



**SMALL BANK**

---

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

---

## **PUBLIC DISCLOSURE**

**February 27, 2007**

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

**The First National Bank of Woodsboro  
Charter Number 11379**

**320 First Street  
Woodsboro, TX 78393**

**Comptroller of the Currency  
San Antonio South Field Office  
10101 Reunion Place Boulevard, Suite 402  
San Antonio, TX 78216**

**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.**

First National Bank of Woodsboro's (FNB) lending performance reflects a satisfactory response to community credit needs including low- and moderate-income individuals. This rating is supported by the following factors:

- The loan-to-deposit ratio is reasonable given the bank's size, financial condition, market focus, and lending opportunities available in the assessment area (AA).
- A substantial majority of loans, representing 88 percent of the number and 82 percent of the dollar volume, were made to borrowers in the AA from 2004 through 2006.
- The distribution of loans to individuals of different income levels and to businesses of different sizes is reasonable.
- The bank's AA of Refugio County, Texas, does not have any low- or moderate-income areas. For that reason, an analysis of the geographical distribution of the bank's lending efforts would not be meaningful.

## **DESCRIPTION OF INSTITUTION**

FNB is a locally owned and operated community bank with one office located in Woodsboro, Texas. Woodsboro is located approximately 50 miles north of Corpus Christi, Texas. Competition in the AA consists of First National Bank Refugio and Olympic Savings Association, both ten miles from Woodsboro. Bank lobby and drive-through services are provided Monday through Friday. Based on its financial condition, the local economy, product offerings, competition, business strategy, and prior performance, FNB has the ability to meet the various credit needs in its community. There are no legal or other impediments that limit the bank's ability to meet the credit needs of the AA. The previous CRA Performance Evaluation rating, dated August 6, 2002, was satisfactory. As of December 31, 2006, FNB's total assets were \$32 million with net loans of \$8 million representing 25 percent of total assets. A summary of lending activity as of December 31, 2006 is reflected in the following table.

<b>Loan Type</b>	<b>\$ (000)</b>	<b>%</b>
Commercial Real Estate Loans	2,568	31
Residential Real Estate Loans	2,429	30
Consumer Loans	1,740	21
Commercial Loans	1,276	16
Farm and Farmland Loans	137	2
Total	8,150	100

## DESCRIPTION OF REFUGIO COUNTY

FNB has designated Refugio County as its AA. Other communities located within the county include Refugio, Bayside, Tivoli, and Austwell. The bank's AA is comprised of three contiguous census tracts. This area meets the requirements of the regulation and does not arbitrarily exclude low- and moderate-income (LMI) geographies. Based on the 2000 Census data, Refugio County has a population of 7,828. There are 3,669 housing units in the AA of which 61 percent are owner-occupied, 21 percent renter-occupied, and 18 percent are vacant. The local economy is based on small retail businesses and agriculture. The AA's major employers are county and city government, Refugio and Woodsboro School Districts, and several service companies. Other demographic data for the AA is listed below.

<b>DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS OF AA</b>	
<i>Population</i>	
Number of Families	2,179
Number of Households	2,979
<i>Geographies</i>	
Number of Census Tracts	3
% Low-Income Census Tracts	0%
% Moderate-Income Census Tracts	0%
% Middle-Income Census Tracts	100%
% Upper-Income Census Tracts	0%
<i>Median Family Income (MFI)</i>	
2000 Census MFI for AA	36,380
2002 HUD-Adjusted MFI	36,100
2003 HUD-Adjusted MFI	41,200
2004 HUD-Adjusted MFI	42,000
2005 HUD-Adjusted MFI	42,000
2006 HUD-Adjusted MFI	43,100
<i>Economic Indicators</i>	
Unemployment Rate	2.15%
2006 Median Housing Value	39,577
% of Households Below Poverty Level	18%

To gather current information on the nature of the community and potential lending opportunities within the AA, we contacted a local city official during this evaluation. This contact indicated satisfactory involvement by the local financial institution.

## CONCLUSIONS ABOUT PERFORMANCE CRITERIA

Management is performing satisfactorily and has been successful in meeting the credit needs of its AA, including low- and moderate-income individuals, consistent with its condition, capacity, and resources.

### Loan-to-Deposit Ratio

FNB's loan-to-deposit (LTD) ratio is satisfactory given its asset size, financial condition, competition, and lending opportunities in the AA. This performance is reasonable given the dollar volume of public funds and limited loan demand in the AA. The average quarterly LTD ratio for the last 18 quarters ending December 31, 2006 was 36.68 percent. The bank's LTD ratios ranged from 30 percent to 44 percent over this time period. The quarterly ratios for the comparable bank ranged from 16 percent to 33 percent during the same time period. This competitor serves the same market as FNB and has a similar lending profile. The following table compares FNB's ratio to that of the similarly situated bank.

Institution	Total Assets 12/31/06	Average LTD Ratio
<i>First National Bank Woodsboro</i>	31,705	36.68%
First National Bank Refugio	57,946	23.64%

*Source: call report data*

### Lending in Assessment Area

The bank extends a substantial majority of its loans to borrowers in the AA. For our analysis, we used a random sample of 20 of each of the bank's primary loan types including commercial real estate, residential real estate, and consumer loans made during 2004 through 2006. Of our total sample of 60 loans, 88 percent of the number and 82 percent of the dollar amount were made to borrowers in the AA.

Lending in Refugio County										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Commercial	16	80	4	20	20	1,288	75	419	25	1,707
Residential	19	95	1	5	20	906	94	58	6	964
Consumer	18	90	2	10	20	81	81	19	19	100
Totals	53	88	7	12	60	2,275	82	496	18	2,771

*Source: sample of loans.*

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

The overall loan distribution to borrowers of different incomes and business of different sizes

within the AA meets the standard for satisfactory performance. The following tables reflect FNB’s lending performance in Refugio County from 2004 through 2006.

Our sample of 20 home purchase loans indicates the bank made home loans to low-income families but at a proportionally lower level compared to the percentage of low-income families in the AA. There is limited home growth in the area with most people living in older homes. The average age of housing in the AA is 45 years. The bank offers small unsecured home improvement loans to consumers instead of home improvement loans secured by residential real estate. The following table lists results from a sample of 20 residential real estate loans made to borrowers in the bank’s AA.

<b>Borrower Distribution of Residential Real Estate Loans in Refugio County</b>								
Borrower Income Level	Low		Moderate		Middle		Upper	
% of AA Families	26%		14%		18%		42%	
	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
Total	10%	5%	10%	10%	20%	21%	60%	64%

*Source: loan sample; U.S. Census data.*

The bank’s consumer lending to low-and moderate-income borrowers significantly exceeds the demographic comparator. Eighty percent of the number of loans in the sample was made to low-and moderate-income borrowers. The following table lists results from a sample of 20 consumer loans made to borrowers in the bank’s AA.

<b>Borrower Distribution of Consumer Loans in Refugio County</b>								
Borrower Income Level	Low		Moderate		Middle		Upper	
% of AA Households	26%		14%		17%		43%	
	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
Total	45%	12%	35%	38%	5%	4%	15%	46%

*Source: loan sample; U.S. Census data.*

The bank’s lending to small businesses significantly exceeds the demographic comparator with 90 percent of the bank’s loans in the AA made to businesses with revenues less than \$1,000,000. Additionally, 70 percent of the loans in our sample were to businesses with revenues less than \$250 thousand with an average loan balance of \$34 thousand.

<b>Borrower Distribution of Loans to Businesses in Refugio County</b>		
Business Revenues	≤\$1,000,000	>\$1,000,000
*% of AA Businesses	53%	3%
% of Bank Loans in AA #	90%	10%
% of Bank Loans in AA \$	85%	15%

Source: loan data; Dunn & Bradstreet data. \*44 percent of AA businesses did not report revenue data

### **Geographic Distribution of Loans**

An analysis of loan distribution by geographic area would not be meaningful as all three census tracts located in the AA are designated as middle-income areas.

### **Responses to Complaints**

No complaints relating to CRA performance were received during the evaluation period.

### **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.