



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

September 15, 2001

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First National Bank In Cameron
Charter Number 13731**

**102 North Houston
Cameron, TX 76520**

**Comptroller of the Currency
Austin Field Office
8310 Capital Of Texas Highway North Suite 250
Austin, TX 78731**

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 the 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.

TABLE OF CONTENTS

INSTITUTION'S CRA RATING:	1
DESCRIPTION OF INSTITUTION	1
DESCRIPTION OF FALLS, LEE, and MILAM COUNTIES	2
CONCLUSIONS ABOUT PERFORMANCE CRITERIA	4

INSTITUTION'S CRA RATING: This institution is rated SATISFACTORY.

- First National Bank Cameron's (FNBC) lending performance is satisfactory given its size, financial condition, and known credit needs in its assessment area (AA).
- The bank's loan-to-deposit (LTD) ratio is satisfactory and has averaged 36% for this evaluation period. Such performance is reasonable given the available loan demand in the AA.
- A substantial majority of FNBC's loans are within its AA.
- FNBC has demonstrated a satisfactory willingness to extend loans to individuals of varying incomes and businesses of different sizes.
- The geographic distribution of the bank's loans within the AA is reasonable.
- There have been no complaints with respect to FNBC's CRA performance.

DESCRIPTION OF INSTITUTION

FNBC is headquartered in the city of Cameron, Milam County, Texas, which is approximately 80 miles northeast of Austin. In addition to the main office in Cameron, FNBC has branches in Rosebud and Giddings, Texas. Two automated teller machines (ATMs) are available in both Cameron and Giddings and one in Rosebud. The bank also has a separate drive-through facility located two blocks away from the main office in Cameron.

Since the last Public Disclosure of the CRA Public Evaluation (PE), Cameron Financial Corporation (CFC) of Delaware, a one-bank holding company (HC), acquired 51% ownership in FNBC. This HC is 100% owned by CFC located in Cameron. Total assets of CFC, as of June 30, 2001, was 9.8 million.

The institution's principal focus is to promote economic development in its AA through its lending programs. FNBC's primary lending products include residential, non-residential and farm real estate, and various types of commercial and consumer loans. Total loans as of June 30, 2001, amounted to 52.7 million, which comprise 39% of total assets. The following table reflects a detailed breakdown of FNBC's loan portfolio as of June 30, 2001.

Loan Type	Dollar Amount (000's)	% of Total Loans
Real Estate (RE) Construction	328	0.62
RE Farmland	3,429	6.51
RE Residential (1-4)	18,581	35.27
RE Multifamily Residential	1,319	2.50
RE Nonfarm Nonresidential	7,371	13.99
Agricultural Production	3,516	6.67
Commercial and Industrial	8,766	16.64
Consumer	5,973	11.34
States and Political Subdivisions	3,106	5.91
Other	291	0.55
Total	52,680	100.0

Bank lobby and drive through services are provided Monday through Friday at each office while only drive-through services are provided at the Giddings branch on Saturday. FNBC faces strong competition from other banks headquartered in the AA as well as a regional bank branch located in Giddings. FNBC has a 24-hour telephone audio response system, which allows customers to obtain account balance information, transfer funds between accounts, and make loan payments. This organization also has an Internet web site, which provides information concerning the bank's services as well as obtaining deposit account information, transfers between accounts, and bill paying. Based on its financial condition, the local economy, product offerings, competition, and prior performance, FNBC has the ability to meet the various credit needs in its community. At the last CRA examination in July 1997, FNBC's CRA rating was "Satisfactory." No legal impediments or other factors hinder the bank's ability to provide credit in its AA.

DESCRIPTION OF MILAM, LEE, AND FALLS COUNTIES

FNBC has designated Milam County, Lee County, and a portion of Falls County as its AA. These counties are made up of contiguous block numbering areas (BNAs), which surround and include each banking office. Principal cities located in the AA include the cities of Cameron, Giddings, Rosebud, Rockdale, and Thorndale. Some of the smaller communities also located within the AA include Lott, Rosebud, Lincoln, and Buckholts. Specific demographic and economic data for this area is listed in the table on the following page.

DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS OF AA	
<i>Population</i>	
Number of Families	11,687
Number of Households	16,091
<i>Geographies</i>	
Number of BNAs	15
% Low-Income BNAs	0.00
% Moderate-Income BNAs	7.0
% Middle-Income BNAs	73.0
% Upper-Income BNAs	20.0
<i>Median Family Income (MFI)</i>	
1990 MFI for AA	25,616
2000 HUD-Adjusted MFI	34,700
2001 HUD-Adjusted MFI	35,800
<i>Economic Indicators</i>	
Unemployment Rate	3.00
2001 Median Housing Value	39,717
% of Households Below Poverty Level	23.55

This area meets the requirements of the regulation and does not arbitrarily exclude low- and moderate-income (LMI) geographies. A further description of the AA is presented below.

Based on 1990 Census data, the AA has a combined population of 43,000. There are 20,000 housing units in the AA, of which 61% are owner-occupied, 21% renter-occupied and 17% are vacant. Approximately 24% of the families in the AA are considered low-income. Moderate-income families approximate 15% of the population, while middle- and upper-income families comprise the remaining 61%. Principal employers within the counties include Aluminum Company of America (ALCOA), Central Texas Hospital, Tom's Red & White Grocery, Texas Youth Commission, Leeco Industrial Plastics, and local school districts.

In order to gather more current information on the nature of the community and potential lending opportunities in the AA, we contacted one community leader during this examination. The contact is the Farm Bureau Insurance Agency manager in Cameron. We also reviewed two community contacts performed by other examiners in Lee County over the past year. These contacts stressed the need for affordable housing and rental properties for LMI families within the AA. The contacts further stated that economic conditions were stable and that FNBC is active in the community and responsive to the credit needs in the counties it serves.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

Management is performing satisfactorily and has been successful in meeting the credit needs of its AA, including LMI individuals, consistent with its resources and capabilities.

Loan-to-Deposit Ratio

FNBC's LTD ratio is satisfactory given its asset size, financial condition, and lending opportunities within its AA. Since the last CRA examination, the LTD ratio has increased from 31% on March 30, 1997, to 47% on June 30, 2001. The average LTD ratio over the past 17 quarters was 36%, which reflects a increase from an average 26% during the previous examination. This performance is reasonable and consistent relative to the performance of three competing banks headquartered in the AA. The LTD for these three competitors averaged 37% during this period.

Institution	Assets as of 06/30/01	Average LTD Ratio % (**)
Citizens NB of Milam County	121,336	27.60
FNB Giddings	81,288	27.35
The Buckholts State Bank	38,614	46.73
<i>FNB in Cameron</i>	<i>135,577</i>	<i>35.59</i>

****The average LTD ratio for the four banks is for the period from June 1997 through June 2001.**

Lending in Assessment Area

A substantial majority of the bank's loans were made within its AA. In order to assess performance for these criteria, we reviewed a sample of 31 commercial, 30 consumer, and 30 residential loans originated during 1999 through September 2001. Our analysis determined that 87% of the number and 98% of the dollar amount of commercial loans were made within the AA. We further determined that 87% of the number and 81% of the dollar amount of consumer loans were made within the bank's AA. Finally, we determined that 87% of the number and 89% of the dollar amount of residential loans were made within the AA.

TOTAL LOANS REVIEWED								
LOAN TYPE	IN ASSESSMENT AREA				OUT OF ASSESSMENT AREA			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Commercial	27	87	5,260	98	4	13	116	2
Consumer	26	87	196	81	4	13	47	19
Residential	26	87	1,704	89	4	13	205	11
Total Reviewed	79	87	7,160	95	12	13	368	5

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

The loan portfolio reflects a satisfactory distribution of residential, consumer, and commercial loans among individuals of various income levels and businesses of different sizes within the AA. Our analysis included a sample of 26 residential, 26 consumer, and 31 commercial loans originated during the period of 1999 through September 2001.

Our analysis reflects good consumer loan penetration to LMI households. However, the bank's penetration of residential loans to low-income households is quite low. Based on the 1990 Census, 28% of AA families are low-income. Our review determined that only 4% of residential loans originated were made to low-income families. According to management, there are very few homes available in the AA at selling prices that LMI families could qualify for. Bank management and the community contacts were not aware of any government-related or -sponsored programs with funds available to assist LMI families in purchasing a home in either Milam or Falls Counties.

FNBC is involved in one loan program to help meet affordable housing demands in Lee County. This bank makes loans to construct residential homes, which are guaranteed by the Capital Area Housing Finance Corporation (Corporation). The Corporation will assist qualified moderate-income families in finding permanent home financing at lower interest rates and minimal closing costs. Since the last PE, FNBC has made five construction loans totaling 355M.

The following charts reflect the results of our sample of residential and consumer loans originated in FNBC's AA.

RESIDENTIAL REAL ESTATE								
Borrower Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Families ¹	24.2		15.2		16.9		43.7	
	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
Total	3.9	0.5	15.4	6.8	19.2	15.5	61.5	77.2

CONSUMER								
Borrower Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Households ²	28.2		15.1		14.8		41.9	
	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
Total	26.9	16.3	26.9	16.4	26.9	35.5	19.3	31.8

FNBC originates a satisfactory number of commercial (non-agricultural) loans, the vast majority of which have been made to "small businesses with revenues less than 1 million." Management continues to focus on providing loans that will enhance the local economy.

The following chart reflects our analysis of a sample of 31 commercial loans made since the last PE.

BORROWER DISTRIBUTION OF SMALL LOANS TO BUSINESSES		
Business Revenues	≤\$1,000,000	>\$1,000,000
% of AA Businesses ³	93.0	7.0
% of Bank Loans in AA #	83.9	16.1
% of Bank Loans in AA \$	64.5	35.5

Geographic Distribution of Loans

The geographic distribution of loans within the BNAs is reasonable given the demographics of the AA. Our analysis included 26 residential, 26 consumer, and 31 commercial loans originated during 1999 through September 2001.

Our analysis initially indicated that the geographic distribution of loans to moderate-income area homeowners and commercial loans did not reflect the make-up of this AA. Demographic information indicates that 6.5% of owner-occupied houses are located in the one moderate-income area. Our mortgage loan sample revealed that only 3.9% were made in this area. AA business information indicates that 3% of non-farm businesses are in this one moderate-income area. Our commercial loan analysis found that no loans were made to moderate-income area businesses.

Limited lending opportunities and physical restrictions in this one area contribute to the low performance to moderate-income area households and non-farm businesses. This moderate-income BNA is sparsely populated, rural in nature, and primarily consists of larger agricultural-related properties. As a result, there is very little demand for home mortgage and non-farm business loans within this area.

The tables on this and the following page reflect the results of our geographic distribution test for residential, consumer, and commercial loans.

RESIDENTIAL REAL ESTATE								
Census Tract Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Owner Occupied ⁴	0.00		6.5		72.8		20.7	
	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
Totals	0.0	0.0	3.9	14.7	84.6	76.8	11.5	8.5

CONSUMER								
Census Tract Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Households ⁵	0.00		6.1		73.3		20.6	
	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
Totals	0.0	0.0	11.6	8.1	61.5	66.5	26.9	25.4

BUSINESS LOANS								
Census Tract Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Businesses ⁶	0.0		3.0		58.0		39.0	
	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
Totals	0.0	0.0	0.0	0.0	67.7	61.6	32.3	38.4

Responses to Complaints

No complaints relating to CRA performance have been received by FNBC.

Fair Lending Review

An analysis of non-business-related loans, public file comments, and consumer complaint information was performed in previous periods, in accordance with the OCC's risk-based fair lending examination standards. Those examinations revealed no basis for the OCC to conduct a comprehensive fair lending examination in connection with this CRA evaluation.