



**SMALL BANK**

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Comptroller of the Currency  
Administrator of National Banks

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## **PUBLIC DISCLOSURE**

**August 06, 2001**

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

**The Dublin National Bank  
Charter Number 4865**

**128 South Patrick Street  
Dublin, TX 76446**

**Comptroller of the Currency  
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 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.**

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## **General Information**

*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-to-moderate-income neighborhoods, consistent with 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 Community Reinvestment Act (CRA) performance of The Dublin National Bank of Dublin, Texas as prepared by The Comptroller of the Currency, the institution's supervisory agency, as of August 6, 2001. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

### **INSTITUTION'S CRA RATING**

**This institution is rated Satisfactory.**

The Dublin National Bank's (DNB) lending performance is satisfactory given its size, financial condition, and known credit needs of its assessment area. The primary factors supporting the bank's overall rating include:

- A reasonable loan-to-deposit ratio of 60%.
- A substantial majority of DNB's loans are within its assessment area. Based on a sample of consumer, agriculture, residential real estate, and commercial loans originated since June 30, 2000, 90% of the number and 92% of the dollar volume of loans are in the assessment area.
- The distribution of loans to individuals of varying incomes, small businesses, and farms of different sizes reflects a reasonable penetration.

### **DESCRIPTION OF INSTITUTION**

The Dublin National Bank is located in Dublin, Texas, approximately 70 miles southwest of Fort Worth, Texas. DNB serves the community from its one location. As of March 31, 2001, the bank's total assets were \$28 million, total gross loans were \$16 million, and total deposits were \$25 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 real estate and agriculture loans. As reflected in Table 1, loans as of March 31, 2001 are distributed as follows:

Table I

<b>Loan Category</b>	<b>Amount (000's)</b>	<b>% of Total</b>
Residential Real Estate	4,098	25.09
Commercial Real Estate	3,757	23.00
Consumer	3,176	19.44
Agricultural Production	2,510	15.36
Agricultural Real Estate	1,522	9.32
Commercial	1,243	7.61
Other	30	0.18
<b>Total</b>	16,336	100.00

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

## DESCRIPTION OF ERATH COUNTY

The assessment area for DNB consists of the county of Erath. The assessment area complies with the legal requirements of CRA and contains a total of seven block numbering areas (BNAs). Five of the BNAs are classified as middle income and two are classified as upper income. There were no low or moderate income BNAs in the assessment area. The assessment area did not arbitrarily exclude low-to-moderate income geographies. Derived from the 1990 Census Bureau and the 2001 Housing and Urban Development Agency (HUD) data, Table II reflects the assessment area demographics as follows:

Table II

<b>Demographic and Economic Characteristics of the Assessment Area</b>	
<b>Population</b>	
Number of Families	7,088
Number of Households	10,883
<b>Geographies</b>	
# Low-Income BNA	0
# Moderate-Income BNA	0
# Middle-Income BNA	5
# Upper-Income BNA	2
<b>Median Family Income (MFI)</b>	
1990 MFI for Assessment Area	29,400
2001 HUD Adjusted MFI	35,800
<b>Economic Indicators</b>	
Unemployment Rate	2.88
1990 Median Housing Value	45,709
% of Households Below Poverty Level	22.86

Erath County is predominately rural with a significant concentration in the dairy industry.

Demographic data projects continued population growth, primarily in manufacturing, construction, and agriculture. Major agriculture segments are the dairy industry, followed by farming and cattle ranching. Erath County is the highest milk-producing county in the state of Texas. Employment is led by the manufacturing industry, which is largely based in Stephenville, followed by the dairy, education, and retail sectors. Major employers include Tarleton State University, FMC Corporation, Norton, Inc., Apple Electric, and Wal-Mart. Erath County's unemployment rate for 2000 was 3.22% and as of June 30, 2001 2.88%.

## **CONCLUSIONS ABOUT PERFORMANCE CRITERIA**

### **Loan-to-Deposit Ratio**

DNB's loan-to-deposit (LTD) ratio is reasonable and commensurate with its size, competition, available resources, lending activities, as well as the demographics of the assessment area. The LTD ratio average for the last five quarters is 60%. This compares favorably to the 61% LTD ratio for similarly situated banks within the assessment area.

### **Lending in Assessment Area**

DNB's lending in its assessment area meets the standard for satisfactory performance. The bank has made a substantial majority of its loans within its assessment area, based on a review of samples of DNB's four loan types. We reviewed 21 residential real estate loans, 20 small business loans, 19 farm loans, and 20 consumer loans made since the previous Fair Lending examination. For all loans combined, 90% of the number of loans and 92% of the dollar volume were made in the assessment area. See Table III for a breakdown by loan sample.

Table III

<b>Loan Type</b>	<b>Number</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Residential	20	95	1,097	95
Business	17	85	622	83
Farm	16	84	818	96
Consumer	19	95	114	99
<b>Total</b>	<b>72</b>	<b>90</b>	<b>2,651</b>	<b>92</b>

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

DNB has a satisfactory record of lending to borrowers of different incomes and to businesses of different sizes. Our analysis encompassed 60 borrowers within the consumer, residential real estate and farm loan samples. As illustrated in Table IV, 40% of the number and 13% of the

dollar volume were extended to low-or-moderate income borrowers. The low-to-moderate income level is based on HUD's 2001 median family income of \$35,800 for the state of Texas.

The business sample analysis revealed that 83% of the dollar volume was extended to small business borrowers. Small businesses are defined as those with gross annual revenues of one million dollars or less.

Table IV

<b>Lending to Businesses of Different Sizes</b>								
<b>Revenues</b>	<b>\$1 Million or less</b>				<b>Greater than \$ 1 Million</b>			
	#	%	\$(000s)	%	#	%	\$(000s)	%
<b>Total</b>	18	90	622	83	2	10	128	17
<b>Lending to Borrowers of Different Income Levels</b>								
<b>Borrowers</b>	#	%		\$(100s)	%			
Low to moderate	24	40		276	13			

### **Geographic Distribution of Loans**

An analysis of the geographic distribution of loans was not performed because the bank's assessment area consisted of only middle to upper income BNAs.

### **Responses to Complaints**

No complaints were received since the prior examination.

### **Fair Lending Review**

An analysis of 2000 and 2001 public comments and consumer complaint information was performed according to the OCC's risk based fair lending approach. Based on its analysis of the information, the OCC decided that a comprehensive fair lending examination would not need to be conducted in connection with the CRA evaluation this year. The latest comprehensive fair lending examination was performed in 1999.