



SMALL BANK

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

PUBLIC DISCLOSURE

August 28, 2006

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**The Dublin National Bank
Charter Number 4865**

**128 South Patrick Street
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.

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, Dublin, Texas, as prepared by The Comptroller of the Currency, the institution's supervisory agency, as of August 28, 2006. 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 lending performance 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 51.8% is reasonable given the bank's size, financial condition, local competition, and assessment area credit needs.
- A significant majority of the bank's loan activity is within the bank's assessment area.
- 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.

DESCRIPTION OF DUBLIN NATIONAL BANK

The Dublin National Bank (DNB) is located in Dublin, Texas, approximately 70 miles southwest of Fort Worth, Texas. DNB serves the community from its one location. As of June 30, 2006, the bank's total assets were \$27.7 million, total gross loans were \$11.3 million, and total deposits were \$24.2 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 related loans. The following table reflects the loan portfolio as of June 30, 2006:

Loan Category	\$ (000)	%
Agricultural Production/Other Agricultural	\$2,574	22.8
Residential Real Estate	\$2,544	22.6
Consumer Loans	\$1,939	17.2
Commercial Real Estate	\$1,551	13.8
Commercial	\$1,386	12.4
Farmland Real Estate	\$1,251	11.2
Other Loans	\$36	NA
Total	\$11,281	100.0%

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. 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 August 6, 2001. The bank received a satisfactory rating at that examination.

DESCRIPTION OF ERATH COUNTY

DNB defines its assessment area as Erath County. The assessment area complies with the legal requirements of the CRA and contains seven block numbering areas (BNAs). Four of the BNAs are classified as middle income and three are classified as upper income. There are no low- or moderate- income geographies in the assessment area and the bank does not arbitrarily exclude low- or moderate- income geographies. The following table reflects the assessment area demographics:

Demographic and Economic Characteristics of the Assessment Area *	
Population	
Number of Families	8,171
Number of Households	12,567
Geographies	
# Low-Income BNA	0
# Moderate-Income BNA	0
# Middle-Income BNA	4
# Upper-Income BNA	3
Median Family Income (MFI)	
2000 MFI for Assessment Area	36,380
2006 HUD Adjusted MFI	43,100
Economic Indicators	
Unemployment Rate	5.4%
2000 Median Housing Value	67,350
% of Households Below Poverty Level	18%

* Derived from the 2000 Census Bureau and 2006 Housing and Urban Development Agency (HUD) data.

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 ranching. Erath County is one of the highest milk-producing counties 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, St. Gobains (formerly Norton, Inc.), Wal-Mart and the independent school districts for Stephenville and Dublin.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

Our conclusions are based on the bank's lending activity since the last CRA examination, dated August 6, 2001. The bank continues to make consumer, real estate, and small business loans to individuals of various income levels. Our assessment is based on the results of our sample, which included 20 1-4 family, 20 consumer auto and 20 business loans.

Loan-to-Deposit Ratio

DNB'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 is used to determine performance in this area. The average LTD ratio for DNB since the last CRA examination is 51.8%. There are four other financial institutions in the area that comprises the primary competition. The average loan-to-deposit ratios for these institutions, for the same period, range from 43.2% to 79%. Based on this information, the bank's LTD 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 exhausts its resources lending in other areas, to the exclusion and detriment of its own assessment area, would be considered less than satisfactory. However, DNB's lending efforts are concentrated within its assessment area.

At this time, DNB does not track loans by location. To assess the bank's performance in this area we were required to sample a portion of the loan portfolio. We used the sample noted above to assess the bank's performance for this criterion. Based on our sample results, a significant majority of loans are within the bank's assessment area. The following table reflects the results of our assessment of the bank's efforts to lend in its assessment area.

TOTAL LOANS REVIEWED								
LOAN TYPE	IN ASSESSMENT AREA				OUT OF ASSESSMENT AREA			
	#	%	\$ (000s)	%	#	%	\$ (000s)	%
1-4 Family Loans	18	90%	\$803	90%	2	10%	\$93	10%
Automobile Loans	18	90%	\$96	76%	2	10%	\$31	24%
Business Loans	18	90%	\$670	99%	2	10%	\$8	1%
Total Reviewed	54	90%	\$1,569	92%	6	10%	\$132	8%

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

The bank'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 noted 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. Additionally, the bank has no minimum loan amount in policy. A review of small loans reflected the bank has 30 loans with originating balances of \$1,000 or less, currently on the books (the lowest originating amount was \$300.00). This indicates the bank willingly extends credit to meet the needs of the consumer. Overall, we concluded that the bank's performance is generally proportionate to the income levels of the families and households within the assessment area, and the credit needs of low- and moderate-income individuals are being met. Also, bank meets the needs of the small businesses.

1-4 Family Real Estate Lending

1-4 FAMILY REAL ESTATE								
Borrower Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Families	16%		17%		22%		45%	
	% of Number	% of Amount						
Sample Totals	20%	14%	10%	3%	10%	5%	60%	78%

Consumer Auto Lending

CONSUMER								
Borrower Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Households	24%		16%		19%		41%	
	% of Number	% of Amount						
Sample Totals	30%	21%	10%	17%	30%	29%	20%	24%

Financial information was not available on 10% of the number and 9% of the dollar of our sample

Business Lending

BORROWER DISTRIBUTION OF SMALL LOANS TO BUSINESSES		
Business Revenues	≤\$1,000,000	>\$1,000,000
% of AA Businesses *Forty two percent of assessment area businesses did not report revenue figures	54%	4%
% of Bank Loans in AA #	80%	10%
% of Bank Loans in AA \$	70%	27%

Financial information was not available on 10% of the number and 3% of the dollar of our sample.

Geographic Distribution of Loans

A geographic distribution analysis of loans was not performed. There are no low- or moderate-income geographies within the bank's assessment area.

Responses to Complaints

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

Fair Lending or Other Illegal Credit Practices 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 need to be conducted in connection with this CRA evaluation. The latest comprehensive fair lending examination was performed in May 2006. This examination found the bank to be in compliance with anti-discrimination laws and regulations.