



## **PUBLIC DISCLOSURE**

September 30, 2019

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Kleberg Bank, National Association  
Charter Number 12968

100 E Kleberg  
Kingsville, TX 78363

Office of the Comptroller of the Currency

10001 Reunion Place  
San Antonio, TX 78216

**NOTE:** 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, and should not 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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## **Overall CRA Rating**

**Institution's CRA Rating:** This institution is rated **Satisfactory**.

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

**The Community Development Test is rated: Satisfactory.**

The major factors that support this rating include:

- The Lending Test rating is based upon reasonable borrower distribution of loans to individuals of different income levels and businesses of different sizes within the Kleberg County assessment area (AA) and the Nueces County AA in the State of Texas.
- The Community Development (CD) Test rating is based upon satisfactory responsiveness to AA needs considering the bank's capacity.
- The majority of the bank's loans are inside its AAs.
- The bank exhibits reasonable geographic distribution of loans within its AA.
- There were no CRA-related complaints during the evaluation period.

### **Loan-to-Deposit Ratio**

Considering the bank's size, financial condition, and credit needs of the AAs, the bank's loan-to-deposit (LTD) ratio is reasonable. The quarterly average LTD ratio was 67.31 percent during the evaluation period. The LTD ratio increased over the evaluation period from 55.67 to 79.23 percent. The LTD ratio was compared to three similarly situated institutions (SSI) within Kleberg and Nueces counties with asset sizes ranging from \$139 million to \$417 million. The quarterly average LTD ratio for these institutions during the same evaluation period was 76.49 percent. The ratios for these institutions ranged from an average low of 63.47 percent to an average high of 84.40 percent. Although the bank's average LTD ratio is less than the average ratio among the SSIs, it is reasonable when considering the bank's market share, size, and competition within the Nueces AA and Kleberg AA, as well as the increasing trend.

### **Lending in Assessment Area**

A majority of the bank's loans are inside its AAs. The bank originated and purchased 68.2 percent of its total loans inside the bank's AAs during the evaluation period. This analysis is performed at the bank, rather than the AA level. This percentage does not include extensions of credit by affiliates that may be considered under the other performance criteria.

<b>Table D - Lending Inside and Outside of the Assessment Area</b>										
<b>Loan Category</b>	<b>Number of Loans</b>				<b>Total</b>	<b>Dollar Amount of Loans \$(000s)</b>				<b>Total</b>
	<b>Inside</b>		<b>Outside</b>			<b>Inside</b>		<b>Outside</b>		
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>		<b>\$</b>	<b>%</b>	<b>\$</b>	<b>%</b>	
Home Mortgage	426	68.8	193	31.2	619	87,248	60.8	56,287	39.2	143,534
Consumer	37	61.7	23	38.3	60	1,124	57.3	839	42.7	1,963
<b>Total</b>	<b>463</b>	<b>68.2</b>	<b>216</b>	<b>31.8</b>	<b>679</b>	<b>88,372</b>	<b>60.7</b>	<b>57,126</b>	<b>39.3</b>	<b>145,497</b>
<i>Source: Evaluation Period: 1/1/2016 - 12/31/2018 Bank Data            Due to rounding, totals may not equal 100.0</i>										

## Description of Institution

Kleberg Bank, National Association (KBNA) is a \$555.9 million intrastate bank headquartered in Kingsville, Texas, which is located approximately 50 miles southwest of Corpus Christi, Texas. KBNA is wholly owned by Kleberg and Company Bankers, Inc., a one-bank holding company. The bank owns and operates six branch facilities, two drive-in facilities, and six image-enabled automated teller machines (ATM) throughout Kleberg and Nueces Counties, all within the state of Texas. Since the prior performance evaluation (PE) the bank has closed its Ayers, Baldwin, and Morgan branches previously located in Corpus Christi and opened the Crosstown branch in Corpus Christi. Branches are located in areas accessible to customers in the bank's AAs. Lobby and drive-thru hours are set by location to fit the needs of the community's customers.

The bank's website offers information on branch hours of service and bank products. The bank offers traditional products and services such as checking accounts, savings account, certificates of deposit, consumer loans, commercial loans, and residential loans. The bank also offers a 24-hour telephone banking system for transaction verifications and transfers between accounts, as well as internet and mobile banking with bill pay. KBNA ranks first among depository institutions for market share within Kleberg County with 52.5 percent and eighth in Nueces County at 1.95 percent. We should note that the bank's assessment area includes all of Kleberg County and Nueces County, and faces strong competition in Nueces County.

As of June 30, 2019, KBNA reported total assets of \$555.9 million. Tier 1 capital totaled \$47.9 million, resulting in a tier 1 leverage ratio of 9.32 percent. Net loans represented 79.23 percent of total deposits and 60.90 percent of total assets.

<b>Loan Portfolio Summary by Loan Product as of June 30, 2019</b>		
<b>Loan Type</b>	<b>\$ Amount (thousands)</b>	<b>% of Outstanding Loans</b>
Consumer Loans	\$90,128	26.3
Commercial Real Estate	\$87,922	25.6
Residential Real Estate	\$67,640	19.7
Commercial & Industrial Loans	\$45,204	13.2
Construction/ Land Development	\$31,171	9.1
Multi-Family RE	\$10,843	3.2
Agricultural Loans	\$5,515	1.6
Farmland RE	\$4,592	1.3
Total	\$343,015	100.00

There are no financial or legal impediments to hinder the bank's ability to help meet the credit needs of the communities it serves. The bank received a "Satisfactory" rating on its prior CRA PE dated August 1, 2016.

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

We completed a full-scope review of KBNA's CRA activities under the Intermediate Small Bank (ISB) examination procedures, which includes the Lending and CD tests. The Lending Test evaluates the bank's record of meeting the credit needs of its AA through its lending activities. The CD Test evaluates the bank's responsiveness to CD needs in its AA through qualified lending, investment donations, and services.

The evaluation period under the Lending Test is representative of the bank's lending strategy since the last CRA examination. The Lending Test covers two evaluation periods. Analysis of data related to calendar year 2016 is based on the 2006-2010 American Community Survey (ACS). For purposes of CRA, the ACS replaced the decennial census. Analysis of data related to calendar years 2017 and 2018 are based on the 2011-2015 ACS.

The evaluation period for the CD Test covers the period from January 1, 2016, through December 31, 2018. We reviewed documentation supplied by bank management to determine if the bank's CD loans, investments, and services meet the regulatory definition for community development. Further discussion of the bank's CD activities is included in the *Community Development* section of this PE.

### Selection of Areas for Full-Scope Review

We performed a full-scope review of both AAs. There were no limited scope reviews.

### Ratings

KBNA has designated two AAs including the Nueces County AA, which is part of the Corpus Christi metropolitan statistical area (MSA), and the Kleberg County AA. The overall rating is based on the full-

scope review of both the Nueces and Kleberg counties AAs. The primary loan products include consumer lending and residential real estate lending based on origination. Greater emphasis was placed on consumer lending as this represented the largest portion of the bank's total loans based on number of loans originated. Although greater weight is given to consumer lending, we should point out that residential real estate lending does represent a significant portion of the bank's loan portfolio and does also help to influence the overall rating.

## **Discriminatory or Other Illegal Credit Practices Review**

Pursuant to 12 CFR 25.28(c) or 195.28(c), respectively, in determining a national bank's or federal savings association's (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any AA by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Bureau of Consumer Financial Protection, as applicable.

The OCC has not identified that this institution has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

The OCC will consider any information that this institution engaged in discriminatory or other illegal credit practices, identified by or provided to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

## **Description of Institution's Operations**

KBNA has two AAs in the state of Texas, which includes Kleberg County and Nueces County. Nueces County is part of the Corpus Christi MSA and includes all 81 census tracts (CT) in Nueces County. The AA consists of 9 low-income CTs, 20 moderate-income CTs, 26 middle-income CTs, 24 upper-income CTs, and 2 NA. The Kleberg County AA is not part of an MSA and includes all 5 census tracts within Kleberg County. The AA consists of 2 moderate-income CTs, 2 middle-income CTs, and 1 upper-income CTs; there are no low-income CTs within the AA. Both AAs meet regulatory requirements and do not arbitrarily exclude low- and moderate-income geographies.

As previously noted, the bank owns and operates six branch facilities, two drive-in facilities, and six image-enabled ATMs throughout Kleberg and Nueces Counties. Nueces County is a highly competitive banking environment that includes several large banks, regional banks, and several smaller community banks. The FDIC June 30, 2018 Deposit Market Share Report reflects that 29 financial institutions operate 87 offices within Nueces County, and 8 financial institutions operate 9 offices within Kleberg County.

Services that include, but are not limited to, retail trade services, financial services, insurance, real estate, agriculture, defense, education, and construction represent the largest industries throughout the AAs. In Nueces County, major employers include the Naval Air Station, Corpus Christi Army Depot,

Texas A&M University at Corpus Christi, HEB Food Stores, city and county government offices, local independent school districts, and numerous oil and gas companies. In Kleberg County the major employers include the Kingsville Naval Air Station, Texas A&M University at Kingsville, city and county government offices, U.S. Customs and Border Patrol, and local independent school districts.

Examiners utilized two community contacts, one in each AA, with knowledge of local economic development needs and availability of banking services during the evaluation period. The contacts stated that the community needs are being met. The primary needs of the local community are in residential and consumer lending, and there are potential opportunities for small business lending. The contact stated that the local banks are engaged and responsive with area needs, not only in a financial capacity but civically involved too.

### Kleberg County AA

<b>Table A – Demographic Information of the Assessment Area</b>						
<b>Assessment Area: Kleberg County AA 2016</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	5	0.0	40.0	40.0	20.0	0.0
Population by Geography	32,061	0.0	41.3	41.2	17.5	0.0
Housing Units by Geography	12,799	0.0	40.6	41.9	17.5	0.0
Owner-Occupied Units by Geography	6,524	0.0	35.0	39.1	26.0	0.0
Occupied Rental Units by Geography	4,400	0.0	48.4	49.0	2.6	0.0
Vacant Units by Geography	1,875	0.0	42.0	35.3	22.7	0.0
Businesses by Geography	1,391	0.0	33.4	48.8	17.8	0.0
Farms by Geography	66	0.0	27.3	22.7	50.0	0.0
Family Distribution by Income Level	7,386	26.8	16.1	18.2	38.9	0.0
Household Distribution by Income Level	10,924	30.7	14.0	12.9	42.4	0.0
Median Family Income Non-MSAs - TX		\$47,817	Median Housing Value			\$76,592
			Median Gross Rent			\$646
			Families Below Poverty Level			18.1%
<i>Source: 2010 U.S. Census and 2016 D&amp;B Data</i> <i>Due to rounding, totals may not equal 100.0</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

<b>Table A – Demographic Information of the Assessment Area</b>						
<b>Assessment Area: Kleberg County AA 2017-18</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	5	0.0	40.0	40.0	20.0	0.0
Population by Geography	32,029	0.0	40.7	43.8	15.6	0.0
Housing Units by Geography	12,995	0.0	40.0	43.8	16.1	0.0
Owner-Occupied Units by Geography	5,769	0.0	34.4	42.2	23.5	0.0
Occupied Rental Units by Geography	5,137	0.0	43.2	51.8	5.1	0.0
Vacant Units by Geography	2,089	0.0	47.9	29.0	23.1	0.0
Businesses by Geography	1,388	0.0	32.6	49.4	18.0	0.0
Farms by Geography	62	0.0	21.0	27.4	51.6	0.0
Family Distribution by Income Level	6,981	28.0	18.6	15.7	37.7	0.0
Household Distribution by Income Level	10,906	30.2	14.5	15.8	39.5	0.0
Median Family Income Non-MSAs - TX		\$52,076	Median Housing Value			\$82,915
			Median Gross Rent			\$761
			Families Below Poverty Level			19.7%
<i>Source: 2015 ACS Census and 2018 D&amp;B Data</i> <i>Due to rounding, totals may not equal 100.0</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						



## Nueces County AA

<b>Table A – Demographic Information of the Assessment Area</b>						
<b>Assessment Area: Nueces County AA 2016</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	81	11.1	24.7	32.1	29.6	2.5
Population by Geography	340,223	12.1	22.7	34.1	30.7	0.4
Housing Units by Geography	138,289	11.7	20.8	35.1	32.3	0.1
Owner-Occupied Units by Geography	74,556	8.3	20.0	35.2	36.6	0.0
Occupied Rental Units by Geography	46,500	16.5	21.7	35.5	25.9	0.4
Vacant Units by Geography	17,233	13.8	21.6	33.9	30.6	0.2
Businesses by Geography	20,505	17.8	18.5	33.0	30.4	0.3
Farms by Geography	571	8.9	14.4	37.3	39.1	0.4
Family Distribution by Income Level	82,670	24.7	16.2	17.4	41.7	0.0
Household Distribution by Income Level	121,056	25.2	16.1	16.2	42.5	0.0
Median Family Income MSA - 18580 Corpus Christi, TX MSA		\$52,664	Median Housing Value			\$115,645
			Median Gross Rent			\$790
			Families Below Poverty Level			15.1%
<p><i>Source: 2010 U.S. Census and 2016 D&amp;B Data</i>  <i>Due to rounding, totals may not equal 100.0</i>  <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i></p>						

<b>Table A – Demographic Information of the Assessment Area</b>						
<b>Assessment Area: Nueces County AA 2017-18</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	81	7.4	27.2	29.6	33.3	2.5
Population by Geography	352,060	6.3	29.5	28.7	34.7	0.8
Housing Units by Geography	144,416	6.2	28.0	29.1	36.7	0.0
Owner-Occupied Units by Geography	72,680	4.2	25.6	28.4	41.8	0.0
Occupied Rental Units by Geography	54,220	8.0	32.2	29.2	30.6	0.0
Vacant Units by Geography	17,516	8.6	24.5	32.3	34.7	0.0
Businesses by Geography	22,020	3.8	30.7	29.7	35.4	0.3
Farms by Geography	607	3.0	21.1	25.9	49.9	0.2
Family Distribution by Income Level	87,112	22.6	17.2	17.8	42.4	0.0
Household Distribution by Income Level	126,900	25.1	16.1	16.6	42.1	0.0
Median Family Income MSA - 18580 Corpus Christi, TX MSA		\$57,801	Median Housing Value			\$126,756
			Median Gross Rent			\$900
			Families Below Poverty Level			13.8%
<i>Source: 2015 ACS Census and 2018 D&amp;B Data</i> <i>Due to rounding, totals may not equal 100.0</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS**

### **LENDING TEST**

The bank's performance under the Lending Test is rated Satisfactory.

Based on a full-scope review the bank's lending performance in the state of Texas is reasonable.

### **Distribution of Loans by Income Level of the Geography**

The bank exhibits reasonable geographic distribution of loans throughout the entire AA.

Loans originated in 2016 are compared to 2010 ACS data, and loans originated in 2017 and 2018 are compared to 2015 ACS data and, therefore, were evaluated separately.

#### **Kleberg County AA**

##### ***Home Mortgage Loans***

Refer to Table O in Appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

The geographic distribution of home mortgage loans to CTs of different income levels is reasonable. There are no low-income CTs in the AA. In 2016, KBNA originated or purchased 8.1 percent of the loans in the Kleberg County MSA to borrowers located in moderate-income CTs, which is below aggregate and demographic data. In 2017-2018, the bank originated or purchased 15.9 percent of the loans in the Kleberg County MSA to borrowers located in moderate-income CTs, which is below aggregate and demographic data.

As shown in each category, the bank's residential real estate lending is reasonable, as Kleberg County has no low-income CTs, although penetration is poor for moderate-income CTs. The poor dispersion of residential real estate loans in LMI geographies is explainable and attributed to performance context factors such as above average poverty and unemployment, age of housing stock, and limited owner-occupied units in those tracts.

##### ***Consumer Loans***

Refer to Table U in Appendix D for the facts and data used to evaluate the geographic distribution of the bank's consumer loan originations and purchases.

The geographic distribution of consumer loans to CTs of different income levels in the Kleberg County AA is reasonable. There are no low-income CTs in the Kleberg County AA. In 2016, KBNA originated 25.6 percent of the loans to borrowers located in moderate-income CTs, as compared to 40.4 percent of households located within those moderate-income CTs. In 2017-2018, KBNA originated 32.5 percent of the consumer loans to borrowers located in moderate-income CTs in the Kleberg County AA, which is reasonable when compared to the demographic data.

As shown in each category, the bank's consumer lending is reasonable as Kleberg County does not have any low-income CTs, although penetration is lagging for moderate-income CTs. The poor dispersion of consumer loans in LMI geographies is explainable and attributed to performance context factors such as above average poverty and unemployment in the AA. Additionally, a substantial majority of the bank's consumer loans is indirect consumer automobile loans derived from new car dealers in the AA. New car pricing is generally out of the reach of LMI individuals, and qualifying for indirect financing programs is typically more difficult than local independent used car lots. Additionally, management has seen increased competition for consumer loans, primarily from credit unions.

## **Nueces County AA**

### ***Home Mortgage Loans***

Refer to Table O in Appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

The geographic distribution of home mortgage loans to CTs of different income levels within the Nueces County AA is reasonable. In 2016, KBNA originated 1.6 percent of the home mortgage loans to borrowers located in low-income CTs, and 4.7 percent of home mortgage loans to borrowers located in moderate-income CTs in 2016, below available demographic information. In 2017-2018, KBNA originated 0.5 percent of loans to borrowers in low-income CTs and 11.6 percent of loans to borrowers in moderate-income CTs, both of which are below available demographic information.

The bank's residential real estate lending is reasonable, although penetration is poor for low-income CTs and moderate-income CTs. The poor dispersion of residential real estate loans in LMI geographies can be attributed to performance context factors such as above average poverty and unemployment, age of housing stock, limited owner-occupied units in those tracts, and increased competition in the local area.

### ***Consumer Loans***

Refer to Table U in Appendix D for the facts and data used to evaluate the geographic distribution of the bank's consumer loan originations and purchases.

The geographic distribution of consumer loans to CTs of different income levels within the Nueces County AA is reasonable. In 2016, KNBA originated 5.0 percent of the consumer loans to borrowers located in low-income CTs in the Nueces County AA, and 5.0 percent of the consumer loans to borrowers located in moderate-income CTs, which is below available demographic information. In 2017-2018, KBNA originated 5.0 percent of loans to borrowers in low-income CTs and 15.0 percent of loans to borrowers in moderate-income CTs, which is comparable to available demographic information.

The bank's consumer lending is reasonable although penetration is poor for moderate-income CTs for 2016. The poor dispersion of consumer loans in LMI geographies is explainable and attributed to performance context factors such as above average poverty and unemployment, age of housing stock, limited owner-occupied units in those tracts, and increased competition in the local area.

## **Distribution of Loans by Income Level of the Borrower**

The bank exhibits reasonable distribution of loans to individuals of different income levels and businesses and farms of different sizes, given the product lines offered by the bank.

### **Kleberg County AA**

#### ***Home Mortgage Loans***

Refer to Table P in Appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The distribution of home mortgage loans to borrowers of different income levels within the Kleberg County AA is reasonable. In 2016, KBNA originated 0.0 percent of home mortgage loans to low-income borrowers and 13.5 percent to moderate-income borrowers. Low-income borrowers accounted for 26.8 percent of the AA, while moderate-income borrowers accounted for 16.1 percent. For 2017-2018, KBNA originated 2.3 percent and 18.6 percent of the loans to low-income and moderate-income borrowers, respectively. For comparison, the AA during this time was composed of 28.0 percent of low-income borrowers and 18.6 percent of moderate-income borrowers.

The distribution of home mortgage loans to low-income borrowers is below demographic comparators but is still considered reasonable when considering performance context factors such as the advanced age of housing stock, median housing values, above average poverty levels, and unemployment. In addition, low-income individuals typically have difficulty qualifying for home loans, thus a reduced level of lending to this demographic can be expected. There is also a fair population of military personnel and college students that fall into LMI categories, which further limits lending opportunity. Housing for military personnel and college students is typically short-term or temporary.

#### ***Consumer Loans***

Refer to Table V in Appendix D for the facts and data used to evaluate the borrower distribution of the bank's consumer loan originations and purchases.

The distribution of consumer loans to borrowers of different income levels within the Kleberg County AA is reasonable. In 2016, KBNA originated 0.0 percent of consumer loans to low-income borrowers and 25.0 percent to moderate-income borrowers. Based on the aggregate AA, low-income borrowers accounted for 30.7 percent of the AAs while moderate-income borrowers accounted for 14.0 percent. For 2017-2018, KBNA originated 7.5 percent of consumer loans to low-income borrowers and 7.5 percent to moderate-income borrowers. The AA during this time was comprised of 30.2 percent of low-income borrowers and 14.5 percent of moderate-income.

The distribution of consumer loans to borrowers of different income levels reflects poor penetration although this is reasonable when considering performance context factors such as above average poverty and unemployment in the AA. Additionally, a substantial majority of the bank's consumer loans is indirect consumer automobile loans derived from new car dealers in the AA. New car pricing is generally out of reach for LMI individuals and qualifying for indirect financing programs is typically

more difficult than local independent used car lots. Additionally, management has seen increased competition for consumer loans, primarily from credit unions.

## **Nueces County AA**

### ***Home Mortgage Loans***

Refer to Table P in Appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The distribution of home mortgage loans to borrowers of different income levels within the Nueces County AA is reasonable. In 2016, KBNA originated 0.8 percent of the home mortgage loans to low-income borrowers and 3.9 percent to moderate-income borrowers within the AA. Low-income borrowers accounted for 24.7 percent of the AA while moderate-income borrowers accounted for 16.2 percent. For 2017-2018, KBNA originated 2.8 percent and 13.4 percent of the loans to low-income and moderate-income borrowers, respectively, within the AA. For comparison, the AA during this time was composed of 22.6 percent low-income borrowers and 17.2 percent moderate-income borrowers.

The distribution of home mortgage loans is reasonable, although penetration is poor for low-income level borrowers and generally reasonable for moderate-income borrowers. Performance is considered reasonable when considering performance context factors such as the advanced and aging housing stock, median housing values, above average poverty levels, and unemployment in the AA. Low-income individuals typically find it difficult to qualify for home loans, thus a reduced level of lending to this demographic can be expected. KBNA also faces strong competition from branches, large national and regional banks, community banks, mortgage companies, and credit unions.

### ***Consumer Loans***

Refer to Table V in Appendix D for the facts and data used to evaluate the borrower distribution of the bank's consumer loan originations and purchases.

The distribution of consumer loans to borrowers of different income levels within the Nueces County AA is reasonable. In 2016, KBNA originated 0.0 percent of the consumer loans to low-income borrowers and 10 percent to moderate-income borrowers within the AA. Low-income borrowers accounted for 25.2 percent of the AA, while moderate-income borrowers accounted for 16.1 percent. For 2017-2018, KBNA originated 2.5 percent of consumer loans to low-income borrowers and 22.5 percent to moderate-income borrowers. The AA during this time was composed of 25.1 percent of low-income borrowers and 16.1 percent of moderate-income.

KBNA's distribution of consumer loans to borrowers of different income levels is reasonable although penetration to low-income borrowers is poor. Performance is considered reasonable when considering performance context factors such as above average poverty, unemployment, and a substantial majority of the bank's consumer loans are indirect consumer automobile loans derived from new car dealers. New car pricing is generally out of reach for LMI individuals, and qualifying for indirect financing programs is typically more difficult than local independent used car lots. Additionally, management has seen increased competition for consumer loans, primarily from credit unions.

**Responses to Complaints**

KBNA has not received any complaints about its performance in helping to meet the AAs’ credit needs during the evaluation period.

**COMMUNITY DEVELOPMENT TEST**

The bank’s performance under the CD Test is rated Satisfactory.

Based on a full-scope review, the bank exhibits adequate responsiveness to CD needs in the AAs through CD loans, qualified investments, and CD services, as appropriate, considering the bank’s capacity and the need and availability of such opportunities in the bank’s AAs.

**Number and Amount of Community Development Loans**

Qualified CD loans are those that meet the definition of CD as defined in the CRA regulation and do not include loans given consideration under the Lending Test. Our review was based on the bank’s AAs which are inclusive of all of Kleberg County and Nueces County.

The bank’s level of CD lending reflects reasonable responsiveness to its AAs. KBNA originated seven CD loans totaling \$254 thousand since the last CRA evaluation. These loans made during the valuation period include loans for promoting economic development, providing affordable housing, and loans approved under the SBA 504 program. The largest CD loans made during the cycle include:

- \$600 thousand for a SBA 504 loan to renovate a small business in a LMI census tract.
- \$90 thousand for the purchase and renovation of affordable housing in a LMI census tract.
- \$46 thousand for the renovation of affordable housing in a LMI census tract.

**Number and Amount of Qualified Investments**

Qualified Investments										
Assessment Area	Prior Period*		Current Period		Total				Unfunded Commitments**	
	#	\$(000’s)	#	\$(000’s)	#	% of Total #	\$(000’s)	% of Total \$	#	\$(000’s)
Kleberg AA, Nueces AA	43	349	39	265	39	100	265	100	0	0

\* Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.  
 \*\* Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

\* 'Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.

Investments, deposits, membership's shares, or grants that have CD as their primary purpose are defined as "qualified investments" in the CRA regulation. These also include investments that support community services that target LMI families and individuals.

KBNA demonstrated reasonable responsiveness to CD needs in the bank's AAs. The bank provided approximately \$265 thousand in qualified investment activity during the evaluation period. The donations were to non-profit organizations that provide social services, including youth programs, women's shelter, small business finance, and scholarship awards that target LMI individuals and geographies.

### **Extent to Which the Bank Provides Community Development Services**

The bank's level of CD services reflects adequate responsiveness to the CD needs of the bank's AAs. The bank provided 26 qualified CD services from directors, officers, and employees across the AAs. Several bank directors, officers, and employees provided CD services to qualifying programs and organizations in the AA. Examples include but are not limited to the following:

- Serving as Treasurer of the Kiwanis Club of Kingsville – a non-profit organization supporting low- and moderate-income individuals;
- Serving on the Kingsville Independent School District and providing assistance with fundraising and solicitation of investments;
- Serving as Treasurer of the Kingsville Education Foundation – a non-profit organization supporting children of low- and moderate-income households;
- Serving on the board and finance committee of Charlie's Place - helps raise funds and solicit investment for residential detoxification programs and family counseling services for LMI individuals and families;
- Serving as the Chairman of the Costal Bend Community Foundation – an organization that supported low- to moderate-income individuals impacted by Hurricane Harvey; and
- Serving on the Housing Opportunity Committee of Corpus Christi Realtors – provides seminars with information on programs that can assist low- and moderate-income individuals home buyers.



## Appendix A: Scope of Examination

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The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the MSA(s) and non-MSA(s) that received comprehensive examination review, designated by the term “full-scope,” and those that received a less comprehensive review, designated by the term “limited-scope”.

<b>Time Period Reviewed:</b>	01/01/2016 – 12/31/2019	
<b>Bank Products Reviewed:</b>	Home mortgage, consumer, community development loans, qualified investments, and community development services.	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
Not Applicable	Not Applicable	Not Applicable
<b>List of Assessment Areas and Type of Examination</b>		
<b>Rating and Assessment Areas</b>	<b>Type of Exam</b>	<b>Other Information</b>
<b>Texas</b>		
Nueces County	Full-scope	This AA includes all 81 census tracts (CT) in Nueces County. The AA consists of 9 low income, 20 moderate income, 26 middle income, 24 Upper income, and 2 NA income CTs.
Kleberg County	Full-scope	This AA includes all five census tracts (CT) in Kleberg County. The AA consists of two moderate income, two middle income, and one upper income CTs.

## Appendix B: Summary of MMSA and State Ratings

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RATINGS: Kleberg Bank, National Association			
Overall Bank:	Lending Test Rating*	CD Test Rating	Overall Bank/State/Multistate Rating
Kleberg Bank, National Association	Satisfactory	Satisfactory	Satisfactory
MMSA or State:			
Texas	Satisfactory	Satisfactory	Satisfactory

(\*) The Lending Test and Community Development Test carry equal weight in the overall rating.

## Appendix C: Definitions and Common Abbreviations

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The following terms and abbreviations are used in this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

**Affiliate:** Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. For example, a bank subsidiary is controlled by the bank and is, therefore, an affiliate.

**Aggregate Lending (Aggt.):** The number of loans originated and purchased by all reporting lenders (HMDA or CRA) in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/assessment area.

**Census Tract (CT):** A small, relatively permanent statistical subdivision of a county delineated by a local committee of census data users for the purpose of presenting data. Census tracts nest within counties, and their boundaries normally follow visible features, but may follow legal geography boundaries and other non-visible features in some instances, Census tracts ideally contain about 4,000 people and 1,600 housing units.

**Combined Statistical Area (CSA):** A geographic entity consisting of two or more adjacent Core Based Statistical Areas with employment interchange measures of at least 15. An employment interchange measure is a measure of ties between two adjacent entities. The employment interchange measure is the sum of the percentage of workers living in the smaller entity who work in the larger entity and the percentage of employment in the smaller entity that is accounted for by workers who reside in the larger entity.

**Community Development (CD):** Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; or activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas.

**Community Reinvestment Act (CRA):** The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its entire community, including LMI areas, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

**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, other secured consumer loans, and other unsecured consumer loans.

**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, which 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).

**Full-Scope Review:** Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

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

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that conduct 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, the disposition of the application (e.g., approved, denied, and withdrawn), the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

**Home Mortgage Loans:** A closed-end mortgage loan or an open-end line of credit as these terms are defined under 12 CFR 1003.2, and that is not an excluded transaction under 12 CFR 1003.3(c)(1) through (c)(10) and (c)(13).

**Household:** Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

**Limited-Scope Review:** Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

**Low-Income Individual:** Individual income that is less than 50 percent of the area median income.

**Low Income Geography:** A census tract with a median family income that is less than 50 percent.

**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 state/assessment area.

**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. The median is the point at which half of the families have income above, and half below, a range of incomes. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to

determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above, and half below, a range of incomes.

**Metropolitan Division:** As defined by Office of Management and Budget, a county or group of counties within a Core Based Statistical Area that contains an urbanized population of at least 2.5 million. A Metropolitan Division consists of one or more main/secondary counties that represent an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

**Metropolitan Statistical Area:** An area, defined by the Office of Management and Budget, as a core based statistical area associated with at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

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

**Multifamily:** Refers to a residential structure that contains five or more units.

**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 qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**Rating Area:** A rated area is a state or multi-state metropolitan statistical 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 multi-state metropolitan statistical area, the institution will receive a rating for the multi-state metropolitan statistical area.

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

**Small Loan(s) to Farm(s):** 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, or are classified as loans to finance agricultural production and other loans to farmers.

**Tier 1 Capital:** The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

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

## Appendix D: Tables of Performance Data

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### Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan statistical areas, if applicable, are presented in one set of tables. References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the Lending Test tables, the following are applicable: (1) purchased are treated as originations; and (2) “aggregate” is the percentage of the aggregate number of reportable loans originated and purchased by all HMDA or CRA-reporting lenders in the MMSA/assessment area. Deposit data are compiled by the FDIC and are available as of June 30<sup>th</sup> of each year. Tables without data are not included in this PE.

The following is a listing and brief description of the tables included in each set:

- Table O. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents aggregate peer data for the years the data is available.
- Table P. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MMSA/assessment area. The table also presents aggregate peer data for the years the data is available.
- Table U. Assessment Area Distribution of Consumer Loans by Income Category of the Geography** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households in those geographies.
- Table V. Assessment Area Distribution of Consumer Loans by Income Category of the Borrower** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of households by income level in each MMSA/assessment area.

<b>Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography</b>																			<b>2016</b>	
Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts			
	#	\$	% 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	
Kleberg County AA 2016	37	5,710	22.3	441	0.0	0.0	0.0	35.0	8.1	22.7	39.1	75.7	56.7	26.0	16.2	20.6	0.0	0.0	0.0	
Nueces County AA 2016	129	28,357	77.7	9,036	8.3	1.6	2.3	20.0	4.7	6.8	35.2	32.6	33.1	36.6	61.2	57.8	0.0	0.0	0.0	
<b>Total</b>	<b>166</b>	<b>34,067</b>	<b>100.0</b>	<b>9,477</b>	<b>7.6</b>	<b>1.2</b>	<b>2.2</b>	<b>21.2</b>	<b>5.4</b>	<b>7.6</b>	<b>35.5</b>	<b>42.2</b>	<b>34.2</b>	<b>35.7</b>	<b>51.2</b>	<b>56.1</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	

Source: 2010 US Census; 01/01/2016 - 12/31/2016 Bank Data, 2016 HMDA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0

<b>Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography</b>																			<b>2017-18</b>	
Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts			
	#	\$	% 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	
Kleberg County AA	44	6,419	16.9	417	0.0	0.0	0.0	34.4	15.9	21.1	42.2	54.5	54.7	23.5	29.5	24.2	0.0	0.0	0.0	
Nueces County AA	216	46,762	83.1	8,294	4.2	0.5	0.9	25.6	11.6	12.8	28.4	28.7	26.4	41.8	59.3	60.0	0.0	0.0	0.0	
<b>Total</b>	<b>260</b>	<b>53,181</b>	<b>100.0</b>	<b>8,711</b>	<b>3.9</b>	<b>0.4</b>	<b>0.8</b>	<b>26.3</b>	<b>12.3</b>	<b>13.2</b>	<b>29.4</b>	<b>33.1</b>	<b>27.7</b>	<b>40.5</b>	<b>54.2</b>	<b>58.2</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	

Source: 2015 ACS Census; 01/01/2017 - 12/31/2018 Bank Data, 2018 HMDA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0



	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
Assessment Area:	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
Kleberg County AA 2016	37	5,710	22.3	441	26.8	0.0	0.5	16.1	13.5	5.2	18.2	24.3	13.6	38.9	62.2	49.4	0.0	0.0	31.3
Nueces County AA 2016	129	28,357	77.7	9,036	24.7	0.8	2.0	16.2	3.9	8.2	17.4	11.6	17.7	41.7	74.4	45.9	0.0	9.3	26.2
<b>Total</b>	<b>166</b>	<b>34,067</b>	<b>100.0</b>	<b>9,477</b>	<b>24.9</b>	<b>0.6</b>	<b>1.9</b>	<b>16.2</b>	<b>6.0</b>	<b>8.1</b>	<b>17.4</b>	<b>14.5</b>	<b>17.5</b>	<b>41.4</b>	<b>71.7</b>	<b>46.1</b>	<b>0.0</b>	<b>7.2</b>	<b>26.4</b>

Source: 2010 U.S. Census; 01/01/2016 - 12/31/2016 Bank Data, 2016 HMDA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0

	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
Assessment Area:	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
Kleberg County AA	44	6,419	33.3	417	28.0	2.3	2.2	18.6	18.2	10.6	15.7	6.8	16.8	37.7	72.7	46.3	0.0	0.0	24.2
Nueces County AA	216	46,762	83.1	8,294	22.6	2.8	3.0	17.2	13.4	10.6	17.8	16.7	20.7	42.5	62.5	41.4	0.0	4.6	24.3
<b>Total</b>	<b>260</b>	<b>53,181</b>	<b>100.0</b>	<b>8,711</b>	<b>23.0</b>	<b>2.7</b>	<b>2.9</b>	<b>17.3</b>	<b>14.2</b>	<b>10.6</b>	<b>17.6</b>	<b>15.0</b>	<b>20.5</b>	<b>42.1</b>	<b>64.2</b>	<b>41.6</b>	<b>0.0</b>	<b>3.8</b>	<b>24.3</b>

Source: 2015 ACS Census; 01/01/2017 - 12/31/2018 Bank Data, 2018 HMDA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0

<b>Table U: Assessment Area Distribution of Consumer Loans by Income Category of the Geography</b>													<b>2016</b>	
Assessment Area:	Total Consumer Loans			Low-Income Tracts		Moderate-Income Tracts		Middle-Income Tracts		Upper-Income Tracts		Not Available-Income Tracts		
	#	\$	% of Total	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	
Kleberg County AA 2016	20	560	50.0	0.0	0.0	40.4	25.0	43.0	40.0	16.6	35.0	0.0	0.0	
Nueces County AA 2016	20	617	50.0	11.4	5.0	20.6	5.0	35.3	45.0	32.5	45.0	0.1	0.0	
<b>Total</b>	<b>40</b>	<b>1,177</b>	<b>100.0</b>	<b>10.5</b>	<b>2.5</b>	<b>22.3</b>	<b>15.0</b>	<b>35.9</b>	<b>42.5</b>	<b>31.2</b>	<b>40.0</b>	<b>0.1</b>	<b>0.0</b>	

Source: 2010 U.S Census; 01/01/2016 - 12/31/2016 Bank Data.  
Due to rounding, totals may not equal 100.0

<b>Table U: Assessment Area Distribution of Consumer Loans by Income Category of the Geography</b>													<b>2017-18</b>	
Assessment Area:	Total Consumer Loans			Low-Income Tracts		Moderate-Income Tracts		Middle-Income Tracts		Upper-Income Tracts		Not Available-Income Tracts		
	#	\$	% of Total	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	
Kleberg County AA	40	1,034	50.0	0.0	0.0	38.5	32.5	46.7	35.0	14.8	32.5	0.0	0.0	
Nueces County AA	40	983	50.0	5.8	5.0	28.4	15.0	28.7	32.5	37.0	47.5	0.0	0.0	
<b>Total</b>	<b>80</b>	<b>2,017</b>	<b>100.0</b>	<b>5.4</b>	<b>2.5</b>	<b>29.2</b>	<b>23.8</b>	<b>30.1</b>	<b>30.1</b>	<b>35.2</b>	<b>40.0</b>	<b>0.0</b>	<b>0.0</b>	

Source: 2015 ACS Census; 01/01/2017 - 12/31/2018 Bank Data.  
Due to rounding, totals may not equal 100.0

<b>Table V - Assessment Area Distribution of Consumer Loans by Income Category of the Borrower</b>													<b>2016</b>	
Assessment Area:	Total Consumer Loans			Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Not Available-Income Borrowers		
	#	\$	% of Total	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	
Kleberg County AA 2016	20	560	50.0	30.7	0.0	14.0	25.0	12.9	15.0	42.4	60.0	0.0	0.0	
Nueces County AA 2016	20	617	50.0	25.2	0.0	16.1	10.0	16.2	40.0	42.5	50.0	0.0	0.0	
<b>Total</b>	<b>40</b>	<b>1,177</b>	<b>100.0</b>	<b>25.7</b>	<b>0.0</b>	<b>16.0</b>	<b>17.5</b>	<b>15.9</b>	<b>27.5</b>	<b>42.5</b>	<b>55.0</b>	<b>0.0</b>	<b>0.0</b>	

*Source: 2010 U.S Census; 01/01/2016 - 12/31/2016 Bank Data.  
Due to rounding, totals may not equal 100.0*

<b>Table V - Assessment Area Distribution of Consumer Loans by Income Category of the Borrower</b>													<b>2017-18</b>	
Assessment Area:	Total Consumer Loans			Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Not Available-Income Borrowers		
	#	\$	% of Total	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	
Kleberg County AA	40	1,034	50.0	30.2	7.5	14.5	7.5	15.8	25.0	39.5	60.0	0.0	0.0	
Nueces County AA	40	983	50.0	25.1	2.5	16.1	22.5	16.6	37.5	42.1	37.5	0.0	0.0	
<b>Total</b>	<b>80</b>	<b>2,017</b>	<b>100.0</b>	<b>25.5</b>	<b>5.0</b>	<b>16.0</b>	<b>15.0</b>	<b>16.6</b>	<b>31.3</b>	<b>41.9</b>	<b>48.8</b>	<b>0.0</b>	<b>0.0</b>	

*Source: 2015 ACS Census; 01/01/2017 - 12/31/2018 Bank Data.  
Due to rounding, totals may not equal 100.0*