



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

March 19, 2007

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Texas Republic Bank, National Association
Charter Number 12308**

**2595 Preston Road, Building 100
Frisco, TX 75034**

**Comptroller of the Currency
Fort Worth
9003 Airport Freeway Suite 275
North Richland Hills, 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 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 lending performance of Texas Republic Bank, N.A., Frisco, Texas (TRB) reflects satisfactory responsiveness to its community's credit needs. This assessment is based on the following conclusions:

- The bank's average loan-to-deposit ratio of 64.62% is reasonable given the bank's size, financial condition, local competition, and two Assessment Areas' (AAs') credit needs.
- A majority of the bank's loan activity is within the bank's AAs'.
- The distribution of loans demonstrates reasonable penetration among individuals of different income levels and businesses of different sizes.
- There have been no CRA related complaints filed against the bank.

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DESCRIPTION OF INSTITUTION

TRB is a community bank headquartered in Frisco, Texas, with one branch location located in Quanah, Texas, which is located approximately 80 miles northwest of Wichita Falls, Texas. The main bank facility in Frisco is located just north of the intersection of State Highway 121 and Preston Road. The bank operates out of a leased facility in a strip center adjacent to Stonebriar Mall, which includes a motor bank and an Automated Teller Machine (ATM) all at the same location. The branch operates from only one location in downtown Quanah, includes a motor bank, but offers no on- or off-site ATMs.

TRB is a full-service community bank offering a wide variety of loan and deposit products. As of December 31, 2006, TRB had total assets of \$37 million, loans of \$32 million, and deposits of \$33 million. TRB's principal lending focus differs between Frisco and Quanah. Loans originated in Frisco are primarily commercial and commercial real estate, with less emphasis on retail lending. The focus in Quanah is primarily agriculture, commercial, and consumer lending. The following table presents the bank's loan information as of December 31, 2006.

Loan Portfolio Composition	\$ (000)	%
Commercial	\$8,650	26.7%
Agricultural Production/Other Agricultural	\$8,162	25.2%
Consumer Loans	\$4,990	15.4%
Commercial Real Estate	\$4,441	13.7%
Other Loans	\$1,215	3.7%
Farmland Real Estate	\$2,049	6.3%
Residential Real Estate	\$2,936	9.0%
Total	\$32,443	100.0%

TRB is owned by TRB Bancorp, Inc., which is a one-bank holding company based in Frisco, Texas. There are presently no affiliate relationships. The size of the bank somewhat limits the size of loans the bank can make.

Competition is fierce in Frisco, and includes dominant affiliates of large national banking companies, large regional financial institutions, and numerous small community banks located nearby TRB. Primary competition in Quanah comes from another community bank headquartered in Quanah, as well as a branch of a community bank from nearby Chillicothe. Secondary competition is presented by financial institutions in Childress, Vernon, and Wichita Falls.

The most recent CRA examination was performed as of September 17, 2001. This was prior to the establishment of the Frisco office, and when TRB was headquartered in Quanah. 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 AAs.

DESCRIPTION OF COLLIN COUNTY ASSESSMENT AREA

TRB has designated 28 contiguous Census Tracts (CTs) in the northern half of Collin County as one of their two AAs. This AA is legal and meets the requirements of the regulation. Approximately 182,405 persons live within this AA. The AA is located within the Dallas – Plano – Irving, Texas Metropolitan Statistical Area (MSA). There are no low- or moderate-income CTs in the AA.

DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS OF COLLIN COUNTY AA	
<i>Population</i>	
Number of Families	49,543
Number of Households	62,658
<i>Median Family Income (MFI)</i>	
2005 MFI for Collin County	\$56,313
2006 HUD-Adjusted MFI	\$66,700
<i>Economic Indicators</i>	
Unemployment Rate	1.44%
2001 Median Housing Value	\$156,536
% of Households Below Poverty Level	4.07%

The primary credit needs of the AA include small business, consumer, home purchases, and home improvement. The economy of the AA is diverse, as is Collin County and the entire Dallas – Fort Worth Metroplex. The leading industries in Collin County are technology, manufacturing and retail, professional, scientific, and management/administrative. Collin County is the wealthiest county in the State of Texas, and continues to show significant population growth. Major employers in the AA include nationally recognized companies in the technology industry, such as EDS, Alcatel, Ericsson, and Perot Systems. Other major employers include Frito-Lay, Inc., JCPenney, Inc., and Cadbury Schweppes. The unemployment rate is low at 1.44%, and only 4% of the households in the AA are below the poverty level.

We considered information from one community contact performed within the past year in conjunction with the CRA examination of another bank in this AA. The identified primary credit need of the community is affordable housing. According to the contact, the AA is high-income, with a large stock of high-end housing. However, with a large number of hourly wage jobs in the retail sector, the lack of affordable housing does not provide home ownership opportunities for many people in the area.

DESCRIPTION OF HARDEMAN COUNTY ASSESSMENT AREA

TRB has designated Hardeman County as one of their two AAs. This AA is legal and meets the requirements of the regulation. Approximately 4,724 persons live within Hardeman County and Quanah is the county seat. The county is not in a Metropolitan Statistical Area (MSA). There is only one CT in the county and since it is middle-income, there are no low- or moderate-income CTs in this AA.

DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS OF HARDEMAN COUNTY

Population	
Number of Families	1,343
Number of Households	1,960
Median Family Income (MFI)	
2005 MFI for Hardeman County	\$36,380
2006 HUD-Adjusted MFI	\$42,000
Economic Indicators	
Unemployment Rate	4.10%
2001 Median Housing Value	\$31,000
% of Households Below Poverty Level	17.00%

The primary credit needs of the community continue to be related to the agriculture industry. Related credit needs include home purchase or home improvement, automobile and other consumer loans. The economy of the area is not well diversified, but the agriculture and petroleum industries are major contributors. These industries have been stagnant for several years, and the agriculture industry is still recovering from one of the worst periods of drought on record. However, cattle and petroleum prices are currently very strong and have rebounded over the past couple of years. Unemployment levels in the area have remained steady at 4%. Major employers in the county are Georgia Pacific, school districts, hospitals, and city and county governments.

We considered information from one community contact performed within the past year in conjunction with the CRA examination of another bank in this AA. The identified primary credit needs of the community are home financing and small business loans. According to the contact, the local financial institutions are fulfilling the immediate credit needs of the community as well as meeting the needs of low- and moderate-income families.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

TRB's performance is satisfactory. Conclusions with respect to the following three performance criterion; Lending in Assessment Area, Lending to Borrowers of Different Incomes and to Businesses of Different Sizes, are based on a sampling of the institution's loan portfolio. Examiners reviewed commercial loans and consumer loans originated between January 2005 and December 2006. Our sample includes 10 commercial and 10 consumer loans in each AA, for a total of 20 loans in each category.

Loan-to-Deposit Ratio

TRB's loan-to-deposit (LTD) ratio is reasonable and meets the standard for satisfactory performance. The bank's LTD ratio averaged 64.62% over the 21 quarters since the last CRA examination, dated September 17, 2001. The bank identified two similarly situated banks in each AA, over the same time period, as detailed in the table below. Please note that these banks are listed in descending order of average LTD ratios, but no ranking is intended or implied.

Institution	Location	Average Loan/Deposit Ratio
Legacy Bank of Texas	Plano, Texas	81.47%
<i>Texas Republic Bank, N.A.</i>	<i>Frisco, Texas</i>	<i>64.62%</i>
The First National Bank	Chillicothe, Texas	64.08%
First National Bank in Quanah	Quanah, Texas	37.54%
Prosper Bank	Prosper, Texas	18.43%

Lending in Assessment Area

A majority of the TRB's loans were made within its AAs, which reflects a satisfactory commitment to meeting the credit needs of the AAs. The tables represent information provided by the bank on all loans originated since the last CRA examination in the Hardeman County AA, and all loans originated since the opening of the Frisco location in December, 2002. Our analysis was based on a review of a sample of commercial and consumer loans.

LENDING IN COLLIN COUNTY AA								
	IN ASSESSMENT AREA				OUT OF ASSESSMENT AREA			
LOAN TYPE	#	%	\$ (000s)	%	#	%	\$ (000s)	%
Consumer	7	70%	67	75.2%	3	30%	22	24.8%
Commercial	6	60%	945	54.4%	4	40%	794	45.6%
Total Reviewed	13	65%	1,012	55.4%	7	35%	816	44.6%

LENDING IN HARDEMAN COUNTY AA								
	IN ASSESSMENT AREA				OUT OF ASSESSMENT AREA			
LOAN TYPE	#	%	\$ (000s)	%	#	%	\$ (000s)	%
Consumer	9	90%	93	87.0%	1	10%	14	13.0%
Commercial	6	60%	103	27.6%	4	40%	272	72.4%
Total Reviewed	15	75%	196	40.7%	5	15%	286	59.3%

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

TRB’s loan distribution, to the different family and household income levels as well as businesses of different sizes, meets the standards for satisfactory performance.

The bank obtains and analyzes applicant income information during the loan decision process. However, this information is not monitored or used to assess the efforts to meet the standards for this criterion. To assess the bank’s efforts, we used the sample of loans described above. Our analysis, noted in the tables below, indicates the bank is reasonably lending to borrowers of all income levels and businesses of different sizes. Overall, we concluded that the bank’s performance is generally proportionate to the income levels of the households within the AAs, and the credit needs of low- and moderate-income individuals are being met. Also, TRB meets the needs of the small businesses in the AAs.

Consumer Lending

BORROWER DISTRIBUTION OF CONSUMER LOANS – COLLIN COUNTY AA								
Borrower Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Families	10%		10%		15%		65%	
	% of Number	% of Amount						
	20%	11%	20%	25%	30%	33%	20%	14%

Financial information was not available on 10% of the number and 17% of the dollar amount of our sample.

BORROWER DISTRIBUTION OF CONSUMER LOANS – HARDEMAN COUNTY AA								
Borrower Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Families	23%		21%		18%		38%	
	% of Number	% of Amount						
	50%	42%	10%	2%	0%	0%	40%	56%

Financial information was available on all loans in our sample.

Business Lending

BORROWER DISTRIBUTION OF COMMERCIAL LOANS – COLLIN COUNTY AA		
Business Revenues	≤\$1,000,000	>\$1,000,000
% of AA Businesses *27 percent of assessment area businesses did not report revenue figures	68%	4%
% of Bank Loans in AA #	70%	20%
% of Bank Loans in AA \$	78%	22%

Financial information was not available on 10% of the number and <1% of the dollar amount of our sample.

BORROWER DISTRIBUTION OF COMMERCIAL LOANS – HARDEMAN COUNTY AA		
Business Revenues	≤\$1,000,000	>\$1,000,000
% of AA Businesses *46 percent of assessment area businesses did not report revenue figures	52%	2%
% of Bank Loans in AA #	80%	10%
% of Bank Loans in AA \$	91%	4%

Financial information was not available on 10% of the number and 5% of the dollar amount of our sample.

Geographic Distribution of Loans

A geographic distribution analysis was not performed. There are no low- or moderate-income census tracts within either of TRB’s defined AAs.

Responses to Complaints

TRB has not received any complaints during this evaluation period.

Fair Lending or Other Illegal Credit Practices Review

An analysis of consumer complaint information was performed according to the OCC’s risk-based fair lending approach. Based on our analysis of the information, the OCC decided that a comprehensive fair lending examination would not need to be conducted in connection with this CRA evaluation. We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.