



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

March 5, 2012

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The Dublin National Bank
Charter Number 4865

128 South Patrick Street
Dublin, TX 76446

Office of the Comptroller of the Currency

ADC-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 Dublin National Bank's (DNB) Community Reinvestment Act rating is satisfactory and reflects the bank's appropriate response to the lending test within the bank's assessment areas. Factors in consideration are as follows:

- The bank's loan-to-deposit ratio is reasonable given the bank's resources, local credit needs, and local competition.
- A significant majority of 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

CRA evaluation for The Dublin National Bank was done using the Small Bank examination procedures, which focus on the lending test. We used the lending test to evaluate the bank's record of meeting the credit needs of its assessment areas (AAs) through its lending activities. Our testing covered DNB's performance from July 1, 2006 through December 31, 2011. We reviewed a sample of 24 Consumer – Auto loans, 24 Residential loans, and 24 General Commercial and Agriculture loans. This sample represented DNB's primary products.

DESCRIPTION OF The Dublin National Bank

The bank is located in Dublin, Erath County, Texas, approximately 70 miles southwest of Fort Worth, Texas and 12 miles southwest of Stephenville, Texas. DNB serves the community from its one location. As of December 31, 2011, the bank's total assets were \$27.5 million, total loans were \$11.24 million, and total deposits were \$23.3 million. Drive-thru and ATM services are provided. Hours of operation are commensurate with other area banks. The bank offers a full range of loan products and deposit services, with an emphasis on residential, consumer and agriculture related loans. The following table reflects the loan portfolio as of December 31, 2011:

Loan Category	% of Total Loans	% of Total Loans
Agricultural Production/Other Agricultural	13%	
Commercial	8%	
Consumer Loans	13%	
Real Estate Loans	65%	
Residential Real Estate		17%
Farmland Real Estate		15%
Commercial Loans		24%
Non-Farm Non Residential		9%
Total	100%	65%

DNB is not located in a Metropolitan Statistical Area. There is strong competition from other area community banks, regional banks, credit unions, and other non-financial institutions in Erath County. DNB has no impediments, legal or otherwise, which would hinder the bank's ability to help meet the credit needs of its assessment area.

The most recent CRA examination was performed as of June 2006. The bank received a satisfactory rating at that examination.

DESCRIPTION OF ASSESSMENT AREA(S)

DNB has defined its assessment area (AA) as Erath County. The assessment area contains seven census tracts. The assessment area is not in an MSA. All of the census tracts that make up the assessment area are designated as middle-income (57%) or upper-income (42%) tracts. Dublin, located in southwestern Erath County, is the second largest community within the assessment area behind the city of Stephenville. The AA meets the requirements of the CRA regulation and does not arbitrarily exclude low- or moderate-income areas. Specific demographic and economic data for this area are listed below.

Demographic and Economic Characteristics of the Assessment Area	
Population	
Total Population	33,001
Number of Families	8,171
Number of Households	12,567
Geographies	
Number of Census Tracts/BNA	7
% Low-Income Census Tracts/BNA	0%
% Moderate-Income Census Tracts/BNA	0%
% Middle-Income Census Tracts/BNA	58%
% Upper-Income Census Tracts/BNA	42%
Median Family Income (MFI)	
2000 Weighted Average for Median Family Income	\$41,158
2000 Census Bureau Estimated Median Household Income	\$48,600
Economic Indicators	
Unemployment Rate	6.92%
2000 Median Housing Value	\$67,350
% of Households Below Poverty Level	17.59%

Source: 2000 US Census, updated through 2011

The primary credit needs of the community are small business loans, agricultural loans, single-family housing loans, both purchase money and home improvement loans and consumer-related loans.

The local economy for Erath County has been impacted by the downturn, but is generally stable. With the exception of Tarleton State University in Stephenville, Texas,

the assessment area is directly or indirectly dependent on the agriculture industry. Stephenville and Dublin are the only incorporated towns in Erath County. There are several other unincorporated communities within the county. Stephenville is the largest community in the county and has a more diverse economy. The largest employers in the Stephenville area include Tarleton State University, FMC (oilfield-related) Saint Gobain Abrasives, the local independent school district (ISD) and Wal-Mart. Dublin and other smaller communities are more dependent on the agriculture industry. The largest employers in these areas include the local governments, local ISDs and some retail facilities. One major employer in Dublin, The Dublin Bottling Company, formerly the Dr. Pepper Bottling Company, down-sized in 2012.

We conducted a community contact with the city government in Dublin. The contact reported that the local economy had been impacted by weakened economic conditions. The contact also stated that the area financial institutions are doing a good job of meeting commercial, residential real estate, and consumer credit needs.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

The Dublin National Bank's loan-to-deposit (LTD) ratio is reasonable and meets the standards for satisfactory performance given the bank's size, financial performance, and the AA's credit needs.

The LTD ratio measures the extent to which the bank has returned the deposits it has acquired to the community in the form of loans. The average of this ratio for each quarter-end since the previous CRA examination is used to determine performance in this area. The average LTD ratio for DNB was determined to be 53.62 percent. This ratio ranged from a quarter low of 44.5 percent as of September 2007 to a quarterly high of 62.7 percent as of March 2009.

The average LTD ratio of similarly-situated banks within the AA during the evaluation period ranged from 38 percent to 81 percent.

Lending in Assessment Area

DNB'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. A substantial majority of DNB's lending efforts are concentrated within the assessment area.

To assess the DNB's performance, we used the samples described above. Based on our sample results, a substantial majority of loans were originated within the bank's assessment area. The combined loan sample shows 86% of the loans were extended to customers within the AA. The following tables reflect the results of our assessment of DNB's efforts to lend within its assessment area.

TOTAL LOANS REVIEWED								
LOAN TYPE	IN ASSESSMENT AREA				OUT OF ASSESSMENT AREA			
	#	%	\$ (000s)	%	#	%	\$ (000s)	%
General Commercial	20	83%	\$487	81%	4	17%	\$115	19%
Single Family Residential	23	96%	\$2,188	97%	1	4%	\$67	3%
Consumer Auto	19	79%	\$103	69%	5	21%	\$46	31%
Total Reviewed	62	86%	\$2,778	92%	10	14%	\$228	8%

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

DNB’s loan distribution to the different household income levels as well as businesses of different sizes is excellent and 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 DNB’s efforts, we reviewed a sample of 24 Consumer Auto loans, 24 Residential loans and 24 Commercial and Agriculture loans. The volume and percentage of Consumer Auto and Residential loans extended to low- and moderate-income customers was in line with or above the volume of low- and moderate-income households in the bank’s AA or Erath County. Also, we reviewed the loan trial and noted a number of small dollar loans for \$2,000 or less. These combined factors indicate the bank is meeting the credit needs of its community.

Borrower Distribution of Consumer Auto 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
Consumer Loans	24%	32%	17%	26%	19%	21%	40%	5%
Residential Loans	24%	22%	17%	35%	19%	13%	40%	22%

All of DNB’s commercial and agriculture loans that we sampled 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 Commercial and Agriculture Loans				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Businesses	70%	2%	28%	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.