



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

July 17, 2007

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**The Blanco National Bank
Charter Number 8134**

**416-418 4th Street
Blanco, TX 78606**

**Comptroller of the Currency
San Antonio - North
500 North Akard Street Suite 1600.
Dallas, TX 75201**

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 the 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.

INSTITUTION'S CRA RATING: This institution is rated “Outstanding.”

The Blanco National Bank’s (BNB) lending performance reflects a strong response to community credit needs. Factors in our assessment include:

- The bank’s quarterly loan-to-deposit (LTD) ratio exceeds the standard given the bank’s size, financial condition, and assessment area (AA) credit needs.
- BNB originates a majority of loans within its AA.
- The distribution of loans to individuals of income levels and businesses of different sizes is excellent given the demographics of the AA.
- The geographic distribution of loans to moderate-income census tracts within the AA is reasonable, given the demographics of the AA.
- There were no complaints concerning BNB’s Community Reinvestment Act (CRA) performance during the evaluation period.

DESCRIPTION OF INSTITUTION

BNB is a \$144 million financial institution headquartered in Blanco, Texas, with branches in Fredericksburg, Bulverde, and Wimberley. The holding company for BNB, Blanco National Holdings Inc., formed on December 30, 2003, and has seventeen shareholders. The bank has an automatic teller machine at each of its four locations. As a full-service bank, BNB offers traditional loan products with a primary focus on commercial, consumer, and real estate lending. Since the prior evaluation, the bank began offering 24-hour Internet banking, including online bill pay capabilities.

As of March 31, 2007, net loans represent 72% of the bank’s total assets. Based on its financial condition, resources, the local economy, product offerings, and competition, BNB has the ability to meet the various credit needs in its community. No legal impediments or other factors hinder the bank’s ability to provide credit in its AA. BNB received a “Satisfactory” rating at its previous CRA examination conducted in March of 2003. Since the prior evaluation, there have been no complaints relating to BNB’s CRA performance. Table 1 below details the bank’s loan portfolio composition as of March 2007.

| LOAN PORTFOLIO COMPOSITION | | |
|---------------------------------------|----------------|-------------|
| Loan Category | \$000s | % |
| Residential Real Estate Loans | 19,991 | 19% |
| Commercial Loans | 9,167 | 9% |
| Commercial Real Estate Loans | 34,292 | 32% |
| Construction & Land Development Loans | 22,466 | 21% |
| Farmland Loans | 6,853 | 6% |
| Agricultural Loans | 665 | 1% |
| Consumer Loans | 13,219 | 12% |
| Other | 258 | 0% |
| Total | 106,911 | 100% |

Source: Institution Consolidated Reports of Condition as of 12/31/2006

DESCRIPTION OF ASSESSMENT AREA

BNB's AA includes part or all of five counties. The AA includes all of Blanco and Gillespie Counties, which are not part of a Metropolitan Statistical Area (MSA). The AA includes ten census tracts in Comal County and three census tracts in Kendall County, which are both also part of the San Antonio MSA. The AA excludes one middle-income census tract in Comal County and one middle-income census tract in Kendall County. The excluded area in Kendall County, census tract 9705, represents the city of Boerne and census tract 3102 in Comal County is the city of New Braunfels. Additionally, the AA includes six census tracts in Hays County, which is in the Austin – Round Rock MSA. The AA excludes eight census tracts in this county, which collectively delineate the city of San Marcos, Texas. Two of these excluded tracts are middle-income and six, which delineate the urban portion of the city, are moderate-income. Management has made the strategic decision to compete primarily in the rural areas of Kendall, Comal, and Hays Counties.

In total, the AA consists of 26 contiguous census tracts delineating the bank's primary trade area and encompassing the main office as well as its three branches. Twelve of these are upper-income, twelve are middle-income, and two are moderate-income. The AA meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income geographies.

Description of Gillespie and Blanco Counties

The bank's main office in Blanco and branch in Fredericksburg are located in Blanco and Gillespie County respectively. These counties are not included in an MSA as defined by the US Census Bureau. For the purposes of this evaluation, these counties are evaluated collectively and referred to as the Non-MSA AA.

Blanco is located about 40 miles north of San Antonio along US Highway 281 North. Blanco is a bedroom community of both San Antonio and Austin. A majority of the cities' work force drives to either San Antonio or Austin for employment. Blanco's largest employer is the local school district.

Fredericksburg is located 65 miles northwest of San Antonio. The city is largely a retirement community and tourism is the main economic driver, as indicated by the over 300 local bed and breakfast inns. The largest single employer is the local hospital. BNB experiences competition in Fredericksburg from numerous state and national banks, savings associations, and credit unions. In Blanco, BNB competes directly with the branches of other national and state banks.

The demographics of the combined counties show 12% of the total families are low-income, 13% are moderate-income, and 11% of households are below the poverty level. Geographically, there are no census tracts defined as low- or moderate-income. The following Table 2 provides more information on the AA.

| Table 2 | |
|---|-----------|
| DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS OF NON-MSA AA | |
| <i>Population</i> | |
| Number of Persons | 29,232 |
| Number of Families | 8,483 |
| Number of Households | 11,824 |
| <i>Geographies</i> | |
| Number of Census Tracts | 7 |
| % Low-Income Census Tracts | 0 |
| % Moderate-Income Census Tracts | 0 |
| % Middle-Income Census Tracts | 28.57 |
| % Upper-Income Census Tracts | 71.43 |
| <i>Median Family Income (MFI)</i> | |
| 2000 MFI for AA | \$45,423 |
| 2007 HUD-Adjusted MFI | \$43,100 |
| <i>Economic Indicators</i> | |
| Unemployment Rate | 1.64 |
| 2007 Median Housing Value | \$103,703 |
| % of Owner-occupied Properties | 66.04 |
| % of Households Below Poverty Level | 10.72 |

Source: US Census Data

In order to gather information that is more current on the nature of the community and potential lending opportunities in the area, we contacted the Blanco City Council and spoke with the Council Secretary. The contact indicated Blanco was growing due to the addition of a number of new subdivisions and lot developments. They also stated there are no known unmet credit needs in the area and the city is well-served by the local financial institutions. The contact was unaware of any negative public perception of the institutions.

Description of Austin-San Marcos MSA

Wimberley is a bedroom community to San Antonio and Austin. The town is located approximately 47 miles north-east of San Antonio and 32 miles south-west of Austin. Established 1848, Wimberley is primarily a resort and retirement area, featuring recreational communities, bed and breakfasts, vacation resorts and youth camps. In addition to the retirement community, many local artists and authors make their homes in the town. The primary industries are retail commerce, construction, and public education. BNB experiences competition in Wimberley from branches of two local and one major national bank.

The demographics of the combined counties show 14% of the total families are low-income, 18% are moderate-income, and 5% of households are below the poverty level. Geographically, there is one census tract identified as moderate-income. This tract covers the city of Nierderwald, located at the eastern edge of the AA and separated from the majority of Hays County by Interstate Highway (IH) 35. There are no census tracts defined as low-income. The following Table 3 provides more information on the AAs.

| Table 3 | |
|---|-----------|
| DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS OF AUSTIN-ROUND ROCK AA | |
| <i>Population</i> | |
| Number of Persons | 52,380 |
| Number of Families | 14,284 |
| Number of Households | 17,592 |
| <i>Geographies</i> | |
| Number of Census Tracts | 6 |
| % Low-Income Census Tracts | 0 |
| % Moderate-Income Census Tracts | 16.67 |
| % Middle-Income Census Tracts | 50.00 |
| % Upper-Income Census Tracts | 33.33 |
| <i>Median Family Income (MFI)</i> | |
| 2000 MFI for AA | \$64,556 |
| 2002 HUD-Adjusted MFI | \$69,600 |
| <i>Economic Indicators</i> | |
| Unemployment Rate | 1.15 |
| 2007 Median Housing Value | \$135,509 |
| % of Owner-occupied Properties | 80.58 |
| % of Households Below Poverty Level | 5.11 |

Source: US Census Data

Description of San Antonio MSA

The bank's Bulverde branch is located 23 miles north of downtown San Antonio. The Bulverde/Spring Branch area is located in the fast growing Texas Hill Country region in South Central Texas, along the western portion of Comal County. The area is best known for its outdoor recreation and acreage homes. Many new housing developments have been added as the suburban population of San Antonio expands north. This has encouraged further retail and commercial development. BNB faces strong competition from banks, savings associations, and credit unions located throughout the surrounding areas of New Braunfels, Boerne, Bulverde, Spring Branch, and San Antonio.

The demographics of the combined counties show 14% of the total families are low-income, 15% are moderate-income, and 8% of households are below the poverty level. Geographically, there is one census tract identified as moderate-income, tract 3104.01. This tract is located in the urban section of New Braunfels and is located at the geographic edge of the AA. There are no census tracts defined as low-income. The following Table 4 provides more information on the AA.

| Table 4 | |
|---|-----------|
| DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS OF SAN ANTONIO AA | |
| <i>Population</i> | |
| Number of Persons | 94,501 |
| Number of Families | 26,865 |
| Number of Households | 34,897 |
| <i>Geographies</i> | |
| Number of Census Tracts | 13 |
| % Low-Income Census Tracts | 0.00 |
| % Moderate-Income Census Tracts | 7.69 |
| % Middle-Income Census Tracts | 53.85 |
| % Upper-Income Census Tracts | 38.46 |
| <i>Median Family Income (MFI)</i> | |
| 2000 MFI for AA | \$55,260 |
| 2002 HUD-Adjusted MFI | \$53,100 |
| <i>Economic Indicators</i> | |
| Unemployment Rate | 1.76 |
| 2002 Median Housing Value | \$114,601 |
| % of Owner-occupied Properties | 70.89 |
| % of Households Below Poverty Level | 8.34 |

Source: US Census Data

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

BNB's level of lending performance in meeting the credit needs of the AA exceeds the standards for satisfactory performance. We evaluated the institution using five criteria established for small banks. The criterion includes individual assessments of the average level of total loans as a fraction of total deposits, the level of loans originated within the AA, the reasonableness of loan dispersion to individuals and businesses of different income levels and geographies, and management's response to complaints received. Additionally, we review any evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.

SAMPLING/COMPARISON INFORMATION

Our review focused on the bank's three primary product lines: commercial/small business loans, consumer loans, and residential real estate loans. In evaluating the bank's LTD ratio, we compared BNB to the four banks headquartered in the bank's AA using historical balance sheet information. To determine the lending performance inside and outside of the AA, we randomly sampled 20 loans for each primary product line for each AA dating from 2004 through 2007. To determine the bank's performance in lending to borrowers of differing incomes, sizes, and geographies, we expanded the initial sample to obtain a minimum of 20 loans originated within each AA for each primary loan product. For the purpose of our evaluation, we combined commercial and commercial real estate loans into one sample. BNB originated all loans in our samples since the previous CRA examination. Please see Table 5 on the following page for specific information on the expanded sample.

| Table 5 | | | | |
|-----------------------------|----------------|--------------------------------|------------------------|---------------------|
| SAMPLING INFORMATION | | | | |
| <i>Loan Type</i> | <i>Non-MSA</i> | <i>Austin – San Marcos MSA</i> | <i>San Antonio MSA</i> | <i>Total Sample</i> |
| Consumer | 22 | 29 | 25 | 76 |
| Residential RE | 24 | 26 | 26 | 76 |
| Commercial | 20 | 22 | 27 | 69 |
| Total Sample | 66 | 77 | 78 | 221 |

Loan-to-Deposit Ratio

BNB's LTD ratio is more than reasonable given its asset size, financial condition, and lending opportunities available in the AA. Since the last CRA examination, the bank's LTD ratio has risen steadily since the prior evaluation. During this period, the LTD ratio averaged 85%. This compares very well with other AA banks with similar lending opportunities. BNB ranks first out of four other comparable banks in terms of highest LTD ratio, as noted in Table 6 below.

| Table 6 | | |
|---|---|----------------------------|
| LOAN-TO-DEPOSIT RATIO COMPARISON | | |
| Institution | Assets as of 3/31/07 (000's) | Average LTD Ratio % |
| <i>The Blanco National Bank</i> | 144,168 | 85.13 |
| American Bank of Texas, NA, Marble Falls | 661,759 | 83.39 |
| Cattlemen's National Bank, Round Mountain | 74,700 | 42.40 |
| Security State Bank and Trust, Fredericksburg | 558,517 | 84.61 |
| Johnson City Bank, Johnson City | 68,739 | 81.72 |

Source: Institution Consolidated Reports of Condition

Lending in Assessment Area

BNB originates a majority of loans within its AA, making 77% of a total sample of 180 loans within the AA. The bank made 74% of the dollar volume of all loans sampled to borrowers located in the AA. The following Table 7 shows BNB's record of lending in the AA

| Table 7 | | | | |
|-----------------------------------|--------------|------------|------------------|------------|
| LENDING IN ASSESSMENT AREA | | | | |
| | In AA | | Out of AA | |
| <i>Loan Type</i> | <i>#</i> | <i>%</i> | <i>#</i> | <i>%</i> |
| Consumer | 44 | 73 | 16 | 27 |
| Residential | 44 | 73 | 16 | 27 |
| Commercial | 51 | 85 | 9 | 15 |
| Total In/Out Sample | 139 | 77% | 41 | 23% |

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

Overall, BNB’s level of lending to borrowers of different incomes and businesses of different sizes is more than reasonable. In all three AAs, the bank exceeds performance standards for consumer and residential real estate loans. The bank meets performance standards for small business lending in the Austin-Round Rock MSA and Non-MSA AAs, while exceeding the standards in the San Antonio MSA.

Non-MSA

BNB’s level of lending to borrowers of different incomes and businesses of different sizes within Gillespie and Blanco County exceeds the standards for satisfactory performance. The bank’s level of performance in lending to consumers of differing income levels within Blanco and Gillespie Counties is more than reasonable. Demographic information indicates 17% of the AA households are low-income, while 14% are moderate-income. The bank originated 30% of its consumer loans to low-income borrowers and 25% to moderate-income borrowers. See Table 8 below for further details.

| Table 8 | | | | | | | | |
|---|-------------|-------------|-----------------|-------------|---------------|-------------|--------------|-------------|
| BORROWER DISTRIBUTION OF CONSUMER LOANS – NON-MSA | | | | | | | | |
| <i>Borrower Income Level</i> | <i>Low</i> | | <i>Moderate</i> | | <i>Middle</i> | | <i>Upper</i> | |
| % of AA Households | 17 | | 14 | | 17 | | 52 | |
| | % of Number | % of Amount | % of Number | % of Amount | % of Number | % of Amount | % of Number | % of Amount |
| 2004-2007 | 30 | 24 | 25 | 20 | 20 | 11 | 25 | 46 |

Source: US Census Data; Bank Records

Table 9 below compares 1-4 Family residential real estate lending in the AA to families by income level. U.S. Census demographics indicate 25% of the combined AA consists of low- or moderate-income families. Comparatively, BNB originated 25% of sampled loans secured by residential real estate to low- to moderate-income borrowers. The distribution to low-income borrowers in particular is strong, exceeding the Census demographics.

| Table 9 | | | | | | | | |
|---|-------------|-------------|-----------------|-------------|---------------|-------------|--------------|-------------|
| BORROWER DISTRIBUTION OF 1-4 FAMILY REAL ESTATE – NON-MSA | | | | | | | | |
| <i>Borrower Income Level</i> | <i>Low</i> | | <i>Moderate</i> | | <i>Middle</i> | | <i>Upper</i> | |
| % of AA Families | 12 | | 13 | | 23 | | 52 | |
| Loans by Year | % of Number | % of Amount | % of Number | % of Amount | % of Number | % of Amount | % of Number | % of Amount |
| 2004-2007 | 15 | 6 | 10 | 6 | 20 | 10 | 55 | 78 |

Source: US Census Data; Bank Records

BNB’s distribution of loans to small businesses (annual gross revenues of less than \$1 million), is reasonable. According to U.S. Census information, 95% of businesses in the AA have revenues of less than \$1 million. Approximately 85% of the business loans BNB originated in the AA had revenues below \$1 million. As a dollar amount, the percentage of loans is lower at 71%; however, this is reasonable as larger businesses inherently qualify for and demand larger loan amounts. See Table 10 on the following page.

| Table 10 | | |
|---|---------------------|------------------------|
| BORROWER DISTRIBUTION OF SMALL LOANS TO BUSINESSES - NON-MSA | | |
| Business Revenues | ≤\$1,000,000 | >\$1,000,000 |
| % of AA Businesses | 95 | 5 |
| % of Bank Loans in AA # | 85 | 15 |
| % of Bank Loans in AA \$ | 71 | 29 |

Source: US Census Data; Bank Records

Austin – San Marcos MSA

BNB's level of lending to borrowers of different incomes and businesses of different sizes within the Austin-San Marcos AA exceeds the standards for satisfactory performance. The bank's level of performance in lending to consumers of differing income levels is more than reasonable. Demographic information indicates 14% of the San Antonio AA households are low-income, while 14% are moderate-income. BNB originated 35% of sampled consumer loans to low-income borrowers and 35% to moderate-income borrowers. See Table 11 below for further details.

| Table 11 | | | | | | | | |
|--|-------------|-------------|-----------------|-------------|---------------|-------------|--------------|-------------|
| BORROWER DISTRIBUTION OF CONSUMER LOANS – AUSTIN-ROUND ROCK MSA | | | | | | | | |
| Borrower Income Level | Low | | Moderate | | Middle | | Upper | |
| % of AA Households | 14 | | 14 | | 22 | | 50 | |
| | % of Number | % of Amount | % of Number | % of Amount | % of Number | % of Amount | % of Number | % of Amount |
| 2004-2007 | 35 | 28 | 35 | 46 | 20 | 15 | 10 | 11 |

Source: US Census Data; Bank Records

Table 12 below compares 1-4 Family residential real estate lending in the Austin-Round Rock MSA to AA families by income level. U.S. Census demographics indicate 32% of the combined AA consists of low-to-moderate income families. Comparatively, BNB originated 50% of loans secured by residential real estate to low-to-moderate income borrowers. This represents a more than reasonable level of performance.

| Table 12 | | | | | | | | |
|--|-------------|-------------|-----------------|-------------|---------------|-------------|--------------|-------------|
| BORROWER DISTRIBUTION OF 1-4 FAMILY REAL ESTATE – AUSTIN-ROUND ROCK MSA | | | | | | | | |
| Borrower Income Level | Low | | Moderate | | Middle | | Upper | |
| % of AA Families | 14 | | 18 | | 25 | | 43 | |
| | % of Number | % of Amount | % of Number | % of Amount | % of Number | % of Amount | % of Number | % of Amount |
| Loans by Year | | | | | | | | |
| 2004-2007 | 30 | 28 | 20 | 14 | 30 | 40 | 20 | 19 |

Source: US Census Data; Bank Records

BNB's distribution of loans to small businesses, as defined as businesses with annual gross revenues of less than \$1 million, is reasonable. According to U.S. Census information, 96% of businesses in the AA have revenues of less than \$1 million. Of the business loans BNB originated in the AA, approximately 85% had revenues below \$1 million. As a dollar amount, the percentage of loans is higher at 94%; however, this is the result of three small loans originated to large businesses. See Table 13 on the following page.

| Table 13 | | |
|---|--------------|--------------|
| BORROWER DISTRIBUTION OF LOANS TO BUSINESSES – AUSTIN – ROUND ROCK MSA | | |
| Business Revenues | ≤\$1,000,000 | >\$1,000,000 |
| % of AA Businesses | 96 | 4 |
| % of Bank Loans in AA # | 85 | 15 |
| % of Bank Loans in AA \$ | 94 | 6 |

Source: US Census Data; Bank Records

San Antonio MSA

BNB’s level of lending to borrowers of different incomes and businesses of different sizes within the San Antonio MSA exceeds the standards for satisfactory performance. The bank’s level of performance in lending to consumers of differing income levels is more than reasonable. Demographic information indicates 16% of the San Antonio MSA households are low-income and 13% are moderate-income. The bank originated 25% of its consumer loans to low-income borrowers and 25% to moderate-income borrowers. See Table 14 below.

| Table 14 | | | | | | | | |
|--|-------------|-------------|-----------------|-------------|---------------|-------------|--------------|-------------|
| BORROWER DISTRIBUTION OF CONSUMER LOANS – SAN ANTONIO MSA | | | | | | | | |
| <i>Borrower Income Level</i> | <i>Low</i> | | <i>Moderate</i> | | <i>Middle</i> | | <i>Upper</i> | |
| % of AA Households | 16 | | 13 | | 18 | | 53 | |
| | % of Number | % of Amount | % of Number | % of Amount | % of Number | % of Amount | % of Number | % of Amount |
| 2004-2007 | 25 | 22 | 25 | 26 | 40 | 40 | 10 | 12 |

Source: US Census Data; Bank Records

Table 15 below compares 1-4 Family residential real estate lending in the San Antonio MSA to AA families by income level. U.S. Census demographics indicate 29% of the combined AA consists of low-to-moderate income families. Comparatively, BNB originated 30% of loans secured by residential real estate to low-to-moderate borrowers. This represents a more than reasonable level of performance. Specifically, the distribution to moderate-income borrowers is excellent, materially exceeding Census demographics.

| Table 15 | | | | | | | | |
|--|-------------|-------------|-----------------|-------------|---------------|-------------|--------------|-------------|
| RESIDENTIAL REAL ESTATE LOANS – SAN ANTONIO MSA | | | | | | | | |
| <i>Borrower Income Level</i> | <i>Low</i> | | <i>Moderate</i> | | <i>Middle</i> | | <i>Upper</i> | |
| % of AA Families | 14 | | 15 | | 20 | | 51 | |
| Loans by Year | % of Number | % of Amount | % of Number | % of Amount | % of Number | % of Amount | % of Number | % of Amount |
| 2004-2007 | 5 | 3 | 25 | 17 | 10 | 4 | 60 | 76 |

Source: US Census Data; Bank Records

BNB’s distribution of loans to small businesses, as defined as businesses with annual gross revenues of less than \$1 million, is more than reasonable. According to U.S. Census information, 94% of businesses in the AA have revenues of less than \$1 million. Of the business loans BNB originated in the AA, approximately 95% had revenues below \$1 million. See Table 16 below for more details.

| Table 16 | | |
|---|---------------------|------------------------|
| BORROWER DISTRIBUTION OF SMALL LOANS TO BUSINESSES – SAN ANTONIO MSA | | |
| Business Revenues | ≤\$1,000,000 | >\$1,000,000 |
| % of AA Businesses | 94 | 6 |
| % of Bank Loans in AA # | 95 | 5 |
| % of Bank Loans in AA \$ | 92 | 8 |

Source: US Census Data; Bank Records

Geographic Distribution of Loans

BNB’s performance in lending to borrowers and business of different geographies meets the standards for satisfactory performance. An analysis of the bank’s geographic distribution of loans would not be meaningful for the Non-MSA AA, as there are no low- or moderate-income geographies in Blanco or Gillespie County. The Austin-Round Rock and San Antonio AA each have one moderate-income census tract and no low-income tracts. As a result, the analysis of BNB’s lending performance based on geographic distribution does not factor equally into the overall evaluation rating.

The bank’s level of performance in lending to borrower’s and businesses of different geographies in the Austin-Round Rock MSA is reasonable. We identified one loan of the 20 consumer loans sampled that was located in a moderate-income census tract. The percentage of AA households located in moderate-income census tracts is 14%. There were no originations to the moderate-income tract in our sample of residential real estate or commercial loans. Comparatively, 13% of owner-occupied housing and 6% of businesses are located in the moderate-income tract. The moderate-income tract is on the geographic edge of the AA and is separated from the majority of Hays County, including the location of this bank’s branch, by IH 35.

There were no originations to the moderate-income tract in our sample of consumer, residential real estate, and commercial loans for the San Antonio MSA. However, Census demographics indicate the number of households, owner occupied houses, and businesses located in the moderate-income tract account for 5%, 4%, and 3% of the AA, respectively. Additionally, the moderate-income tract is located in the urban section of New Braunfels, at the geographic perimeter of the AA. Given the level of strong competition in the county and the bank’s geographic limitations, this level of performance is reasonable.

Responses to Complaints

BNB has not received any complaints or public comments regarding its CRA performance during this evaluation period.

Fair Lending Review

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