of different size.
- The institution exhibits a good record of serving the credit needs of the most economically disadvantaged areas of its assessment areas, low-income individuals, and/or very small businesses, consistent with safe and sound banking practices.
- The institution makes limited 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 (CD) 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 High 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 adversely affected 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 is adequate in providing CD services.

DESCRIPTION OF INSTITUTION

International Bank of Commerce, Laredo, Texas (IBC Laredo) began operations in 1966 and remains headquartered in Laredo, Texas. The bank received an Outstanding rating at its previous March 11, 2021, Federal Deposit Insurance Corporation (FDIC) CRA Performance Evaluation based on the Federal Financial Institutions Examination Council's (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 Laredo as well as Commerce Bank, Laredo, Texas; International Bank of Commerce, Zapata, Texas; International Bank of Commerce, Brownsville, Texas (IBC Brownsville); and International Bank of Commerce, Oklahoma City, Oklahoma. This evaluation does not consider any affiliate or subsidiary lending or community development activities.

IBC Laredo functions as a retail bank operating 72 full-service offices in 10 assessment areas located throughout central and south Texas. Since the previous evaluation, the bank opened one branch and closed 42 branches, including 29 branches in the McAllen, Texas market that merged into the IBC Brownsville Charter, effective January 2022. The bank did not participate in any additional merger or acquisition activity since the prior evaluation.

The bank focuses on residential and commercial lending, but also offers a variety of loan products including construction, consumer, and agricultural loans. IBC Laredo'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 131 automated teller machines (ATMs). Additionally, given IBC Laredo'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 \$9.2 billion, total loans of \$5.8 billion, and total deposits of \$6.4 billion. Since the prior evaluation, total assets declined by 4.5 percent, total loans by 2.5 percent, and total deposits by 9.9 percent. 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	1,791,034	31.0
Secured by Farmland	70,495	1.2
Secured by 1-4 Family Residential Properties	811,711	14.0
Secured by Multifamily (5 or more) Residential Properties	156,851	2.7
Secured by Nonfarm Nonresidential Properties	1,959,149	33.9
Total Real Estate Loans	4,789,240	82.8
Commercial and Industrial Loans	946,950	16.4
Agricultural Production and Other Loans to Farmers	6,571	0.1
Consumer Loans	36,009	0.6
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	5,227	0.1
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
Total Loans	5,783,997	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 Laredo designated 10 assessment areas consisting of 19 counties in Texas: 1) Austin Metropolitan Statistical Area (MSA) Assessment Area (AA); 2) Corpus Christi MSA AA; 3) Houston MSA AA; 4) Laredo MSA AA; 5) San Antonio MSA AA; 6) Victoria MSA AA; 7) Burnet Non-MSA AA; 8) Calhoun Non-MSA AA; 9) Eagle Pass Micropolitan Statistical Area AA; and 10) Val Verde Non-MSA AA.

For presentation purposes, examiners combined the four non-metropolitan assessment areas into the Texas Non-MSA AA. As noted, the former IBC Laredo branches located in the McAllen market moved to the IBC Brownsville Charter in October 2022, resulting in elimination of the McAllen MSA AA.

The combined assessment areas include a total of 2,423 census tracts that reflect the following income designations based on the 2020 U.S. Census: 281 low-, 682 moderate-, 689 middle-, 696 upper-income census tracts, and 75 census tracts without income designations. FEMA issued a disaster declaration for the entire state due to the COVID-19 pandemic on March 25, 2020, which ended May 11, 2023.

The following table provides additional details regarding each assessment area. Refer to the individual assessment area sections of this evaluation for a detailed description of these areas.

Description of Assessment Areas			
Assessment Area	Counties in Assessment Area	# of CTs	# of Branches
Austin MSA AA	Caldwell, Hays, Travis, Williamson	482	10
Corpus Christi MSA AA	Nueces, San Patricio	113	8
Houston MSA AA	Fort Bend, Harris	1,248	8
Laredo MSA AA	Webb	69	16
San Antonio MSA AA	Bexar, Comal	408	15
Texas Non-MSA AA	Aransas, Burnet, Calhoun, Matagorda, Maverick, Val Verde, Zavala	78	14
Victoria MSA AA	Victoria	25	1
Source: Bank Data			

SCOPE OF EVALUATION

General Information

The evaluation covers the period from the last evaluation dated March 11, 2021, to the current evaluation dated June 4, 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 Laredo's performance in its Laredo MSA and San Antonio MSA AAs and the remaining assessment areas received limited-scope reviews.

As shown in the following table, the Laredo MSA AA accounted for a majority of the bank's loans, deposits, and branches. Consequently, examiners weighed the records in the Laredo MSA AA heavier when arriving at applicable conclusions and ratings and generally weighed each area consistent with that area's lending level.

Assessment Area Breakdown of Loans, Deposits, and Branches						
Assessment Area	Loans		Deposits		Branches	
	\$(000s)	%	\$(000s)	%	#	%
Austin MSA AA	39,837	16.1	425,327	6.7	10	13.9
Corpus Christi MSA AA	16,515	6.7	267,143	4.2	8	11.1
Houston MSA AA	40,356	16.4	771,707	12.2	8	11.1
Laredo MSA AA	85,732	34.8	2,790,157	44.1	16	22.2
San Antonio MSA AA	46,748	18.9	1,040,350	16.4	15	20.8
Texas Non-MSA AA	16,482	6.7	1,014,619	16.0	14	19.4
Victoria MSA AA	1,028	0.4	18,740	0.3	1	1.4
Total	246,698	100.0	6,328,043	100.0	72	100.0
<i>Source: Home Mortgage Disclosure Act (HMDA) & CRA Small Business Reported Data (2022); FDIC Summary of Deposits (06/30/2023); Bank Data</i>						

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 CD loans originated since the prior evaluation. Consequently, this evaluation considers the following loans, based on readily available information, reported either according to the HMDA or CRA data collection reporting requirements:

Home Mortgage Loans

- 2021: 1,752 loans totaling \$415.3 million
- 2022: 1,131 loans totaling \$197.7 million
- 2023: 1,217 loans totaling \$233.8 million

Small Business Loans

- 2021: 3,262 loans totaling \$305.8 million
- 2022: 807 loans totaling \$149.2 million
- 2023: 743 loans totaling \$148.6 million

Small Farm Loans

- 2021: 41 loans totaling \$6.2 million
- 2022: 46 loans totaling \$5.8 million
- 2023: 25 loans totaling \$3.7 million

Community Development Loans

- March 11, 2021 – June 4, 2024: 258 loans totaling \$3.1 billion

Small farm loans represent a minimal percentage of the bank's reported lending. In 2022, the total volume of small farm loans accounted for 1.9 percent of the total dollar volume of all reported home mortgage, small business, and small farm loans. 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.

Examiners considered the universes of loans reviewed by number and dollar volume, as well as management's stated business strategy, to determine the weighting applied to the loan categories reviewed. Home mortgage loans represent a majority of the loan categories reported and therefore received more weight when arriving at overall conclusions. However, the weightings for the specific loan categories vary for each of the assessment areas. Small business lending represents the primary loan product in the Corpus Christi MSA, Laredo MSA, San Antonio MSA, Texas Non-MSA, and Victoria MSA AAs therefore, small business loans received more weight when arriving at applicable conclusions for these particular assessment areas. Home mortgage lending received more weight than small business loans when reaching applicable conclusions for the Austin MSA and Houston MSA AAs.

This evaluation also reviewed the bank's qualified investments and community development services for the period since the previous CRA evaluation through June 4, 2024. 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 Laredo 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 extensive use of innovative or flexible lending practices, coupled with good borrower profile lending distribution lifted the adequate geographic loan distribution and an adequate percentage of loans made in the bank's assessment areas to support this conclusion. Conclusions regarding the institution's overall Lending Test performance is consistent in the Laredo MSA and Texas Non MSA AAs and inconsistent in the Austin MSA, Corpus Christi MSA, Houston MSA, San Antonio MSA, and Victoria MSA AA where the performance lands below the institution's overall record.

Lending Activity

Lending levels reflect excellent responsiveness to assessment area credit needs. Excellent home mortgage and small business lending performances support this conclusion. This performance is consistent in the Austin MSA and Laredo MSA AAs, while inconsistent in the Corpus Christi MSA Houston MSA, San Antonio MSA, Texas Non-MSA, and Victoria MSA AAs 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.

Home Mortgage Loans

The level of home mortgage lending activity reflects excellent responsiveness to assessment area credit needs. Excellent overall market ranking supports this conclusion. IBC Laredo captured a 0.2 percent market share of the total number of home mortgage loans and a 0.1 percent market share of the total dollar volume of loans. According to 2022 aggregate HMDA data, IBC Laredo ranked 98th out of 1,138 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 8.6 percent of lenders reporting such loans in the assessment areas.

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 remained steady since the previous evaluation. IBC Laredo captured a 0.2 percent market share of the total number of small business loans and a 1.3 percent market share of the total dollar volume of loans. According to 2022 aggregate CRA data, IBC Laredo ranked 31st out of 332 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 9.3 percent of lenders reporting such loans in the assessment areas.

Assessment Area Concentration

An adequate percentage of loans are made in the institution's assessment areas. An adequate percent of home mortgage loans and small business loans originated inside the bank's assessment areas to support 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 an adequate percentage of its home mortgage loans by dollar, and small business loans by number and dollar volume inside the assessment areas. The institution originated a small percentage of its home mortgage loans by number in its assessment areas. However, considering both the number and dollar volume of the loan products reviewed, examiners concluded that the institution originated an overall adequate percentage of its loans in its assessment areas.

Lending Inside and Outside of the Assessment Areas										
	Number of Loans					Dollar Amount of Loans \$(000)s				
Loan Category	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%	#	\$	%	\$	%	\$
Home Mortgage										
2021	872	49.8	880	50.2	1,752	273,092	65.8	142,201	34.2	415,293
2022	564	49.9	567	50.1	1,131	108,244	54.7	89,468	45.3	197,712
2023	575	47.2	642	52.8	1,217	117,162	50.1	116,631	49.9	233,793
Subtotal	2,011	49.0	2,089	51.0	4,100	498,498	58.9	348,300	41.1	846,798
Small Business										
2021	2,090	64.1	1,172	35.9	3,262	216,302	70.7	89,518	29.3	305,820
2022	758	93.9	49	6.1	807	138,454	92.8	10,764	7.2	149,218
2023	689	92.7	54	7.3	743	132,598	89.2	15,995	10.8	148,593
Subtotal	3,537	73.5	1,275	26.5	4,812	487,354	80.7	116,277	19.3	603,631
Total	5,548	62.3	3,364	37.7	8,912	985,852	68.0	464,577	32.0	1,450,429
<i>Source: HMDA Reported Data (2020-2023); CRA Reported Data (2020-2023)</i> <i>Due to rounding, totals may not equal 100.0%</i>										

Geographic Distribution

The geographic distribution of loans reflects adequate penetration throughout the assessment areas. This performance is consistent in all assessment areas except for the Texas Non-MSA AA where performance exceeds the institution's overall record and the Austin MSA AA where 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.

Borrower Profile

The distribution of borrowers reflects, given the product lines offered by the institution, good penetration among retail customers of different income levels and business customers of different size. This performance is consistent in the San Antonio MSA and Victoria MSA AAs and inconsistent in the Corpus Christi MSA, Laredo MSA, and Texas Non-MSA AAs where the bank's performance exceeds the institution's overall record as well as in the Austin MSA and Houston MSA AAs 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 little use of innovative and/or flexible lending practices in order to serve assessment area credit needs. These practices' success, as primarily measured by the number and dollar volume of such loans, primarily supports this conclusion. Examiners analyzed performance for this criterion at the institution level only, as the bank offers all of its innovative or flexible lending programs throughout the assessment areas.

Since the prior evaluation, the bank originated 232 innovative or flexible loans totaling approximately \$32.6 million. This level of activity equates to 0.3 percent of average total assets of \$9.5 billion and 0.6 percent of average net loans of \$5.3 billion since the previous evaluation. These levels reflect decreases over the 3.7 percent of average total assets and 6.4 percent of average net loans reported in the prior evaluation, whereas volume was primarily driven by Small Business Administration Paycheck Protection Program (PPP) loans. The following table displays the bank's innovative or flexible loans by program and year.

Innovative or Flexible Lending Programs										
Type of Program	2021		2022		2023		YTD 2024		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
CLC of San Antonio	3	1	0	0	0	0	0	0	3	1
FHA	24	5,272	22	4,863	15	2,393	6	1,903	67	14,431
Community Homeownership Program	0	0	0	0	0	0	22	5,132	22	5,132
Foreclosure Prevention Programs	73	6,897	43	4,611	22	1,376	2	129	140	13,013
Totals	100	12,170	65	9,474	37	3,769	30	7,164	232	32,577
<i>Source: Bank Data</i>										

The Community Loan Center (CLC) of San Antonio

The Rio Grande Valley Multibank, a Community Development Financial Institution (CDFI) certified by the United States Department of Treasury, established the CLC in 2011 to offer an affordable alternative to payday and car title loans. This program provides low-interest, low-fee, unsecured personal loans up to \$1,000 and primarily serves low- and moderate-income individuals.

Federal Housing Administration (FHA)

This federal program allows lower income individuals to borrow money for the purchase of a home that they would not otherwise be able to afford. The program primarily serves those who cannot afford a down payment or do not qualify for private mortgage insurance. It allows first-time homebuyers to put down as little as 3.5 percent, receive seller contributions up to 6.0 percent, and most closing costs can be included in the loans.

Community Homeownership Program

IBC developed this Special Purpose Credit Program to improve access to mortgage credit and homeownership opportunities for minority applicants and applicants living in high minority geographies. The bank introduced the program in November 2023, which offers 30-year fixed rate mortgages, with no down payment or mortgage insurance requirements, to qualified low- and moderate-income first time homebuyers.

Community Development Loans

The institution is a leader in making CD loans. Its leadership regarding the dollar volume of CD loans and the CD loans' excellent responsiveness support this conclusion. This performance is consistent in the Austin MSA and Houston MSA AAs, but inconsistent in the Corpus Christi MSA, Laredo MSA, San Antonio MSA, Texas Non-MSA, and Victoria MSA AAs where performance falls below the institution's overall record.

During the evaluation period, IBC Laredo originated 258 CD loans totaling \$3.1 billion. This level of activity represents 32.9 percent of average total assets of \$9.5 billion and 58.7 percent of average net loans of \$5.3 billion. This activity reflects an increase in dollar volume from the previous evaluation when the bank originated 303 loans totaling \$2.1 billion, which represented 24.0 percent of average total assets and 41.9 percent of average net loans.

In addition to reflecting leadership based on their level, the CD loans reflect excellent responsiveness to the assessment areas' community development needs. As detailed in the following table, 65.1 percent of the dollar volume of all CD loans revitalize or stabilize qualifying geographies. In addition, another 23.9 percent 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 some of 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)
Austin MSA AA	8	195,200	0	0	14	257,027	22	393,134	44	845,361
Corpus Christi MSA AA	1	6,400	0	0	2	5,935	6	63,916	9	76,251
Houston MSA AA	0	0	0	0	15	210,781	45	552,450	60	763,231
Laredo MSA AA	0	0	1	2,453	9	52,132	30	134,900	40	189,485
San Antonio MSA AA	2	7,060	0	0	3	26,335	32	130,911	37	164,307
Texas Non-MSA AA	0	0	0	0	2	8,415	18	89,618	20	98,033
Victoria MSA AA	0	0	0	0	0	0	1	3,000	1	3,000
Statewide/Regional	7	133,296	0	0	12	188,937	28	669,120	47	991,353
Total	18	341,956	1	2,453	57	749,563	182	2,037,049	258	3,131,021
<i>Source: Bank Data</i>										

Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2021	9	163,659	1	2,453	30	394,180	44	393,293	84	953,585
2022	2	20,699	0	0	20	273,294	54	487,834	76	781,827
2023	5	99,899	0	0	5	59,890	57	891,088	67	1,050,876
YTD 2024	2	57,699	0	0	2	22,199	27	264,834	31	344,732
Total	18	341,956	1	2,453	57	749,563	182	2,037,049	258	3,131,021
<i>Source: Bank Data</i>										

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

- **Revitalize or Stabilize** – The bank originated a loan for \$69.6 million to construct a mixed-use community in a moderate-income geography. The 471-acre development attracts and retains businesses and residents to the area by offering retail spaces and providing long-term job opportunities for local residents, including low- and moderate-income individuals.

INVESTMENT TEST

IBC Laredo 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 consistent in the Austin MSA AA, but inconsistent in the Corpus Christi MSA, Houston MSA, Laredo MSA, McAllen MSA, San Antonio MSA, Texas Non-MSA, and Victoria MSA AAs 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 925 qualified investments and donations totaling \$396.1 million. This represents 4.2 percent of average total assets of \$9.5 billion and 20.9 percent of average total securities of \$1.9 billion. These levels reflect increases over the 3.0 percent of average total assets and 11.7 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)
Austin MSA AA	11	168,614	105	569	6	78	0	0	122	169,261
Corpus Christi MSA AA	0	0	104	362	16	60	1	2	121	424
Houston MSA AA	1	6,498	55	267	3	6	0	0	59	6,771
Laredo MSA AA	1	2	239	1,111	32	113	7	16	279	1,242
San Antonio MSA AA	3	21,081	158	583	18	89	3	12	182	21,765
Texas Non-MSA AA	1	8,714	101	236	4	9	0	0	106	8,959
Victoria MSA AA	0	0	2	1	0	0	0	0	2	1
Statewide/Regional	28	187,596	20	95	6	12	0	0	54	187,703
Total	45	392,505	784	3,224	85	367	11	30	925	396,126
<i>Source: Bank Data</i>										

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

- ***Affordable Housing*** – The bank invested \$93.2 million in 13 Government National Mortgage Association bonds comprised of mortgages 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 tables, a substantial majority of the qualified investments and donations funded community services and affordable housing needs, which are identified community development needs.

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 Laredo'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 Laredo invested \$279.4 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 Laredo'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 Laredo demonstrated a high satisfactory record regarding the Service Test for the bank as a whole. The bank's tailored services lifted the adequate level of CD services to support this conclusion. Additionally, delivery systems are accessible to essentially all portions of the assessment areas although the bank's opening and closing of branches somewhat adversely affected the accessibility of its delivery systems. Conclusions regarding the institution's overall Service Test performance is consistent in the Corpus Christi MSA, San Antonio MSA, Texas Non-MSA AAs while inconsistent in the Austin MSA, Laredo MSA, Houston MSA, and Victoria MSA AAs where Service Test performance falls below the institution's overall record.

Accessibility of Delivery Systems

Delivery systems are accessible to essentially all portions of the institution's assessment areas. Readily accessible alternative delivery systems lifted the reasonably accessible branch distribution to support this conclusion. This performance is consistent in the Austin MSA, Corpus Christi MSA, Laredo MSA, Texas Non-MSA and San Antonio MSA AAs, while inconsistent in Houston MSA and Victoria MSA AAs where performance falls below the institution's overall record.

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

Branch and ATM Distribution by Geography Income Level								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	281	11.6	1,030,196	9.4	5	6.9	8	6.1
Moderate	682	28.1	2,895,037	26.5	21	29.2	46	35.1
Middle	689	28.4	3,322,084	30.4	23	31.9	43	32.8
Upper	696	28.7	3,524,556	32.2	22	30.6	32	24.4
NA	75	3.1	163,861	1.5	1	1.4	2	1.6
Total	2,423	100.0	10,935,734	100.0	72	100.0	131	100.0
<i>Source: 2020 U.S. Census; Bank Data</i> <i>Due to rounding, totals may not equal 100.0%</i>								

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 Laredo'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 Laredo 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 Laredo provides this service in both English and Spanish. IBC Laredo's customers make extensive use of this service, logging an average of 140,811 calls per month.

In addition, IBC Laredo 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. The site averages approximately 28,600 visits per day from its 181,708 consumer customers utilizing the online banking service. Of the consumer customers' site users, 37.07 percent reside in low- or moderate-income geographies. Additionally, 47,604 of the bank's business customers utilize the online banking services, with 19.14 percent of these companies conducting business from low- or moderate-income geographies.

Further, IBC Laredo'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, make deposits, pay bills, make transfers, and find branch and ATM locations from cellular phones or personal electronic devices. IBC Laredo's mobile deposit activity continues to increase with 536,626 transactions totaling \$356,395,471 from 2021 to 2023.

Finally, IBC Laredo'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, and mobile banking allowed customers to deposit checks electronically.

Changes in Branch Locations

While IBC Laredo closed 12 branches in a moderate-income tracts, the six McAllen branches transferred to the IBC Brownsville charter and remained accessible to customers through the IBC network. IBC Laredo also opened one branch in a moderate-income census tract. Therefore, the institution's net distribution of opening and closing of branches adversely affect the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals.

Net Distribution of Branch Openings/Closings						
Assessment Area	# of Branch Openings	# of Branch Closings	Income Level of Census Tract (+/-)			
			Low	Moderate	Middle	Upper
Austin MSA AA	0	3	-	-2	-	-1
Houston MSA AA	0	6	-	-3	-1	-2
McAllen MSA AA*	0	29	-	-6	-8	-15
San Antonio MSA AA	0	2	-	-1	-	-1
Texas Non-MSA AA	1	2	-	+1	-1	-1
Total	1	42	-	-11	-10	-20
<i>Source: Bank Data</i>						
<i>* Income level reflect 2021 data, when branches transferred to IBC Brownsville.</i>						

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 with 40 offices having Saturday lobby hours throughout the banks assessment area. IBC also has nine offices having Sunday hours in the Laredo MSA and the Non-MSA AAs. 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 Laredo 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 CD services. The extent, or number, of CD services primarily supports this conclusion.

The following table shows that the bank provided 534 CD services since the prior evaluation. The number of CD services reflects a significant decrease over the 2,484 CD services recorded at the prior evaluation. The major reason of the decrease was many services including financial literacy classes were not available during the COVID-19 pandemic. The services all involve bank personnel's use of technical expertise to benefit organizations or projects with a primary purpose of CD, as defined by CRA regulations. In addition to the extent, CD services exhibit reasonable responsiveness to available opportunities as illustrated by the level of addressing identified CD needs in the AAs. The following tables summarize the CD 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
	#	#	#	#	#
Austin MSA AA	0	13	4	0	17
Corpus Christi MSA AA	3	38	25	0	66
Houston MSA AA	0	27	18	0	45
Laredo MSA AA	0	120	35	0	155
San Antonio MSA AA	0	150	9	0	159
Texas Non-MSA AA	0	45	11	0	56
Victoria MSA AA	0	0	0	0	0
Statewide/Regional	2	26	8	0	36
Total	5	419	110	0	534
<i>Source: Bank Data</i>					

Community Development Services					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2021	2	74	28	0	104
2022	1	98	36	0	135
2023	1	151	25	0	177
YTD 2024	1	96	21	0	118
Total	5	419	110	0	534
<i>Source: Bank Data</i>					

The following is a notable example of the bank's qualified CD services for the bank as a whole.

- ***Community Services*** – In a leadership role, IBC Laredo 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.

LAREDO MSA AA – Full-Scope Review

DESCRIPTION OF INSTITUTION'S OPERATIONS IN LAREDO MSA AA

The Laredo MSA AA includes Webb County, the sole county that comprises the Laredo, 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 69 census tracts reflect the following income designations: 3 low-, 31 moderate-, 13 middle-, 20 upper-income, and 2 census tract with no income designation. American Community Survey (ACS) data for 2015 reflected the following income designations: 2 low-, 31 moderate-, 16 middle-, and 11 upper-income tracts, as well as 1 tract with no income designation. The following table provides select demographic characteristics for the assessment area.

Demographic Information of the Assessment Area Laredo MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	69	4.3	44.9	18.8	29.0	2.9
Population by Geography	267,114	3.3	39.4	17.0	40.0	0.3
Housing Units by Geography	84,553	4.1	40.0	17.0	38.9	0.0
Owner-Occupied Units by Geography	48,093	2.9	32.7	16.1	48.4	0.0
Occupied Rental Units by Geography	28,289	5.1	50.6	19.1	25.2	0.0
Vacant Units by Geography	8,171	7.6	46.5	15.5	30.4	0.0
Businesses by Geography	26,850	4.9	24.8	14.8	55.1	0.4
Farms by Geography	356	3.4	27.2	10.1	59.0	0.3
Family Distribution by Income Level	61,334	25.8	14.7	17.6	41.9	0.0
Household Distribution by Income Level	76,382	27.5	14.6	16.4	41.5	0.0
Median Family Income MSA - 29700 Laredo, TX MSA		\$54,078	Median Housing Value			\$135,994
			Median Gross Rent			\$854
			Families Below Poverty Level			22.2%
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.						

International trade with Mexico serves as a primary driver of Laredo's economy. The Laredo Development Foundation indicates that the Port of Laredo is the number one inland port on the U.S.-Mexico border generating more than \$320 billion in trade. Laredo's economy also benefits from commercial and industrial warehousing, education, and health care.

The area's major employers include United Independent School District, City of Laredo, Walmart, H-E-B Grocery, Cocentrix, Laredo Medical Center, Doctor's Hospital, and the Border Patrol. Non-classifiable establishments represent the largest portion of the area's businesses at 24.6 percent, followed by the service industry at 23.6, and transportation and communication at 19.1 percent.

The Texas Workforce Commission recorded an unemployment rate of 3.7 percent as of April 2024 for Webb County. Such rate is slightly 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 moderate level of competition from other chartered banks based on the area population, with each of the 56 offices from the 10 institutions. IBC Laredo ranks 1st in market share with 34.7 percent of the area's deposits based on the FDIC's June 30, 2023, Deposit Market Share Report.

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 Laredo MSA AA include small business and home mortgage loans. Furthermore, as indicated by the community contact as well as demographic and economic data, the assessment area's community development needs primarily include 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 LAREDO MSA AA

LENDING TEST

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

Lending Activity

Lending levels reflect excellent responsiveness to assessment area credit needs in the Laredo MSA AA. Excellent performance regarding small business lending lifted the adequate performance regarding home mortgage loans to support this conclusion. As previously noted, small business lending received more weight when arriving at applicable conclusions in this assessment area.

Small Business Loans

Small business lending levels reflect excellent responsiveness to the assessment area credit needs in the Laredo MSA AA. Excellent overall market ranking and share supports this conclusion. IBC Laredo captured a 5.4 percent market share of the total number of small business loans and a 17.2 percent market share of the total dollar volume of loans. IBC Laredo ranked 5th out of 83 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 6.0 percent of lenders reporting such loans in the assessment area.

Home Mortgage Loans

Home mortgage lending levels reflect good responsiveness to the assessment area credit needs in the Laredo MSA AA. Good overall market ranking supports this conclusion. IBC Laredo captured a 1.2 percent market share of the total number of home mortgage loans and a 1.3 percent market share of the total dollar volume of loans. According to 2022 aggregate HMDA data, the bank ranked 23rd out of 203 lenders inside the assessment area. This ranking, which considers the total number and dollar volume of loans made by each institution, lands the bank in the top 11.3 percent of lenders reporting such loans in the assessment area.

Geographic Distribution

The geographic distribution of loans reflects adequate penetration throughout the Laredo MSA AA. Adequate performances regarding small business and home mortgage lending support 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 rises 2.2 percentage points above aggregate data, reflecting adequate performance. In moderate-income census tracts, the bank's performance falls below aggregate data by 3.3 percentage points, 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 Laredo MSA AA						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low	4.9	2.9	23	5.1	2,136	2.9
Moderate	24.8	21.5	82	18.2	14,096	18.9
Middle	14.8	12.2	39	8.6	3,591	4.8
Upper	55.1	63.0	307	68.1	54,749	73.4
Not Available	0.4	0.3	0	0.0	0	0.0
Totals	100.0	100.0	451	100.0	74,572	100.0
<i>Source: 2022 D&B Data; CRA Reported Data (2022); 2022 CRA Aggregate Data Due to rounding, totals may not equal 100.0%</i>						

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects adequate penetration throughout the assessment area. Adequate performances in both low- and moderate-income census tracts support this conclusion. As shown in the following table, the bank's lending in low-income census tracts is comparable to aggregate data, rising only 0.5 percentage points above, reflecting adequate performance. The bank's performance in moderate-income census tracts lands below aggregate data by 1.2 percentage points, also reflecting adequate performance.

Geographic Distribution of Home Mortgage Loans Laredo MSA AA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low	2.9	1.6	1	2.1	130	1.2
Moderate	32.7	23.8	12	25.0	2,419	21.7
Middle	16.1	13.6	1	2.1	347	3.1
Upper	48.4	60.7	34	70.8	8,264	74.1
Not Available	0.0	0.4	0	0.0	0	0.0
Totals	100.0	100.0	48	100.0	11,160	100.0
Source: 2020 U.S. Census; HMDA Reported Data (2022); 2022 HMDA 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 retail customers of different income levels and business customers of different size in the Laredo MSA AA. Excellent performance regarding small business loans lifted the adequate performance regarding home mortgage loans to support 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 24.9 percent, reflecting excellent performance.

Distribution of Small Business Loans by Gross Annual Revenue Category Laredo MSA AA						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
≤ \$1,000,000	88.8	40.1	293	65.0	39,345	52.8
>1,000,000	3.5	--	158	35.0	35,227	47.2
Revenue Not Available	7.6	--	0	0.0	0	0.0
Totals	100.0	100.0	451	100.0	74,572	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%						

Home Mortgage Loans

The bank's distribution of home mortgage loans reflects adequate penetration among borrowers of different income levels. Adequate records of lending to both low- and moderate-income borrowers support this conclusion. As shown in the following table, the bank did not originate any home mortgage loans to low-income borrowers in the Laredo MSA AA, however this level falls 2.2 percentage points below aggregate data, reflecting limited lending opportunities and adequate performance. The table further shows that the bank's level of lending to moderate-income borrowers falls 1.8 percentage points below aggregate data, also reflecting adequate performance.

Distribution of Home Mortgage Loans by Borrower Income Level Laredo MSA AA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low	25.8	2.2	0	0.0	0	0.0
Moderate	14.7	12.2	5	10.4	556	5.0
Middle	17.6	23.2	3	6.3	350	3.1
Upper	41.9	33.9	22	45.8	5,784	51.8
Not Available	0.0	28.6	18	37.5	4,470	40.1
Totals	100.0	100.0	48	100.0	11,160	100.0
<i>Source: 2020 U.S. Census; HMDA Reported Data (2022); 2022 HMDA Aggregate Data Due to rounding, totals may not equal 100.0%</i>						

Community Development Loans

The institution has made a good level of CD loans in the Laredo MSA AA. Specifically, the institution granted 40 CD loans totaling \$189.5 million during the evaluation period. The level of community development lending increased since the previous evaluation where the bank granted 35 loans totaling \$84.2 million. The current dollar amount equates to 8.9 percent of the bank's CD loans inside its assessment areas. As noted, the Laredo MSA AA contributed 34.8 percent of reviewed loans. A significant majority of the CD loans by dollar volume supported efforts to revitalize and stabilize the area, which demonstrates the bank's responsiveness to an identified community development need. The following point highlights the bank's community development lending in the Laredo MSA AA:

- ***Revitalize or Stabilize*** – The bank originated a loan totaling \$11.0 million to finance the development of a 155-acre industrial park located in a moderate-income geography. This loan supports efforts to revitalize or stabilize qualified geographies by helping to attract new, or retain existing, businesses or residents to the areas.

INVESTMENT TEST

IBC Laredo demonstrated a needs to improve record under the Investment Test within the Laredo MSA AA. A poor level of qualified community development investments and donation activity, coupled with poor responsiveness to the assessment area's needs and rare use of innovative and/or complex investments support this conclusion.

Investment and Grant Activity

The institution has a poor level of qualified community development investments and grants, but not in a leadership position, particularly those that are not routinely provided by private investors in the Laredo MSA AA. The bank made use of 279 qualified donations totaling \$1.2 million within the assessment area. This represents a decrease from the 307 qualified investments totaling \$1.5 million noted at the previous evaluation. The current dollar amount represents only 0.6 percent of the bank's qualified investments inside its assessment areas. As noted, the Laredo MSA AA accounted for 44.1 percent of the bank's deposits. The following point highlights examples of the bank's qualified investments in the Laredo MSA AA:

- ***Community Services*** – The bank made numerous donations totaling over \$1.1 million to organizations that provide services targeted to low-and moderate-income individuals, including nutrition and health care services.

Responsiveness to Credit and Community Development Needs

The institution exhibits poor responsiveness to credit and community development needs in the Laredo MSA AA. Although some of the donations addressed identified needs by supporting economic development, community services, and revitalization or stabilization efforts, the limited volume exhibits poor responsiveness to community development needs.

Community Development Initiatives

The institution rarely uses innovative and/or complex investments to support community development initiatives in the Laredo MSA AA. The limited volume of donations granted within the assessment area did not reflect innovative or complex characteristics.

SERVICE TEST

IBC Laredo demonstrated a low satisfactory record regarding the Service Test in the Laredo MSA AA. Its adequate level in providing CD services, readily 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 readily accessible to all portions of the institution's Laredo MSA AA. A readily 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 percentage of branches and ATMs exceed the percentage of the assessment area's population residing in those areas. The bank's branch and ATM levels rise 9.2 and 8.8 percentage points, respectively, above the

population percentage, thereby reflecting a readily accessible distribution. In moderate-income geographies, the percentage of branches and ATMs is slightly below but in a reasonable range of the percentage of the assessment area's population residing in those areas. The bank's branch and ATM levels fall 1.9 and 3.0 percentage points, respectively, the below the population percentage, thereby reflecting a reasonable accessible distribution.

Branch and ATM Distribution by Geography Income Level Laredo MSA AA								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	3	4.3	8,882	3.3	2	12.5	4	12.1
Moderate	31	44.9	105,373	39.4	6	37.5	12	36.4
Middle	13	18.8	45,433	17.0	3	18.8	7	21.2
Upper	20	29.0	106,758	40.0	5	31.3	10	30.3
NA	2	2.9	668	0.3	0	0	0	0.0
Total	69	100.0	267,114	100.0	16	100	33	100.0
<i>Source: 2020 U.S. Census; Bank Data</i> <i>Due to rounding, totals may not equal 100.0%</i>								

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

The institution did not make any changes to branch locations since the last evaluation in the Laredo MSA AA. Therefore, examiners did not evaluate this factor when reviewing the bank's retail banking services.

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 Laredo MSA AA. The bank's business hours and services within the Laredo MSA AA are inconsistent with the bank's overall conclusion, with branches and/or drive thru's open on Saturday with also Sunday availability at several locations.

Community Development Services

The institution provides an adequate level of community development services in the Laredo MSA AA. As reflected in the Community Development Services by Assessment Area table, the bank provided 155 community development services since the previous evaluation in the Laredo MSA AA, a significant decrease from the previous evaluation where the bank recorded 300 community development services. The current number equates to an average of 2.9 community development services per full-service office per year since the previous evaluation.

The bank's community development services related to community services and economic development, demonstrating responsiveness to identified community development needs. The following are examples of community development services specific to the Laredo MSA AA:

- ***Community Services*** – Senior officers serve on the board of an organization that provides support targeted to low- and moderate-income individuals through afterschool care, homework assistance, and life skills training.
- ***Economic Development*** – Senior officers serve of the board of various organizations that promote small business and community development, thereby aiding in the creation of permanent job in the area.

SAN ANTONIO MSA AA – Full-Scope Review

DESCRIPTION OF INSTITUTION'S OPERATIONS IN SAN ANTONIO MSA AA

This assessment area includes Bexar and Comal Counties, two of the eight counties that comprise the San Antonio-New Braunfels, TX MSA. The Board removed Guadalupe County from and added Comal County to the San Antonio MSA AA in 2022.

Economic and Demographic Data

Based on 2020 U.S. Census, the assessment area's 408 census tracts reflect the following income designations: 35 low-, 139 moderate-, 117 middle-, 112 upper-income, and 5 census tract with no income designation. American Community Survey (ACS) data for 2015 reflected the following income designations: 33 low-, 134 moderate-, 101 middle-, and 118 upper-income tracts, as well as 4 tracts with no income designation. The following table provides select demographic characteristics for the assessment area.

Demographic Information of the Assessment Area San Antonio MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	408	8.6	34.1	28.7	27.5	1.2
Population by Geography	2,170,825	6.5	30.3	30.4	32.6	0.2
Housing Units by Geography	760,307	6.9	33.2	29.6	29.9	0.3
Owner-Occupied Units by Geography	417,920	4.5	27.2	31.6	36.4	0.3
Occupied Rental Units by Geography	281,227	10.1	41.0	27.4	21.1	0.5
Vacant Units by Geography	61,160	9.3	37.7	26.2	26.5	0.3
Businesses by Geography	230,976	5.3	23.2	26.2	44.7	0.6
Farms by Geography	4,544	3.6	17.5	25.4	52.8	0.7
Family Distribution by Income Level	461,408	23.0	17.5	19.5	40.0	0.0
Household Distribution by Income Level	699,147	25.0	16.3	18.5	40.2	0.0
Median Family Income MSA – 41700 San Antonio- New Braunfels, TX MSA		\$74,284	Median Housing Value			\$198,878
			Median Gross Rent			\$1,064
			Families Below Poverty Level			11.3%
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 Joint Base San Antonio, H-E-B Grocery, USAA, Methodist Healthcare System, Baptist Health System, as well as local school, city, and county government. Service industries represent the largest portion of the area's businesses at 35.0 percent, followed by non-classifiable establishments at 26.0, and finance, insurance, and real estate 11.6 percent.

The Texas Labor Market in conjunction with the U.S. Bureau of Labor Statistics recorded unemployment rates of 3.3 percent and 3.2 percent as of April 2024 for Bexar County and Comal County, respectively. Such rates fell below both the State of Texas' rate and the national rate of 3.5 percent, for the same period.

Competition

The area contains a low level of competition from other chartered banks based on the area population, with each of the 317 offices from the 55 institutions. IBC Laredo ranks 11th in market share with 0.60 percent of the area's deposits based on the FDIC's June 30, 2023, Deposit Market Share Report.

Community Contact

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in identifying the credit and community needs. This information helps determine financial institutions' responsiveness to these needs and shows available credit opportunities.

In late 2023, a community contact knowledgeable of the area's economic, demographic, and business environments stated major employment for the area comes from military bases, healthcare, hospitality and tourism, and corporate presence from financial institutions. The small business owner indicated San Antonio experienced massive economic challenges due to the pandemic; however, the conditions continue to improve and appear favorable. The contact also noted a rebound in homebuilding but expressed concerns with the substantial reduction in affordability compared to previous years. Lastly, the contact identified housing and small business financing as area credit needs but concluded that local financial institutions do a good job serving general banking and credit needs.

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 San Antonio MSA AA include home mortgage and 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 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 SAN ANTONIO MSA AA

LENDING TEST

IBC Laredo demonstrated a low satisfactory record under the Lending Test in the San Antonio MSA AA. An adequate geographic lending distribution coupled with adequate community development loan performance insufficiently lifted by good records regarding the bank's lending activity and borrower profile lending distribution performance supports this conclusion.

Lending Activity

Lending levels reflect good responsiveness to assessment area credit needs in the San Antonio MSA AA. Excellent home mortgage and small business lending performances support this conclusion. As previously noted, small business lending received more weight when arriving at applicable conclusions in this assessment area.

Small Business Loans

Small business lending levels reflect good responsiveness to the assessment area credit needs in the San Antonio MSA AA. Good overall market ranking and share supports this conclusion. IBC Laredo captured a 0.2 percent market share of the total number of small business loans and a 1.4 percent market share of the total dollar volume of loans. IBC Laredo ranked 33rd out of 193 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 17.1 percent of lenders reporting such loans in the assessment area.

Home Mortgage Loans

Home mortgage lending levels reflect good responsiveness to the assessment area credit needs in the San Antonio MSA AA. Good overall market ranking supports this conclusion. IBC Laredo captured a 0.1 percent market share of the total number of home mortgage loans and a 0.1 percent market share of the total dollar volume of loans. According to 2022 aggregate HMDA data, the bank ranked 107th out of 758 lenders inside the assessment area, reflecting good performance. This ranking, which considers the total number and dollar volume of loans made by each institution, lands the bank in the top 14.1 percent of lenders reporting such loans in the assessment area.

Geographic Distribution

The geographic distribution of loans reflects adequate penetration throughout the San Antonio MSA AA. Adequate home mortgage lending performance lifted the poor record regarding small business loans to support this conclusion.

Small Business Loans

The geographic distribution of small business loans reflects poor penetration throughout the assessment area. Poor performance in the moderate-income geographies outweighed the adequate performance in the low-income geographies to support this conclusion. The following table shows the bank's lending in low-income tracts exceeds aggregate data by 2.6 percent, reflective of adequate performance. The table further shows in moderate-income census tracts the bank's level of lending falls 10.4 percentage points below aggregate data, reflecting a poor level. Further, the table shows in low-income geographies the bank's level falls within an adequate range of available D&B data while in moderate-income geographies the bank's level falls within a poor range of available D&B data.

Geographic Distribution of Small Business Loans San Antonio MSA AA						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low	5.3	5.2	8	7.8	1,695	6.7
Moderate	23.2	22.2	12	11.8	2,711	10.7
Middle	26.2	25.7	29	28.4	5,395	21.4
Upper	44.7	46.4	53	52.0	15,434	61.2
Not Available	0.6	0.6	0	0.0	0	0.0
Totals	100.0	100.0	102	100.0	25,235	100.0
<i>Source: 2022 D&B Data; CRA Reported Data (2022); 2022 CRA Aggregate Data Due to rounding, totals may not equal 100.0%</i>						

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects adequate penetration throughout the assessment area. Adequate performances in low- and moderate-income geographies support this conclusion. According to the following table, the bank's level of lending in the low-income census tract rises 1.1 percentage points above aggregate data, reflecting adequate performance.

The table further shows that the bank's lending performance in moderate-income census tracts lands slightly below aggregate data by 1.4 percentage points, also reflecting adequate performance.

Geographic Distribution of Home Mortgage Loans San Antonio MSA AA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low	4.5	2.0	3	3.1	271	1.3
Moderate	27.3	16.9	15	15.5	2,442	11.4
Middle	31.6	34.9	14	14.4	3,027	14.1
Upper	36.4	46.0	65	67.0	15,774	73.3
Not Available	0.3	0.2	0	0.0	0	0.0
Totals	100.0	100.0	97	100.0	21,513	100.0
<i>Source: 2020 U.S. Census; HMDA Reported Data (2022); 2022 HMDA Aggregate Data Due to rounding, totals may not equal 100.0%</i>						

Borrower Profile

The distribution of borrowers reflects, given the product lines offered by the institution, good penetration among retail customers of different income levels and business customers of different size in the San Antonio MSA AA. Good performance regarding small business loans lifted adequate performance regarding home mortgage loans to support this conclusion.

Small Business Loans

The distribution of borrowers reflects good penetration of small business loans among businesses of different sizes. A good 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 trails business demographics but exceeds aggregate performance by 12.4 percent, reflecting good performance.

Distribution of Small Business Loans by Gross Annual Revenue Category San Antonio MSA AA						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
≤ \$1,000,000	90.3	46.4	60	58.8	9,685	38.4
>1,000,000	2.5	--	42	41.2	15,550	61.6
Revenue Not Available	7.2	--	0	0.0	0	0.0
Totals	100.0	100.0	102	100.0	25,235	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%						

Home Mortgage Loans

The distribution of home mortgage loans reflects adequate penetration among borrowers of different income levels. Adequate records of lending to low- and moderate-income borrowers support this conclusion. As shown in the following table, the bank's level of lending to low-income borrowers rises 0.9 percentage points above aggregate data, reflecting adequate performance. The table further shows that the bank's level of lending to moderate-income borrowers falls 6.0 percentage points below aggregate data, also reflecting adequate performance.

Distribution of Home Mortgage Loans by Borrower Income Level San Antonio MSA AA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low	23.0	3.2	4	4.1	495	2.3
Moderate	17.5	14.2	8	8.2	1,582	7.4
Middle	19.5	20.3	12	12.4	2,940	13.7
Upper	40.0	37.9	62	63.9	14,521	67.5
Not Available	0.0	24.3	11	11.3	1,975	9.2
Totals	100.0	100.0	97	100.0	21,513	100.0
Source: 2020 U.S. Census; HMDA Reported Data (2022); 2022 HMDA Aggregate Data Due to rounding, totals may not equal 100.0%						

Community Development Loans

The institution has made an adequate level of CD loans in the San Antonio MSA AA. Specifically, the institution granted 37 CD loans totaling \$164.3 million during the evaluation period. The level of community development lending decreased since the previous evaluation where the bank granted 49 loans totaling \$335.9 million. The current dollar amount equates to 7.7 percent of the bank's CD loans inside its assessment areas. As noted, the San Antonio MSA AA contributed 18.9 percent of reviewed loans. A majority of the CD loans benefitted efforts that revitalize or stabilize the area, which demonstrates the bank's responsiveness to an identified community development need.

The following point highlights the bank's CD lending in the San Antonio MSA AA:

- ***Economic Development*** – The bank originated a \$21.2 million loan to finance the construction of a distribution facility for a new business that supports permanent job creation for low- and moderate-income individuals.

INVESTMENT TEST

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

Investment and Grant Activity

The institution has an adequate level of qualified community development investments and grants, often in a leadership position, particularly those that are not routinely provided by private investors in the San Antonio MSA AA. The bank made use of 182 qualified investments totaling approximately \$21.8 million in the San Antonio MSA AA, an increase in dollar volume since the previous evaluation where the bank recorded 203 qualified investments totaling approximately \$11.5 million. The current dollar amount represents 10.4 percent of the bank's overall significant level of qualified investments. As noted, the San Antonio MSA AA accounted for 16.4 percent of the bank's deposits. The following point highlights an example of the bank's qualified investments in the San Antonio MSA AA:

- ***Affordable Housing*** – The bank invested in the construction of an apartment complex near downtown San Antonio in a low-income census tract. The bank provided an equity investment of almost \$8.1 million in the project. All units, by designed expressed purpose, will provide affordable housing to families earning less than 80.0 percent of area's median income, thus providing affordable housing to low- and moderate-income individuals.

Responsiveness to Credit and Community Development Needs

The institution exhibits adequate responsiveness to credit and community development needs in the San Antonio MSA AA. The bank's qualified investments primarily helped to provide affordable housing, which demonstrates the bank's responsiveness to an identified community development need.

Community Development Initiatives

The institution occasionally uses innovative and/or complex investments to support community development initiatives. Specifically, the bank made occasional use of complex qualified investments, particularly related to affordable housing. As previously noted, the bank makes equity investments into a proprietary fund established by IBC Laredo'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. Such funding was used for three large projects in the San Antonio MSA AA.

SERVICE TEST

IBC Laredo demonstrated a high satisfactory record regarding the Service Test in the San Antonio MSA AA. The institution provided CD services and tailored services to the needs of the assessment area primarily support this conclusion. Additionally, the bank's delivery systems are reasonably accessible to essentially all portions of the assessment area and its 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 essentially all portions of the institution's San Antonio MSA AA. Reasonable accessibility of branch distributions somewhat lifted by 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 2020. The table shows that in the low-income geographies, the percentages of the number of branches and ATMs are above the percentage of the assessment area's population residing in those areas. Specifically, the branch level is 0.2 percentage points higher than the population percentage, and the ATM level is 1.8 percentage points above, reflecting reasonable accessibility. The table further shows that in moderate-income geographies, the percentages of the number of branches and ATMs are above the percentage of the assessment area's population residing in those areas. Specifically, the branch level is 3.0 percentage points higher than the population percentage, and the ATM level shows 7.2 percentage points above, thereby reflecting a readily accessible distribution.

Branch and ATM Distribution by Geography Income Level San Antonio MSA AA								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	35	8.6	140,096	6.5	1	6.7	2	8.3
Moderate	139	34.1	658,079	30.3	5	33.3	9	37.5
Middle	117	28.7	659,730	30.4	2	13.3	6	25.0
Upper	112	27.5	708,098	32.6	7	46.7	7	29.2
NA	5	1.2	4,822	0.2	0	0.0	0	0.0
Total	408	100.0	2,170,825	100.0	15	100.0	24	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 institution's 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 in the San Antonio MSA AA. IBC Laredo closed two branches in the San Antonio MSA AA during the review period, the bank closed one branch in a moderate- income census tract and one branch in an upper-income census tract since the prior evaluation. Bank still provides alternate delivery systems to 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 San Antonio MSA AA. The bank's business hours and services within the San Antonio MSA AA are consistent with the bank's overall conclusion, as most locations including the drive-thru are not open on Saturday and they do not have any locations open on Sunday.

Community Development Services

The institution provides a relatively high level of community development services in the San Antonio MSA AA. As reflected in the Community Development Services by Assessment Area table, the bank provided 159 community development services since the previous evaluation in the San Antonio MSA AA, a significant decrease from the 529 community development services noted at the previous evaluation. The current number equates to an average of 3.2 community development services per full-service office per year since the previous evaluation.

The bank's community development services related to community services and economic development demonstrating responsiveness to identified community development needs. The

following are examples of community development services specific to the San Antonio MSA AA:

- ***Community Services*** – Numerous bank employees teach financial literacy classes in schools throughout the assessment area. A majority of the students’ families in the schools served reflect low- or moderate-incomes and participate in the national free or reduced lunch programs.
- ***Economic Development*** – Several offices serve on the board of organizations that promote small business and community development, that bring permanent jobs for low- and moderate- income families in the area.

OTHER ASSESSMENT AREAS – Limited-Scope Review

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

The following table identifies whether conclusions regarding the applicable tests for the noted assessment areas 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 reviews contributed to the institution’s overall performance.

Assessment Area	Lending Test	Investment Test	Service Test
Austin MSA AA	Below	Consistent	Below
Corpus Christi MSA AA	Below	Below	Consistent
Houston MSA AA	Below	Below	Below
Texas Non-MSA AA	Consistent	Below	Consistent
Victoria MSA AA	Below	Below	Below

Facts and data supporting conclusions for each limited-scope assessment area follow, 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 areas.

Austin MSA AA

The Austin MSA AA consists of Caldwell, Hays, Travis, and Williamson Counties, four of the five counties that comprise the Austin-Round Rock-Georgetown, TX MSA. IBC Laredo operates 10 offices and 13 ATMs in this area. The bank closed three branches in the Austin MSA AA since the previous examination. The following table provides details regarding this area's activities.

Activity	#	\$(000s)
Home Mortgage Loans	200	37,830
Small Business Loans	18	2,007
Community Development Loans	44	845,361
Qualified Investments	122	169,261
Community Development Services	17	-
<i>Source: HMDA Reported Data (2022); CRA Reported Data (2022); Bank Data</i>		

Corpus Christi MSA AA

The Corpus Christi MSA AA includes both Nueces and San Patricio Counties, the two counties that comprise the Corpus Christi, TX MSA. IBC Laredo operates 8 offices and 13 ATMs in this area. The following table provides details regarding this area's activities.

Activity	#	\$(000s)
Home Mortgage Loans	20	5,311
Small Business Loans	61	11,204
Community Development Loans	9	76,251
Qualified Investments	121	424
Community Development Services	66	-
<i>Source: HMDA Reported Data (2022); CRA Reported Data (2022); Bank Data</i>		

Houston MSA AA

The Houston MSA AA includes Fort Bend and Harris Counties, two of the nine counties that comprise the Houston-The Woodlands-Sugar Land, TX MSA. IBC Laredo operates 8 branches and 8 ATMs in this assessment area. The bank closed six branches in the Houston MSA AA since the previous examination. The following table provides details regarding this area's activities.

Activity	#	\$(000s)
Home Mortgage Loans	173	26,494
Small Business Loans	39	13,862
Community Development Loans	60	763,231
Qualified Investments	59	6,771
Community Development Services	45	-
<i>Source: HMDA Reported Data (2022); CRA Reported Data (2022); Bank Data</i>		

Texas Non-MSA AA

The Texas Non-MSA AA includes Aransas, Burnet, Calhoun, Matagorda, Maverick, Val Verde, and Zavala Counties throughout the State of Texas. IBC Laredo operates 14 branches and 39 ATMs in this assessment area. The bank opened one and closed two branches in the Texas Non-MSA AA since the previous examination. The following table provides details regarding this area's activities.

Activity	#	\$(000s)
Home Mortgage Loans	25	5,618
Small Business Loans	84	10,864
Community Development Loans	20	98,033
Qualified Investments	106	8,959
Community Development Services	56	-
<i>Source: HMDA Reported Data (2022); CRA Reported Data (2022); Bank Data</i>		

Victoria MSA AA

The Victoria MSA AA includes Victoria County, one of the two counties that comprise the Victoria, TX MSA. IBC Laredo operates 1 branch and 1 ATM in this assessment area. The following table provides details regarding this area's activities.

Activity	#	\$(000s)
Home Mortgage Loans	1	318
Small Business Loans	3	710
Community Development Loans	1	3,000
Qualified Investments	2	1
Community Development Services	0	-
<i>Source: HMDA Reported Data (2022); CRA Reported Data (2022); Bank Data</i>		

Geographic Distribution

Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																	2022		
	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
Assessment Area:	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate
Austin MSA AA	200	37,830	35.5	88,726	2.7	1.5	2.0	18.7	10.5	18.5	39.0	35.5	42.5	39.1	51.5	36.4	0.5	1.0	0.6
Corpus Christi MSA AA	20	5,311	3.5	10,297	2.7	5.0	1.1	24.0	0.0	12.1	37.8	20.0	34.4	35.5	75.0	52.4	0.0	0.0	0.0
Houston MSA AA	173	26,494	30.7	128,149	6.2	2.3	4.5	21.4	15.0	16.2	29.5	14.5	30.5	42.1	67.6	48.0	0.9	0.6	0.8
TX Non-MSA AA	25	5,618	4.4	5,589	0.3	0.0	0.0	26.4	32.0	16.7	46.9	32.0	47.7	22.2	32.0	31.1	4.2	4.0	4.4
Victoria MSA AA	1	318	0.2	1,697	5.1	0.0	1.8	20.3	0.0	15.1	40.3	0.0	40.6	34.3	100.0	42.5	0.0	0.0	0.0
Total	564	108,244	100.0	308,290	4.8	2.1	3.0	22.5	14.5	17.0	32.5	21.8	35.2	39.6	60.8	44.2	0.7	0.7	0.6
Source: 2020 U.S. Census; 01/01/2022 - 12/31/2022 Bank Data, 2022 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%																			

Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography																	2022		
	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
Assessment Area:	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate
Austin MSA AA	18	2,007	2.4	75,503	2.8	5.6	3.4	13.1	16.7	18.6	32.9	27.8	32.2	45.3	27.8	43.8	5.9	22.2	2.0
Corpus Christi MSA AA	61	11,204	8.0	7,789	3.3	1.6	2.8	18.8	13.1	18.8	37.1	31.1	35.6	40.6	54.1	42.8	0.2	0.0	0.0
Houston MSA AA	39	13,862	5.1	186,336	9.9	12.8	9.2	20.3	5.1	20.1	23.6	15.4	24.7	44.0	66.7	44.4	2.3	0.0	1.6
TX Non-MSA AA	84	10,864	11.1	5,356	0.1	0.0	0.1	20.3	27.4	21.6	49.6	53.6	48.4	25.9	8.3	25.9	4.1	10.7	3.9
Victoria MSA AA	3	710	0.4	1,855	3.6	0.0	4.9	30.7	33.3	25.4	35.1	33.3	37.3	30.6	33.3	32.5	0.1	0.0	0.0
Total	758	138,454	100.0	332,339	6.9	5.0	6.9	18.9	17.3	20.1	27.0	19.0	27.0	44.2	57.0	44.6	2.9	1.7	1.5
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 Home Mortgage Loans by Income Category of the Borrower																	2022		
Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
Austin MSA AA	200	37,830	35.5	88,726	20.9	5.5	3.8	17.5	8.5	12.5	21.0	7.0	19.8	40.5	77.0	46.4	0.0	2.0	17.5
Corpus Christi MSA AA	20	5,311	3.5	10,297	23.3	5.0	3.6	16.5	25.0	13.7	18.5	5.0	20.0	41.7	55.0	38.8	0.0	10.0	23.8
Houston MSA AA	173	26,494	30.7	128,149	25.1	4.6	4.0	17.1	9.8	15.0	17.7	5.8	20.1	40.1	78.6	40.4	0.0	1.2	20.6
Texas Non-MSA AA	25	5,618	4.4	5,589	24.0	4.0	2.5	18.1	20.0	10.3	19.0	16.0	17.3	38.9	40.0	52.3	0.0	20.0	17.7
Victoria MSA AA	1	318	0.2	1,697	22.6	0.0	3.6	17.4	0.0	12.9	19.0	0.0	20.4	41.1	100.0	40.5	0.0	0.0	22.6
Source: 2020 U.S. Census; HMDA Reported Data (2022); 2022 HMDA Aggregate Data Due to rounding, totals may not equal 100.0%																			

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
Austin MSA AA	18	2,007	2.4	75,503	93.5	72.2	48.8	1.8	27.8	4.8	0.0
Corpus Christi MSA AA	61	11,204	8.0	7,789	87.0	65.6	46.4	2.9	34.4	10.1	0.0
Houston MSA AA	39	13,862	5.1	186,336	92.0	59.0	50.1	2.7	41.0	5.3	0.0
TX Non-MSA AA	84	10,864	11.1	5,356	87.7	77.4	52.9	2.3	22.6	10.0	0.0
Victoria MSA AA	3	710	0.4	1,855	85.3	66.7	51.8	3.6	33.3	11.1	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 reviews were performed on the following assessment areas: Laredo MSA AA San Antonio MSA AA	
Time Period Reviewed:	03/11/2021 to 07/03/2024
Products Reviewed: Home Mortgage Loans: (01/01/2020 – 12/31/2023) Small Business Loans: (01/01/2020 – 12/31/2023)	

DESCRIPTION OF LIMITED-SCOPE ASSESSMENT AREAS

Austin MSA AA

The Austin MSA AA consists of all census tracts in Caldwell, Hays, Travis and Williamson Counties. The bank removed Bastrop County from the Austin MSA AA in 2022. Based on 2020 U.S. Census data, the assessment area census tracts include 33 low-, 118 moderate-, 165 middle-, and 148 upper-income tracts, as well as 18 tracts with no income designation. The following table includes certain demographic data for this assessment area.

Demographic Information of the Assessment Area Austin MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	482	6.8	24.5	34.2	30.7	3.7
Population by Geography	2,186,155	6.5	23.5	35.8	31.7	2.5
Housing Units by Geography	826,151	6.8	24.0	36.1	31.4	1.7
Owner-Occupied Units by Geography	445,884	2.7	18.7	39.0	39.1	0.5
Occupied Rental Units by Geography	324,258	12.0	31.3	32.5	21.1	3.1
Vacant Units by Geography	56,009	9.3	24.3	33.9	29.4	3.2
Businesses by Geography	429,191	2.8	13.1	32.9	45.3	5.9
Farms by Geography	7,758	2.2	15.2	35.0	43.9	3.8
Family Distribution by Income Level	476,782	20.9	17.5	21.0	40.5	0.0
Household Distribution by Income Level	770,142	22.6	16.9	18.5	42.0	0.0
Median Family Income MSA - 12420 Austin-Round Rock-Georgetown, TX MSA		\$100,215	Median Housing Value			\$338,938
			Median Gross Rent			\$1,347
			Families Below Poverty Level			6.4%
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.						

IBC Laredo ranks 23rd in market share with 0.7 percent of the area's deposits based on the FDIC's June 30, 2023, Deposit Market Share Report. Based on 2022 HMDA data, IBC Laredo reported 200 home mortgage loans totaling \$37.8 million in this area. The bank captured 0.2 percent market share of the total number and 0.1 percent market share of the total dollar volume of home mortgage loans. IBC Laredo ranked 79th out of 876 total lenders inside the Austin MSA AA. The ranking, which considers the total number and dollar amount of loans made by each institution, lands the bank in the top 9.0 percent of lenders reporting such loans in this assessment area.

Based on 2022 CRA data, IBC Laredo reported 18 small business loans totaling \$2.0 million in this area. The bank captured <0.1 percent market share of the total number and 0.1 percent market share of the total dollar volume of small business loans. IBC Laredo ranked 84th out of 240 total lenders inside the Austin MSA AA. The ranking, which considers the total number and dollar amount of loans made by each institution, lands the bank in the top 35.0 percent of lenders reporting such loans in this assessment area.

Corpus Christi MSA AA

The Corpus Christi MSA AA consists of all census tracts in Nueces and San Patricio Counties. Examiners noted that revised MSA delineations, determined by the Office of Management and Budget in 2024, resulted in the Corpus Christi MSA including Aransas County. Based on 2020 U.S. Census data, the assessment area census tracts include 4 low-, 30 moderate-, 44 middle-, and 32 upper-income tracts, as well as 3 tracts with no income designation. The following table includes certain demographic data for this assessment area.

Demographic Information of the Assessment Area Corpus Christi MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	113	3.5	26.5	38.9	28.3	2.7
Population by Geography	421,933	3.9	24.3	39.5	31.9	0.4
Housing Units by Geography	178,785	4.2	24.3	39.8	31.8	0.0
Owner-Occupied Units by Geography	92,437	2.7	24.0	37.8	35.5	0.0
Occupied Rental Units by Geography	61,467	6.7	25.0	44.4	23.8	0.0
Vacant Units by Geography	24,881	3.3	23.8	35.4	37.6	0.0
Businesses by Geography	40,809	3.3	18.8	37.1	40.6	0.2
Farms by Geography	1,150	2.6	15.8	32.4	49.0	0.1
Family Distribution by Income Level	105,170	23.3	16.5	18.5	41.7	0.0
Household Distribution by Income Level	153,904	25.2	15.3	17.3	42.2	0.0
Median Family Income MSA - 18580 Corpus Christi, TX MSA		\$67,685	Median Housing Value			\$158,842
			Median Gross Rent			\$1,054
			Families Below Poverty Level			12.4%
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.						

IBC Laredo ranks 8th in market share with 3.5 percent of the area's deposits based on the FDIC's June 30, 2023, Deposit Market Share Report. Based on 2022 HMDA data, IBC Laredo reported 20 home mortgage loans totaling \$5.3 million in this area. The bank captured 0.2 percent market share of the total number and 0.2 percent market share of the total dollar volume of home mortgage loans. IBC Laredo ranked 74th out of 441 total lenders inside the Corpus Christi MSA AA. The ranking, which considers the total number and dollar amount of loans made by each institution, lands the bank in the top 16.8 percent of lenders reporting such loans in this assessment area.

Based on 2022 CRA data, IBC Laredo reported 61 small business loans totaling \$11.2 million in this area. The bank captured 0.8 percent market share of the total number and 3.5 percent market share of the total dollar volume of small business loans. IBC Laredo ranked 19th out of 98 total lenders inside the Corpus Christi MSA AA. The ranking, which considers the total number and dollar amount of loans made by each institution, lands the bank in the top 19.4 percent of lenders reporting such loans in this assessment area.

Houston MSA AA

The Houston MSA AA consists of all census tracts in Fort Bend and Harris Counties. The Board removed Brazoria and Galveston Counties from this AA in 2022. Based on 2020 U.S. Census data, the assessment area census tracts include 203 low-, 337 moderate-, 306 middle-, and 363 upper-income tracts, as well as 39 tracts with no income designation. The following table includes certain demographic data for this assessment area.

Demographic Information of the Assessment Area Houston MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	1,248	16.3	27.0	24.5	29.1	3.1
Population by Geography	5,553,924	12.9	25.6	27.3	32.5	1.7
Housing Units by Geography	2,056,155	13.8	25.4	26.3	32.4	2.0
Owner-Occupied Units by Geography	1,090,468	6.2	21.4	29.5	42.1	0.9
Occupied Rental Units by Geography	793,580	22.7	30.6	22.9	20.4	3.3
Vacant Units by Geography	172,107	20.8	27.1	21.8	26.8	3.4
Businesses by Geography	848,304	9.9	20.3	23.6	44.0	2.3
Farms by Geography	10,287	7.3	18.5	26.4	46.1	1.7
Family Distribution by Income Level	1,318,481	25.1	17.1	17.7	40.1	0.0
Household Distribution by Income Level	1,884,048	25.4	16.4	17.0	41.1	0.0
Median Family Income MSA - 26420 Houston-The Woodlands-Sugar Land, TX MSA		\$81,859	Median Housing Value			\$230,015
			Median Gross Rent			\$1,179
			Families Below Poverty Level			11.6%
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.						

IBC Laredo ranks 27th in market share with 0.3 percent of the area's deposits based on the FDIC's June 30, 2023, Deposit Market Share Report. Based on 2022 HMDA data, IBC Laredo reported 173 home mortgage loans totaling \$26.5 million in this area. The bank captured 0.1 percent market share of the total number and 0.1 percent market share of the total dollar volume of home mortgage loans. IBC Laredo ranked 173rd out of 943 total lenders inside the Houston MSA AA. The ranking, which considers the total number and dollar amount of loans made by each institution, lands the bank in the top 18.3 percent of lenders reporting such loans in this assessment area.

Based on 2022 CRA data, IBC Laredo reported 39 small business loans totaling \$13.9 million in this area. The bank captured <0.1 percent market share of the total number and 0.2 percent market share of the total dollar volume of small business loans. IBC Laredo ranked 87th out of 260 total lenders inside the Houston MSA AA. The ranking, which considers the total number and dollar amount of loans made by each institution, lands the bank in the top 33.5 percent of lenders reporting such loans in this assessment area.

Texas Non-MSA AA

The Texas Non-MSA AA consists of all census tracts in Aransas, Burnet, Calhoun, Matagorda, Maverick, Val Verde, and Zavala Counties. The Board removed Uvalde County from and added Zavala County to this AA in 2022. Based on 2020 U.S. Census data, the assessment area census tracts include 1 low-, 20 moderate-, 35 middle-, and 15 upper-income tracts, as well as 7 tracts with no income designation. The following table includes certain demographic data for this assessment area.

Demographic Information of the Assessment Area TX Non-MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	78	1.3	25.6	44.9	19.2	9.0
Population by Geography	244,464	0.3	29.7	46.4	20.0	3.7
Housing Units by Geography	113,557	0.5	26.7	48.9	19.8	4.1
Owner-Occupied Units by Geography	61,917	0.3	26.4	46.9	22.2	4.2
Occupied Rental Units by Geography	24,020	0.6	34.5	49.5	12.3	3.1
Vacant Units by Geography	27,620	0.7	20.5	52.9	21.0	4.9
Businesses by Geography	20,673	0.1	20.3	49.6	25.9	4.1
Farms by Geography	784	1.0	16.1	49.1	30.6	3.2
Family Distribution by Income Level	62,446	24.0	18.1	19.0	38.9	0.0
Household Distribution by Income Level	85,937	25.0	16.1	16.5	42.4	0.0
Median Family Income Non-MSAs - TX		\$61,785	Median Housing Value			\$144,566
			Median Gross Rent			\$761
			Families Below Poverty Level			14.7%
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.						

IBC Laredo ranks 1st in market share with 20.6 percent of the area's deposits based on the FDIC's June 30, 2023, Deposit Market Share Report. Based on 2022 HMDA data, IBC Laredo reported 25 home mortgage loans totaling \$5.6 million in this area. The bank captured 0.5 percent market share of the total number and 0.4 percent market share of the total dollar volume of home mortgage loans. IBC Laredo ranked 52nd out of 416 total lenders inside the Texas Non-MSA AA. The ranking, which considers the total number and dollar amount of loans made by each institution, lands the bank in the top 12.5 percent of lenders reporting such loans in this assessment area.

Based on 2022 CRA data, IBC Laredo reported 84 small business loans totaling \$10.9 million in this area. The bank captured 1.8 percent market share of the total number and 6.8 percent market share of the total dollar volume of small business loans. IBC Laredo ranked 15th out of 106 total lenders inside the Texas Non-MSA AA. The ranking, which considers the total number and dollar amount of loans made by each institution, lands the bank in the top 14.2 percent of lenders reporting such loans in this assessment area.

Victoria MSA AA

The Victoria MSA AA consists of all census tracts in Victoria County. Based on 2020 U.S. Census data, the assessment area census tracts include 2 low-, 7 moderate-, 9 middle-, and 6 upper-income tracts, as well as 1 tract with no income designation. The following table includes certain demographic data for this assessment area.

Demographic Information of the Assessment Area Victoria MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	25	8.0	28.0	36.0	24.0	4.0
Population by Geography	91,319	5.7	26.2	39.3	28.8	0.0
Housing Units by Geography	37,264	5.6	26.3	39.4	28.8	0.0
Owner-Occupied Units by Geography	21,872	5.1	20.3	40.3	34.3	0.0
Occupied Rental Units by Geography	10,648	5.7	37.1	37.4	19.9	0.0
Vacant Units by Geography	4,744	7.7	29.2	39.5	23.6	0.0
Businesses by Geography	8,681	3.6	30.7	35.1	30.6	0.1
Farms by Geography	294	1.7	21.1	36.1	41.2	0.0
Family Distribution by Income Level	22,172	22.6	17.4	19.0	41.1	0.0
Household Distribution by Income Level	32,520	25.1	15.0	17.6	42.3	0.0
Median Family Income MSA - 47020 Victoria, TX MSA		\$71,697	Median Housing Value			\$149,625
			Median Gross Rent			\$947
			Families Below Poverty Level			11.4%
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.						

IBC Laredo ranks 10th in market share with 0.8 percent of the area's deposits based on the FDIC's June 30, 2023, Deposit Market Share Report. Based on 2022 HMDA data, IBC Laredo reported 1 home mortgage loan totaling \$318 thousand in this area. The bank captured 0.1 percent market share of the total number and 0.1 percent market share of the total dollar volume of home mortgage loans. IBC Laredo ranked 121st out of 200 total lenders inside the Victoria MSA AA. The ranking, which considers the total number and dollar amount of loans made by each institution, lands the bank in the bottom 60.5 percent of lenders reporting such loans in this assessment area.

Based on 2022 CRA data, IBC Laredo reported 3 small business loans totaling \$710 thousand in this area. The bank captured 0.2 percent market share of the total number and 0.9 percent market share of the total dollar volume of small business loans. IBC Laredo ranked 35th out of 58 total lenders inside the Victoria MSA AA. The ranking, which considers the total number and dollar amount of loans made by each institution, lands the bank in the bottom 60.4 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.