



**SMALL BANK**

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## **PUBLIC DISCLOSURE**

**February 7, 2011**

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

First National Bank of Dublin  
Charter Number 20026

825 North Patrick Street  
Dublin, TX 76446-1125

Office of the Comptroller of the Currency

Fort Worth Field Office  
9003 Airport Freeway, Suite 275  
North Richland Hills, TX 76180-9127

**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.

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

The First National Bank of Dublin's (FNB) lending performance reflects a satisfactory response to community credit needs. Factors in our assessment include:

- The bank's loan-to-deposit ratio is reasonable given the bank's resources, local credit needs, and local competition.
- A significant majority of loans and other lending-related activities are within the bank's assessment area.
- The distribution of loans reflects significant lending activity to low- and moderate-income households and small businesses.

## SCOPE OF EXAMINATION

Our review focused on FNB's three primary product lines: agriculture livestock, commercial real estate, general commercial and consumer auto. FNB has a fourth primary product line; agriculture real estate, however this portfolio contains fewer loans at higher amounts and there was not a sufficient number of loans in this portfolio to draw a reasonable sample. Our samples included 20 loans from each of the remaining primary portfolios. For the ***Lending to Borrowers of Different Incomes, Lending to Businesses of Different Sizes*** we omitted loans that were made outside of the assessment area and replaced them with loans inside the assessment area. There were no low- or moderate-income geographies in the assessment area and a ***Geographic Distribution of Loans*** analyses would not be meaningful. The loans included in the sample originated between October 2005 and December 2010, and were selected judgmentally.

## DESCRIPTION OF FIRST NATIONAL BANK OF DUBLIN

FNB is a community bank chartered in Dublin, Texas, which is located approximately 75 miles southwest of Fort Worth, Texas. The bank operates from three locations: the main facility in Dublin, and branches in nearby Gustine, Texas and De Leon, Texas. The bank has on-premises Automated Teller Machines (ATM) located in the main bank and at De Leon, as well as, multi-lane drive-up facilities. The bank has no ATMs in Gustine and no drive-up lanes. Hours of operation are commensurate with those of other local banks. None of the banks are located in a Metropolitan Statistical Area (MSA).

FNB is a full-service community bank offering a wide variety of loan and deposit products. The bank also offers a limited Internet banking product through [www.bankingfnb.com](http://www.bankingfnb.com). As of December 31, 2010, FNB had total assets of \$70 million and total loans of \$45.6 million. The following tables present the bank's loan and deposit information as of December 31, 2010.

<b>Loan Portfolio Composition As of December 31, 2010</b>		
<b>Loan Category</b>	<b>\$ (000)</b>	<b>%</b>
Commercial Agriculture-Related	10,305	22.6
Agriculture Real Estate	9,488	20.8
General Commercial	8,742	19.2
Consumer	6,782	14.9
1-4 Single Family Residence	5,173	11.3
Commercial Real Estate	4,994	10.9
Other	152	0.3
<b>Total</b>	<b>45,636</b>	<b>100%</b>
Total Loans as a % of Total Assets	65%	

FNB is 100% owned by Dublin Bancshares, Inc., a one-bank holding company. Neither the corporate structure of FNB, nor that of the holding company has changed since the prior CRA examination. And, no changes are currently planned.

The most recent CRA examination was performed as of July 7, 2005. The bank received a satisfactory rating at that examination. There are no legal or financial impediments to the bank's ability to meet the credit needs of its assessment area.

## DESCRIPTION OF COMANCHE AND ERATH COUNTIES

FNB has defined its assessment area as Erath and Comanche Counties in Texas. The assessment area contains eleven census tracts. Erath and Comanche Counties are contiguous and meet the requirements of the regulation. The assessment area is not in a MSA. All of the census tracts that comprise the assessment area are designated as middle-income (73%) and upper-income (27%) tracts. Dublin, located in southwestern Erath County, is the second largest community within the assessment area behind the city of Stephenville. The following table reflects the current demographics of the assessment area.

<b>Demographic and Economic Characteristics of the Assessment Area</b>	
Population	
Total Population	47,027
Number of Families	12,107
Number of Households	18,075
Geographies	
Number of Census Tracts/BNA	11
% Low-Income Census Tracts/BNA	0%
% Moderate-Income Census Tracts/BNA	0%
% Middle-Income Census Tracts/BNA	73%
% Upper-Income Census Tracts/BNA	27%
Median Family Income (MFI)	
2000 Weighted Average for Median Family Income	\$36,380
2000 Census Bureau Estimated Median Household Income	\$45,600
Economic Indicators	
Unemployment Rate	4.36%
2000 Median Housing Value	\$61,690
% of Households Below Poverty Level	17.85%

Source: 2000 US Census, updated through 2009

The primary credit needs of the community are loans for small business and single-family housing, specifically home improvement loans. Also, financing is needed for automobile and other consumer-related loans.

The local economy has been impacted by the downturn, but is generally stable. With the exception of Tarleton State University in Stephenville, Texas, the assessment area is primarily directly or indirectly dependent on the agriculture industry. Stephenville is a much larger community and has a more diverse economy. The largest employers in that area include Tarleton State University, FMC (oilfield-related) Saint Gobain Abrasives, the local independent school district (ISD) and Wal-Mart. The Dublin, Comanche and Gustine communities are more dependent on the agriculture industry. The largest employers in these areas include the local governments, local ISDs and various medical facilities.

We conducted community contacts with the city governments in Dublin and De Leon. Each contact reported that the general locations were impacted by weakened economic conditions. The contacts also stated that the area financial institutions are doing a good job of meeting commercial, residential real estate, and consumer credit needs. Overall, the population has remained stable, while the levels of unemployment and households below the poverty level have shown slight decreases since the prior CRA examination.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Our conclusions in this section are based on the lending activity since the previous CRA examination dated July 7, 2005. We used data provided by the bank about loans, borrower income, and the assessment area. We tested the data for accuracy. We selected samples from the consumer auto, general commercial and agriculture portfolios in order to evaluate the bank's lending performance within the assessment area. (Refer to the **SCOPE OF EXAMINATION** section for details). For the **Lending to Borrowers of Different Incomes and to Businesses of Different Sizes** we replaced loans originated outside of the assessment area with loans originated inside the assessment area. While FNB's efforts exceed the standards in 2 of the 3 areas tested, a majority of consideration is placed on the Loan-to-Deposit ratio. For this reason, the overall assessment of FNB's lending efforts is satisfactory.

### Loan-to-Deposit Ratio

FNB's loan-to-deposit (LTD) ratio meets the standards for satisfactory performance.

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 FNB since the last CRA examination was 71.2%. The assessment area contains five other institutions (chartered in the assessment area) with which to compare FNB. The average LTD ratios, for the same period, of these banks ranged from 31.1% to 66.6%. FNB's LTD ratio exceeds the range of competing banks. This ratio is reasonable and reflects satisfactory efforts to meet the credit needs of the communities served.

### Lending in Assessment Area

FNB's lending within the assessment area exceeds the standards for satisfactory performance.

This section quantifies what proportion of the bank's lending activity was within its assessment area. An institution that exhausts its resources lending in other areas, to the exclusion and detriment of its own assessment area, would be considered less than satisfactory. However, a significant majority of FNB's lending efforts are concentrated within the assessment area.

To assess the FNB's performance, we used the samples described above. Based on our sample results, a significant majority of loans were originated within the bank's assessment area. The following tables reflect the results of our assessment of FNB's efforts to lend within its assessment area.

TOTAL LOANS REVIEWED								
LOAN TYPE	IN ASSESSMENT AREA				OUT OF ASSESSMENT AREA			
	#	%	\$ (000s)	%	#	%	\$ (000s)	%
General Commercial	14	70%	\$397	58%	6	30%	\$292	42%
Agriculture Livestock	18	90%	\$191	73%	2	10%	\$71	27%
Consumer Auto	19	95%	\$156	96%	1	5%	\$6	4%
<b>Total Reviewed</b>	<b>51</b>	<b>85%</b>	<b>\$744</b>	<b>67%</b>	<b>9</b>	<b>15%</b>	<b>\$369</b>	<b>33%</b>

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

FNB’s loan distribution to the different household income levels as well as businesses of different sizes exceeds the standards for satisfactory performance.

The bank obtains and analyzes applicant income information during the loan decision process; however this information is not used for CRA purposes. To assess FNB’s efforts, we used the samples described above. Also, the bank does not have a minimum loan amount in policy. We reviewed the loan trial and noted a number of loans for \$1,000 or less (the lowest was \$300.00), and noted an additional number of other credits for \$1,500 or less. These combined factors indicate the bank is meeting the credit needs of the community.

Borrower Distribution of Consumer Loans								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of # of Loans	% of AA Households	% of # of Loans	% of AA Households	% of # of Loans	% of AA Households	% of # of Loans
<b>Consumer Loans</b>	<b>25%</b>	<b>10%</b>	<b>17%</b>	<b>45%</b>	<b>18%</b>	<b>30%</b>	<b>40%</b>	<b>15%</b>

A significant majority of FNB’s commercial and livestock loans are to businesses with gross annual revenues of less than \$1 million. The following tables illustrate the lending distribution to businesses located within the bank's assessment area.

Borrower Distribution of General Commercial Loans				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	72%	2%	26%	100%
% of Bank Loans in AA by #	90%	10%	0%	100%
% of Bank Loans in AA by \$	80%	20%	0%	100%



<b>Borrower Distribution of Agriculture Livestock Loans</b>				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	96%	3%	1%	100%
% of Bank Loans in AA by #	100%	0%	0%	100%
% of Bank Loans in AA by \$	100%	0%	0%	100%

### **Geographic Distribution of Loans**

There are no low- or moderate-income census tracts in the designated assessment area. A geographic distribution analysis would not be meaningful.

### **Responses to Complaints**

There were no CRA-related complaints since the prior CRA examination.

### **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.