



SMALL BANK

Comptroller of the Currency
Administrator of National Banks
Washington, DC 20219

PUBLIC DISCLOSURE

July 07, 2005

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First National Bank of Dublin
Charter Number 20026**

**825 North Patrick
Dublin, TX 76446**

**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

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the 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. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

*This document is an evaluation of the CRA performance of **The First National Bank of Dublin, Dublin, Texas** as prepared by **The Office of the Comptroller of the Currency**, the institution's supervisory agency, as of July 11, 2005. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

This institution is rated Satisfactory.

At this examination we performed a review of the CRA. Overall, the lending performance of The First National Bank of Dublin reflects satisfactory responsiveness to the needs of the communities served. This assessment is based on the following conclusions:

- The bank's average loan-to-deposit ratio of 60% since the previous CRA examination meets the standards for satisfactory performance given the bank's size, financial condition, competition, and assessment area credit needs.
- A substantial majority of the bank's lending activities are within the assessment area.
- The distribution of loans within the assessment area demonstrates satisfactory penetration among individuals of different income levels and businesses of different sizes, which meets the standards for satisfactory performance.
- A geographic distribution analysis was not performed because there are no low- or moderate-income block numbering areas (BNAs) within the assessment area.
- There have been no CRA complaints filed against the bank.

DESCRIPTION OF INSTITUTION

FNB is a community bank located in Dublin, Texas, which is located approximately 75 miles southwest of Fort Worth, Texas. The bank operates from three locations. The main bank is located in Dublin with branches in nearby Gustine, Texas and DeLeon, Texas. The bank has on-premises Automated Teller Machines (ATM) located in the main bank and at DeLeon, as well as, multi lane drive-in facilities. The bank has no ATM's in Gustine and no drive-in 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. As of March 31, 2005, FNB had total assets of \$60 million and total loans of \$33 million. The following tables present the bank's loan and deposit information as of March 31, 2005.

First National Bank of Dublin - Loan Portfolio March 31, 2005

| Loan Category | Dollar Volume (000's) | Percentage of Loan Portfolio |
|------------------------|-----------------------|------------------------------|
| Real Estate: | | |
| Construction/Land Dev. | \$705 | 2% |
| Farmland | \$3,423 | 10% |
| 1-4 Family Mortgages | \$3,440 | 10% |
| Nonfarm/Nonresidential | \$4,374 | 13% |
| Agriculture | \$6,612 | 20% |
| Commercial | \$8,413 | 25% |
| Consumer/Other | \$6,210 | 19% |
| Total | \$33,177 | 100% |

FNB is 100% owned by Dublin Bancshares, Inc. 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 June 12, 2000. 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 (AA).

DESCRIPTION OF FNB DUBLIN'S ASSESSMENT AREA

FNB has defined its assessment area (AA) as the counties of Erath and Comanche in Texas. They contain a total of twelve Block Numbering Areas (BNAs). All of the BNAs chosen as the AA are contiguous, the AA is legal and it meets the requirements of the regulation. Approximately 47,027 persons live within the AA. The AA is not in a Metropolitan Statistical Area (MSA). Dublin, located in southwestern Erath county, is the second largest community within the AA behind the city of Stephenville. All of the BNAs that comprise the AA are designated as 72% middle-income and 27% as upper income tracts. There are no low-income BNAs within the banks defined AA.

| | |
|---|----------|
| Total Population | 47,027 |
| Geographies | |
| Number of Block Numbering Areas (BNA's) | 12 |
| % Low-Income BNA's | 0.00% |
| % Moderate-Income BNA's | 0.00% |
| % Middle-Income BNA's | 72.00% |
| % Upper-Income BNA' | 27.00% |
| Median Family Income (MFI) | |
| 2005 HUD-Adjusted MFI for AA | \$42,000 |
| Economic Indicators | |
| Unemployment Rate | 6.00% |
| 2005 Median Housing Value | \$61,690 |
| % Households Below Poverty Level | 18.00% |

As presented in the table above, updated Housing and Urban Development (HUD)-2005 Census information indicates that the median family income for the AA is \$42,000. The median housing value is \$61,690. Within the AA, approximately 18% of the families are below the poverty level.

The primary credit needs of the community continue to be related to the manufacturing, oil and gas, ranching and other agriculture industries. Also included is the need for financing for home purchase or home improvement, automobile, and other consumer-related loans.

The local economy has become stable and improving. No longer is the area completely dependent on oil and gas exploration and production. Businesses have been brought into the community through a variety of Economic Development and Industrial Boards. The majority of these have been manufacturing companies. Major employers in the AA (primarily located in the cities of Dublin, Stephenville, Comanche, and DeLeon) are summarized below.

MAJOR EMPLOYERS IN THE AA

Erath County population - 33,001

| Company/Entity | Product Produced | Number of Employees |
|---------------------------|----------------------|---------------------|
| Tarleton State University | Education | 900 |
| FMC Corporation | Oil Field Equipment | 450 |
| St. Goban | Abrasives/fiberglass | 630 |
| WalMart | Department Store | 385 |
| Harris Hospital | Hospital | 300 |
| Stephenville ISD | Education | 450 |

Comanche County population -14,026

| | | |
|-----------------------------|------------------------------|-----|
| Comanche ISD | Education | 222 |
| Comanche Community Hospital | Hospital | 180 |
| Western Hills Nursing Home | Health Care | 140 |
| County of Comanche | County Government | 116 |
| Gore's Inc. | Diary & Livestock Feed | 97 |
| Durham-Ellis Pecan Company | Processor of pecans, peanuts | 85 |

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

Our conclusions in this section are based on the lending activity since the last CRA examination dated June 12, 2000. We selected a sample of 38 commercial loans and consumer loans in order to evaluate the bank's lending performance within the assessment area. For the **Lending to Borrowers of Different Incomes and to Businesses of Different Sizes** analysis, we replaced loans originated outside of the assessment area with loans originated inside the assessment area.

Loan-to-Deposit Ratio

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

This 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 is used to determine performance in this area. The average for this period totals 59%. In the two counties in which FNB has a presence, there are 5 competing state and national banks. The average loan-to-deposit ratios for these institutions, for the same period, ranged from 36% to 73%. The combined average ratio for these banks was 49%. This analysis does not include Savings & Loans and Credit Unions. One branch of these financial institutions was headquartered outside these counties. Based on the analysis results, the bank's ratio is reasonable and within the range of area competing banks.

Lending in Assessment Area

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

This criterion quantifies what proportion of the bank's lending activity is within its assessment area. An institution that does not lend in its assessment area would be considered less than satisfactory. However, FNB's lending efforts are concentrated within its assessment area.

We sampled a portion of the loan portfolio to assess the bank's performance in this area. For our sample products, we chose auto loans and commercial loans generated out of the Dublin and DeLeon facilities. Our sample included 38 loans made within the last two years. Of these loans, 97% were within FNB's assessment area. Of the dollar amounts sampled, 93% of the loans were generated from within the assessment area.

Based on our sample results, a substantial majority of loans are within the bank's assessment area.

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

The bank's loan distribution to the different family 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. We sampled this process to assess the bank's efforts. The results of our sample analysis in the following table indicate the bank is reasonably lending to borrowers of all income levels. We concluded that the bank's performance is proportionate to the income levels of the families within the assessment area.

| | Assessment Area Families ** | | Loans Sampled | |
|----------|-----------------------------|-------|---------------|-------|
| | # | % | # | % |
| Low | 1,693 | 21 | 15 | 40 |
| Moderate | 1,511 | 19 | 2 | 5 |
| Middle | 1,884 | 23 | 13 | 34 |
| Upper | 2,971 | 37 | 8 | 21 |
| Total | 8,059 | 100.0 | 38 | 100.0 |

** Information is based on 2004 U.S. Census Bureau data

Additionally, the bank's loan policy has no minimum loan amount. It has originated numerous loans with balances of \$1,000 or less. Some of these loans had originating balances of \$400.

Based on the results of our sample, the credit needs of borrowers of all income levels are being served.

Geographic Distribution of Loans

The assessment area does not have any low- or moderate-income BNAs, therefore, any geocoding analysis would not be meaningful.

Responses to Complaints

FNB has not received any complaints pertaining to its CRA performance during this evaluation period.

Fair Lending Review

An analysis of public comments and consumer complaint information was performed according to the OCC's risk-based fair lending approach. Based on our analysis of this information, the OCC decided that a comprehensive fair lending examination would not be conducted in connection with this CRA evaluation.