



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

March 07, 2011

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

San Antonio National Bank
Charter Number 12462

111 East Plasuela Street
Refugio, TX 78377-3232

Office of the Comptroller of the Currency

San Antonio South Field Office
10001 Reunion Place, Suite 250
San Antonio, TX 78216-4165

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, 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.

SAN ANTONIO NATIONAL BANK

COMMUNITY REINVESTMENT ACT RATING: This institution is rated *Satisfactory*.

San Antonio National Bank (SANB) has a Satisfactory record of meeting community credit needs. This is based on the following:

- The loan-to-deposit (LTD) ratio is reasonable and the quarterly average has been 54 percent for this evaluation period. This ratio has significantly increased during the period and is consistent with competing banks in the Assessment Areas (AA).
- A substantial majority of the bank's loans were originated in the AAs.
- Loan originations overall reflect a reasonable distribution among households and families of various income levels and businesses of different sizes within it AAs.
- The geographic distribution of loans reflects a reasonable dispersion throughout the AAs.

SCOPE OF EXAMINATION

This Performance Evaluation assesses SANB's record of meeting the credit needs of the communities in which it operates. We evaluated SANB using the five small bank performance criteria, loan-to-deposit ratio, lending in the AA, lending to borrowers of different incomes and to businesses of different sizes, geographic distribution of loans and responses to CRA-related complaints.

To evaluate SANB's lending performance, we reviewed residential mortgage loans subject to filing under the Home Mortgage Disclosure Act (HMDA) and a random sample of loans based on the bank's primary loan types. Primary loan types are those products that have been originated at the highest percentage by dollar and/or number of loans. Primary loan products during this evaluation period consisted of residential, commercial, and consumer loans. In addition to the 103 residential loans reported under HMDA, the loan sample consisted of 68 consumer loans and 40 commercial loans originated between January 2008 and December 2010.

During this evaluation, we performed full-scope reviews for three of the bank's four AAs. We selected the AAs where the bank has a substantial share of its deposit and loan business. We conducted full-scope reviews for the Bexar, Hidalgo, and Refugio County AAs. These AAs represent 83 percent of the locations, 87 percent of the deposits, and 95 percent of the number of loans and 89 percent of the dollar volume of loans.

We conducted a limited scope review in the Webb County AA. The one office in this AA has only been open for 2 years and accounts for less than 5 percent of the number and 11 percent of the dollar of loan volume.

Community credit needs in the AAs were determined by reviewing recent housing and

demographic information and community contacts conducted by the OCC in connection with other CRA examinations of banks operating in the same AAs.

For this examination, we reviewed recent community contacts conducted by regulatory agencies in connection with other CRA examinations of banks operating in Bexar, Hidalgo, and Webb County. We also conducted an additional contact in the Refugio County AA. These contacts were made to help determine credit needs and opportunities for financial institutions to meet those needs. The contacts indicated a need for more affordable housing and small business financing. Comments received were positive and indicated that the current economic problems in housing and commercial lending have affected the willingness and ability of some financial institutions in general to meet all credit needs.

DESCRIPTION OF INSTITUTION

The First National Bank of Refugio was originally incorporated in 1923. On April 30, 2007, the bank was acquired by Family Bancorp, Inc. of San Antonio, Texas, a one bank holding company. Per a Board resolution dated May 7, 2007, it was approved for the bank to operate under the assumed name of San Antonio National Bank. As of December 31, 2010, SANB had total assets of \$218 million with a Tier 1 leverage capital ratio of 7.84 percent. The bank offers a wide range of financial services operating out of the following locations.

Office Locations of San Antonio National Bank			
Address	Date Opened	Hours	24-hour ATM
Refugio County 111 East Plasuela St. Refugio, TX 78377 Phone: (361) 526-2361	11/6/1923	Mon-Fri 9:00 a.m. - 5:00 p.m. Drive Thru: Mon-Fri 8:00 a.m. - 6:00 p.m. Sat 9:00 a.m. - 1:00 p.m.	Yes
Bexar County 45 N. E. Loop 410 San Antonio, TX 78216 Phone: (210) 408-5700	7/16/2008	Mon-Fri 9:00 a.m. - 6:00 p.m. Drive Thru: Mon-Fri 9:00 a.m. - 6:00 p.m.	Yes
Bexar County 1935 S. W. Military Dr. San Antonio, TX 78221 Phone: (210) 408-5700	10/10/2007	Mon-Fri 9:00 a.m. - 6:00 p.m. Drive Thru: Mon-Fri 9:00 a.m. - 6:00 p.m.	Yes
Bexar County 18730 Tuscany Stone San Antonio, TX 78258 Phone: (210) 408-5700	4/15/2008	Mon-Fri 9:00 a.m. - 5:00 p.m. Drive Thru: Mon-Fri 9:00 a.m. - 5:00 p.m.	Yes
Hidalgo County 901 S. 10th St. Bldg. McAllen, TX 78501 Phone: (956) 467-0321	3/1/2010	Mon-Thurs 9:00 a.m. - 5:00 p.m. Fri 9:00 a.m. - 6:00 p.m. Drive Thru: Mon-Fri 9:00 a.m. - 6:00 p.m.	Yes

Webb County 216 W. Village Blvd. Laredo, TX 78041 Phone: (956) 242-0915	1/26/2009	Mon-Fri 9:00 a.m. - 6:00 p.m. Drive Thru: Mon-Fri 9:00 a.m. - 6:00 p.m	Yes
<p>In addition to the above full service office locations, the bank has 24-hour access ATMs at the following locations:</p> <ul style="list-style-type: none"> • 12355 Potranco Rd. - San Antonio TX • 6634 Binz Engleman - Converse TX • 2208 W. Trenton - Edinburg, TX <p>The bank also offers limited online banking through their website: www.sanb.com</p>			

Source: Bank files

The loan portfolio represents 68 percent of total assets. Since the previous examination the primary lending focus has been commercial lending to businesses, residential loans and consumer loans. The following chart details a breakdown of SANB’s loan portfolio as of December 31, 2010.

Loan Type	Dollar Amount (000’s)	Percent of Total Loans
Real Estate (RE) Nonfarm Nonresidential	70,564	46%
Commercial and Industrial	27,902	18%
RE Residential (1-4 family)	21,218	14%
RE Construction	20,866	14%
RE Residential (multifamily)	7,922	5%
Consumer	4,153	3%
RE Farmland	604	-
Agricultural Production	225	-
Other	205	-
TOTAL	153,659	100%

Source: Bank’s regulatory Report of Condition

The following chart shows the bank’s deposit market share in each AA.

MARKET SHARE	
Refugio County	41.28%
Hidalgo County	0.96%
Webb County	0.46%
Bexar County	0.08%

Source: FDIC Deposit Market Share Report as of 6/30/2010

The higher market share in Refugio is due to the bank’s long term existence in the community. The bank has just recently entered the other markets and has limited locations in comparison to their competition.

There are no legal or financial factors that impede the bank’s ability to help meet the

credit needs of the AAs. The bank’s previous CRA rating was ‘Satisfactory’ as of May 22, 2006. For additional information about this institution please refer to the bank’s CRA Public File.

DESCRIPTION OF ASSESSMENT AREA(S)

SANB has four AAs which include the counties of Bexar, Hidalgo, Refugio and Webb. All are located in the state of Texas. The defined AAs are legal and meet the requirements of the CRA regulation. No low- or moderate-income tracts are arbitrarily excluded.

Distribution of Loans by Assessment Area		
Assessment Area	Percent of \$ Outstanding	Percent of # Outstanding
Bexar County	69%	40%
Hidalgo County	24%	19%
Webb County	5%	11%
Refugio County	2%	30%
TOTAL	100%	100%
A significant majority of the bank’s larger commercial loans are made from the San Antonio offices. In Refugio, a substantial majority of loans originated from that office are smaller consumer loans.		

Source: Bank records

Bexar County

Bexar County is located in South Central Texas and is part of the San Antonio-New Braunfels Metropolitan Statistical Area (MSA). The city of San Antonio is the economic and business center of Bexar County.

SANB’s main competitors in the AA are other large area community banks – Frost National Bank, Broadway National Bank, USAA Federal Savings Bank, Jefferson State Bank and several smaller community banks. Branches of multinational and regional banking companies such as Bank of America, BBVA-Compass, Wells Fargo, International Bank of Commerce, and JP Morgan Chase Bank also provide competition. In addition, there are several large and competitive credit unions in the AA – Security Service Federal Credit Union, Randolph-Brooks Federal Credit Union, and San Antonio Federal Credit Union. The table on the next page describes the AA, including information on demographics, housing, and family data.

Demographic and Economic Characteristics of Bexar County	
Population	
Total	1,392,931
Number of Families	347,923
Number of Households	489,252
Geographies	
Number of Census Tracts	275
% Low-Income Census Tracts	5
% Moderate-Income Census Tracts	41
% Middle-Income Census Tracts	29
% Upper-Income Census Tracts	25
Median Family Income (MFI)	
2010 Weighted Average for Median Income	\$57,800
2010 Census Bureau Median Family Income	\$44,591
Economic Indicators	
Unemployment Rate	7.3
2010 Median Housing Value	\$82,887
% of Households Below Poverty Level	14.30

Source: 2000 U. S. Census and Department of Labor

San Antonio remained among the top 20 U.S. metropolitan areas in economic performance during the fourth quarter of 2010, according to the latest Brookings Institution report released in March 2011. Home prices have remained fairly level, and the foreclosure rate is 2.43 per 1,000 houses, compared to 4.23 for the U.S. Local state and federal government, tourism, education, and health service sectors account for the major portion of employment in the AA. The major sectors and employers are military bases – Fort Sam Houston Army Base and Lackland and Randolph Air Force Bases, school districts and universities/colleges in San Antonio and surrounding areas, Healthcare – Methodist Healthcare System, University of Texas Health Science Center, Baptist Health System and Christus Santa Rosa. Major corporate employers are USAA Financial and Insurance Services, H. E. B. Grocery Company, and the various banking companies.

The unemployment rate of 7.3 percent as of December 31, 2010, is lower than the state average of 8.3 percent and national average of 9.4 percent. However, this rate has seen an increase from the 6.9 percent at December 31, 2009, a reflection of current economic conditions nationwide.

Hidalgo County

Hidalgo County is located in South Texas in an area known as the Rio Grande Valley. It is part of the McAllen-Edinburg-Mission MSA. Major cities are McAllen, Edinburg, Mission, Pharr, and Weslaco. These cities are located essentially adjacent to each other, with McAllen being the primary business center. There are several other smaller cities mainly along State Highway 83.

SANB's main competitors in the AA are other large area community banks - Inter National Bank of McAllen, First National Bank of Edinburg, Lone Star National Bank, and several smaller

community banks. Branches of multinational and regional banking companies such as Bank of America, BBVA-Compass, Wells Fargo, International Bank of Commerce, Frost National Bank, and JP Morgan Chase Bank also provide competition.

The following table describes the AA, including information on demographics, housing, and family data.

Demographic and Economic Characteristics of Hidalgo County	
Population	
Total	569,463
Number of Families	133,186
Number of Households	156,708
Geographies	
Number of Census Tracts	80
% Low-Income Census Tracts	0
% Moderate-Income Census Tracts	29
% Middle-Income Census Tracts	47
% Upper-Income Census Tracts	24
Median Family Income (MFI)	
2010 Weighted Average for Median Income	\$33,200
2010 Census Bureau Median Family Income	\$25,988
Economic Indicators	
Unemployment Rate	12.1
2010 Median Housing Value	\$49,916
% of Households Below Poverty Level	31.87

Source: 2000 U. S. Census and Department of Labor

Economic conditions have been somewhat depressed for the last three years, but still fared better than the nationwide economic problems in commercial real estate and residential housing.

Professional and business service, state and federal government, and education and health service sectors account for the majority of employment in the AA. The major sectors and employers were the school districts in McAllen and Edinburg, and Healthcare - Edinburg Regional Medical Center, McAllen Medical Center, Doctors Hospital at Renaissance. Major corporate employers are Wal-Mart and the various banking companies.

The unemployment rate of 12.1 percent as of December 31, 2010, is higher than the state average of 8.3 percent and national average of 9.4 percent. The unemployment rate is a reflection of current economic conditions nationwide and a reversal of the previous record of consistent employment growth in recent years in the Hidalgo County AA.

Refugio County

Refugio County is a rural community that includes the cities of Refugio, Woodsboro, Bayside, Tivoli, and Austwell. Competitors in the AA include First National Bank of Woodsboro and Woodforest Bank.

The following table describes the AA, including information on demographics, housing, and family data.

Demographic and Economic Characteristics of Refugio County	
Population	
Total	7,828
Number of Families	2,179
Number of Households	2,979
Geographies	
Number of Census Tracts	3
% Low-Income Census Tracts	0
% Moderate-Income Census Tracts	0
% Middle-Income Census Tracts	100
% Upper-Income Census Tracts	0
Median Family Income (MFI)	
2010 Weighted Average for Median Income	\$46,500
2010 Census Bureau Median Family Income	\$36,380
Economic Indicators	
Unemployment Rate	6.5
2010 Median Housing Value	\$39,577
% of Households Below Poverty Level	17.96

Source: 2000 U. S. Census and Department of Labor

The local economy is based on farming, ranching, and established small businesses. Major employers are county and city government, local school districts, and several oil field service companies.

Webb County

Webb County is located in the Laredo MSA. The Laredo MSA has a population of almost 200,000. The South Texas MSA shares a border along the Rio Grande with Nuevo Laredo, Mexico, which has a population of over 660,000. According to the U.S. Census Bureau, the Laredo MSA was one of the fastest growing areas in the nation during the 1990s.

Approximately 91 percent of Webb County's population resides in Laredo.

SANB's main competitors in the AA are other large area community banks – Texas Community Bank, Falcon International Bank, and several smaller community banks and branches. Branches of multinational and regional banking companies such as Bank of America, BBVA-Compass, Wells Fargo, International Bank of Commerce, and JP Morgan Chase Bank also provide competition.

The following table describes the AA, including information on demographics, housing, and family data.

Demographic and Economic Characteristics of Webb County	
Population	
Total	193,117
Number of Families	43,701
Number of Households	50,647
Geographies	
Number of Census Tracts	32
% Low-Income Census Tracts	3
% Moderate-Income Census Tracts	38
% Middle-Income Census Tracts	37
% Upper-Income Census Tracts	22
Median Family Income (MFI)	
2010 Weighted Average for Median Income	\$38,000
2010 Census Bureau Median Family Income	\$29,349
Economic Indicators	
Unemployment Rate	8.1
2010 Median Housing Value	\$71,006
% of Households Below Poverty Level	28.11

Source: 2000 U. S. Census and Department of Labor

Major employers include the U. S. Government - Border Patrol, and Education Services - Laredo Community College and Texas A&M International University. Major private employers include H. E. B. Grocery Company, McDonalds Corporation, Laredo Medical Center and Wal-Mart, Inc.

The unemployment rate of 8.1 percent as of December 31, 2010, is a little better than the state average of 8.3 percent and national average of 9.4 percent.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio: *Meets the Standards for Satisfactory Performance*

SANB's loan-to-deposit ratio (LTD) is reasonable. The LTD ratio measures the extent to which the subject bank has returned the deposits it has received to the community in the form of loans. The average of such ratios for each quarter-end since the last CRA examination was used to determine performance in this area. The average LTD ratio for SANB since the last CRA examination was 53.52 percent. The ratios ranged from a low of 17.19 percent at March 31, 2007, to a high of 77.09 percent at December 31, 2010. Based on the available information, SANB's average LTD ratio is comparable to competing banks in their AAs and indicates that the bank is reasonably meeting the credit needs of the communities served. The chart below shows the average LTD ratio for competing banks within each AA as of December 31, 2010.

Assessment Area	Average LTD Ratio for all Financial Institutions as of 12/31/2010
Hidalgo County	73.24%
Bexar County	66.03%
Webb County	62.83%
Refugio County	40.55%
<i>Average of all AAs</i>	<i>60.66%</i>

Source: Institution Reports of Condition from June 2006 to December 2010

Lending in Assessment Area: Exceeds the Standards for Satisfactory Performance

A substantial majority of loans were originated in the bank’s four AAs. Based on reliable census tract information, we used bank-provided information on all residential, commercial, and consumer loans originated during the evaluation period. As shown in Table 1, 85 percent of the number of loans and 86 percent of the dollar volume of loans were originated in the bank’s AAs.

Table 1 - Lending in San Antonio NB AAs										
Loan Type	Number of Loans					Dollars of Loans (000s)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Purchase	45	75.00	15	25.00	60	13,045	80.63	3,133	19.37	16,178
Home Improvement	9	81.82	2	18.18	11	176	60.07	117	39.93	293
Refinance	29	90.62	3	9.38	32	7,452	89.65	860	10.35	8,312
Total Residential	83	80.58	20	19.42	103	20,673	83.42	4,110	16.58	24,783
Consumer Loans	60	88.24	8	11.76	68	951	88.22	127	11.78	1,078
Commercial Loans	36	90.00	4	10.00	40	18,442	88.28	2,448	11.72	20,890
Total All Loans	179	84.83	32	15.17	211	40,066	85.70	6,685	14.30	46,751

Source: Bank’s HMDA data and random loan sample

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes: Meets the Standards for Satisfactory Performance

Overall, the bank’s loan originations reflect a reasonable distribution among households and families of various income levels, including low- and moderate-income and businesses of different sizes within its AAs.

Residential Loans

The distribution of residential loans to borrowers of different incomes is poor.

Bexar County

To evaluate the borrower distribution of residential loans, we considered the number of households living below the poverty level. In this AA, 14.3 percent of all households live below the poverty level based on 2000 U.S. Census data. When compared to a 2010 HUD Adjusted Median Family Income of \$44,591 and an average median housing value of \$82,887, the unsubsidized purchase of an average single-family residence might be beyond the financial means of some low- or moderate-income individuals. Another consideration given is the number of offices, locations, and competition in the AA. In addition, loan volumes during this evaluation period were low.

The distribution of home purchase loans by borrower income level is adequate. The percentage of loans made to low- and moderate-income borrowers is near the percentage of low- and moderate-income families, and considered adequate based on poverty levels.

The distribution of home improvement loans by borrower income level is not applicable, as the bank did not extend any home improvement loans during this evaluation period. The distribution of home refinance loans by borrower income level is poor. None of the bank’s refinance loans were made to borrowers in the low- to moderate-income level.

Refer to Table 2 for the facts and data used to evaluate the borrower distribution for residential loans in Bexar County.

Table 2 - Borrower Distribution of Residential Real Estate Loans in Bexar County AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	22.01	16.67	18.14	11.11	20.22	5.56	39.63	50.00
Home Improvement	22.01	0.00	18.14	0.00	20.22	0.00	39.63	0.00
Refinance	22.01	0.00	18.14	0.00	20.22	6.67	39.63	86.67

Source: Data reported under HMDA; U.S. Census data. Income NA for 16.66% of home purchase loans and 6.66% for refinance loans.

Hidalgo County

To evaluate the borrower distribution of residential loans, we considered the number of households living below the poverty level. In this AA, 31.9 percent of all households live below the poverty level based on 2000 U.S. Census data. When compared to a 2010 HUD Adjusted Median Family Income of \$25,988 and an average median housing value of \$49,916, the unsubsidized purchase of an average single-family residence might be beyond the financial means of some low- or moderate-income individuals. Another consideration given is the bank only has one location, is fairly new to the market, and has hefty competition in the AA.

The distribution of home purchase loans by borrower income level is poor. The bank did not fund any loans to low-income borrowers and the percentage of loans made to moderate-income borrowers is lower than the percentage of moderate-income families.

The distribution of home improvement loans by borrower income level is poor. The bank did not extend any home improvement loans to low- or moderate-income families during this evaluation period.

The distribution of home refinance loans by borrower income level is poor. None of the bank’s refinance loans were made to borrowers in the low- or moderate-income level.

Refer to Table 2A for the facts and data used to evaluate the borrower distribution for residential loans in Hidalgo County.

Table 2A - Borrower Distribution of Residential Real Estate Loans in Hidalgo County AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	23.48	0.00	16.86	5.88	17.67	5.88	41.98	76.47
Home Improvement	23.48	0.00	16.86	0.00	17.67	0.00	41.98	100.00
Refinance	23.48	0.00	16.86	0.00	17.67	0.00	41.98	100.00

Source: Data reported under HMDA; U.S. Census data. Income NA for 11.77% of home purchase loans.

Refugio County

To evaluate the borrower distribution of residential loans, we considered the number of households living below the poverty level. In this AA, 18 percent of all households live below the poverty level based on 2000 U.S. Census data. With a 2010 HUD Adjusted Median Family Income of \$36,380 and an average median housing value of \$39,577, it is not entirely beyond the financial means of some low- or moderate-income individuals to purchase a home. However, the demand for residential lending in the AA is low.

The distribution of home purchase loans by borrower income level is poor. The bank did not fund any loans to low-or moderate-income borrowers.

The distribution of home improvement loans by borrower income level is not applicable, as the bank did not extend any home improvement loans during this evaluation period.

The distribution of home refinance loans by borrower income level is poor. None of the bank’s refinance loans were made to borrowers in the low- to moderate-income level.

Refer to Table 2B for the facts and data used to evaluate the borrower distribution for residential loans in Refugio County.

Table 2B - Borrower Distribution of Residential Real Estate Loans in Refugio County AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	23.31	0.00	17.30	0.00	17.58	25.00	41.81	75.00
Home Improvement	23.31	0.00	17.30	0.00	17.58	0.00	41.81	0.00
Refinance	23.31	0.00	17.30	0.00	17.58	0.00	41.81	100.00

Source: Data reported under HMDA; U.S. Census data.

Commercial Loans

The borrower distribution of loans to businesses with annual revenues of \$1 million or less is overall adequate.

Bexar County

The distribution of loans to businesses with annual revenues of \$1 million or less is poor. The percentage of loans to small businesses is significantly lower than the percentage of businesses with annual revenues of \$1 million or less in the AA. However, it was noted that a significant number of commercial loans are smaller dollar loans. Ninety percent of the loans in our sample were less than \$1 million. In addition, 65 percent were less than \$500 thousand, 30 percent were less than \$250 thousand, and 15 percent were less than \$100 thousand. This indicates that the bank is doing an adequate job of providing small loans to businesses.

Refer to Table 3 for the facts and data used to evaluate the borrower distribution of loans to businesses in Bexar County.

Table 3 – Borrower Distribution of Loans to Businesses in Bexar County AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Businesses	77.95	3.69	18.36	100.00
% of Bank Loans in AA by #	20.00	60.00	20.00	100.00
% of Bank Loans in AA by \$	15.29	70.93	13.78	100.00

Source: Loan Sample; Dunn and Bradstreet data

Hidalgo County

The distribution of loans to businesses with annual revenues of \$1 million or less is adequate. The percentage of loans to small businesses is somewhat lower than the percentage of businesses with annual revenues of \$1 million or less in the AA. Approximately 90 percent of the loans in our sample originated in amounts less than \$1 million. An additional 75 percent of the loans

originated for less than \$500 thousand, 55 percent originated for less than \$250 thousand, and 35 percent originated for less than \$100 thousand.

Refer to Table 3A for the facts and data used to evaluate the borrower distribution of loans to businesses in Hidalgo County.

Table 3A – Borrower Distribution of Loans to Businesses in Hidalgo County AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	76.36	3.07	20.57	100.00
% of Bank Loans in AA by #	50.00	30.00	20.00	100.00
% of Bank Loans in AA by \$	49.62	48.16	2.22	100.00

Source: Loan Sample; Dunn and Bradstreet data

We did not perform an analysis of loans to businesses in the Refugio County AA. Because of the limited number of commercial loans in Refugio County such an analysis would have been meaningless.

Consumer Loans

The borrower distribution of consumer loans is good.

Bexar County

The distribution of consumer loans by borrower income level is excellent. The percentage of loans made to low-income borrowers is near the percentage of low-income families in the AA. The percentage of loans made to moderate-income borrowers significantly exceeds the percentage of moderate-income families in the AA.

Refer to Table 4 for the facts and data used to evaluate the borrower distribution for consumer loans in Bexar County.

Table 4 - Borrower Distribution of Consumer Loans in Bexar County AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans						
Consumer Loans	23.38	20.00	16.94	25.00	19.46	15.00	40.22	40.00

Source: Loan sample; U.S. Census data.

Hidalgo County

The distribution of consumer loans by borrower income level is adequate. Although the bank had no loans to low-income borrowers in our sample, the percentage of loans made to moderate-income borrowers significantly exceeds the percentage of moderate-income families in the AA.

Refer to Table 4A for the facts and data used to evaluate the borrower distribution for consumer loans in Hidalgo County.

Table 4A – Borrower Distribution of Consumer Loans in Hidalgo County AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	24.88	0	16.13	25.00	16.71	15.00	42.28	60.00

Source: Loan sample; U.S. Census data.

Refugio County

The distribution of consumer loans by borrower income level is good. The percentage of loans made to low-income borrowers is lower than the percentage of low-income families in the AA. The percentage of loans made to moderate-income borrowers far exceeds the percentage of moderate-income families in the AA.

Refer to Table 4B for the facts and data used to evaluate the borrower distribution for consumer loans in Refugio County.

Table 4B – Borrower Distribution of Consumer Loans in Refugio County AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	26.05	5.00	16.35	30.00	16.28	15.00	41.32	50.00

Source: Loan sample; U.S. Census data.

Based on a limited-scope review, the bank’s performance under Lending to Borrowers of Different Incomes and to Businesses of Different Sizes in the Webb County AA is weaker than the bank’s overall satisfactory performance.

Geographic Distribution of Loans: *Meets the Standards for Satisfactory Performance*

Overall, the bank’s loan originations reflect a good distribution by income level of geographies within its AAs.

Residential Loans

SANB’s distribution of residential loans by income level of geography is adequate.

Bexar County

The distribution of home purchase loans by income level of geography is adequate. Although the bank did not originate any loans in low-income census tracts, the percentage of loans originated in moderate-income census tracts exceeds the percentage of owner-occupied housing units in the AA.

The distribution of home improvement loans by income level of geography is not applicable, as the bank did not extend any home improvement loans during this evaluation period.

The distribution of home refinance loans by income level of geography is excellent. The percentage of loans originated in low-income tracts exceeds the percentage of owner-occupied housing units. The percentage of loans originated in moderate-income tracts is near the percentage of owner-occupied housing units in the AA.

Refer to Table 5 for the facts and data used to evaluate the distribution of residential loans by income level of geography in Bexar County.

Table 5 - Geographic Distribution of Residential Real Estate Loans in Bexar County AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Purchase	1.94	0.00	34.52	38.89	26.83	11.11	36.71	50.00
Home Improvement	1.94	0.00	34.52	0.00	26.83	0.00	36.71	0.00
Refinance	1.94	6.67	34.52	26.67	26.83	20.00	36.71	46.67

Source: Data reported under HMDA; U.S. Census data.

Hidalgo County

The distribution of home purchase loans by income level of geography is adequate. The percentage of loans originated in moderate-income census tracts is near the percentage of owner-occupied housing units in the AA. There are no low-income tracts in the AA.

The distribution of home improvement loans by income level of geography is poor. All home improvement loans in our sample were made in middle-income census tracts.

The distribution of home refinance loans by income level of geography is poor. The bank did not originate any loans in moderate-income tracts.

Refer to Table 5A for the facts and data used to evaluate the distribution of residential loans by income level of geography in Hidalgo County.

Table 5A - Geographic Distribution of Residential Real Estate Loans in Hidalgo County AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Purchase	0.00	0.00	27.56	23.53	48.45	41.18	23.99	35.29
Home Improvement	0.00	0.00	27.56	0.00	48.45	100.00	23.99	0.00
Refinance	0.00	0.00	27.56	0.00	48.45	60.00	23.99	40.00

Source: Data reported under HMDA; U.S. Census data.

Commercial Loans

SANB’s distribution of commercial loans by income level of geography is good. In this assessment, activity within moderate-income tracts carried more weight than activity in low-income tracts based on a larger percentage of businesses and opportunities to lend.

Bexar County

The geographic distribution of commercial loans is good. Although no loans were originated in low-income census tracts, the percentage of loans originated in moderate-income tracts exceeds the percentage of businesses located in moderate-income tracts.

Refer to Table 5B for the facts and data used to evaluate the distribution of commercial loans by income level of geography in Bexar County.

Table 5B - Geographic Distribution of Loans to Businesses in Bexar County AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Businesses	1.90	0	28.99	30.00	27.68	10.00	41.21	60.00

Source: Loan sample; Dunn and Bradstreet data. NA for 0.22% of AA Businesses.

Hidalgo County

The geographic distribution of commercial loans is excellent. The percentage of loans originated in moderate-income tracts exceeds the percentage of businesses located in moderate-income tracts. There are no low-income tracts in Hidalgo County.

Refer to Table 5C for the facts and data used to evaluate the distribution of commercial loans by income level of geography in Hidalgo County.

Table 5C – Geographic Distribution of Loans to Businesses in Hidalgo County AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Businesses	0.00	0	19.75	25.00	42.20	40.00	38.05	35.00

Source: Loan sample; Dunn and Bradstreet data.

Consumer Loans

SANB’s distribution of consumer loans by income level of geography is good.

Bexar County

The geographic distribution of consumer loans is good. The percentage of loans originated in low-income tracts exceeds the percentage of households located in low-income tracts. The percentage of loans originated in moderate-income tracts is somewhat lower than the percentage of households located in moderate-income tracts.

Refer to Table 5D for the facts and data used to evaluate the distribution of consumer loans by income level of geography in Bexar County.

Table 5D - Geographic Distribution of Consumer Loans in Bexar County AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	2.56	5.00	37.64	25.00	29.65	20.00	30.14	50.00

Source: Loan sample; U.S. Census data. NA for 0.01% of Total Households.

Hidalgo County

The geographic distribution of consumer loans is good. The percentage of loans originated in moderate-income tracts is near the percentage of households located in moderate-income tracts. There are no low-income tracts in Hidalgo County.

Refer to Table 5E for the facts and data used to evaluate the distribution of consumer loans by income level of geography in Hidalgo County.

Table 5E – Geographic Distribution of Consumer Loans in Hidalgo County AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	0.00	0	27.08	25.00	46.75	30.00	26.17	45.00

Source: Loan sample; U.S. Census data.

We did not perform an analysis of loan distribution by geographic area in the Refugio County AA. As previously noted, all three census tracts in Refugio County are designated as middle-income areas. Therefore, an analysis would not be meaningful.

Based on a limited-scope review, the bank’s performance under Geographic Distribution of Loans in the Webb County AA is consistent with the bank’s overall satisfactory performance

Responses to Complaints

The bank did not receive any complaints related to CRA during the evaluation period.

Fair Lending or Other Illegal Credit Practices Review

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.