



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

March 11, 2008

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The First National Bank of Beeville
Charter Number 4238

1400 E. Houston Street
Beeville, TX 78102-0000

Office of the Comptroller of the Currency

SAN ANTONIO SOUTH
10001 Reunion Place Boulevard Suite 250
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.

The First National Bank of Beeville (FNB) reflects satisfactory lending performance in its efforts to meet credit needs of its community, including low- and moderate-income individuals and geographies in its assessment areas (AA). Factors that support the overall rating include:

- The average quarterly loan-to-deposit (LTD) ratio of 55 percent over the prior 18 quarters is reasonable given the asset size and overall financial condition of the bank.
- A majority of loans in our sample, 70 percent of the number and 76 percent of the dollar volume, originated within the AA.
- The distribution of borrowers reflects reasonable penetration among businesses and farms of different sizes and individuals of different income levels.
- The geographic distribution of loans represents reasonable dispersion throughout the AA.

SCOPE OF EXAMINATION

The scope of our examination covered the time period from September 8, 2003, the date of the prior Performance Evaluation, to March 11, 2008, the as of date for the current examination. We identified commercial and agricultural loans as primary loan products of the bank. FNB also originates consumer and residential loans. These types of loans represent a much smaller percentage of the portfolio and were not included in our sample.

DESCRIPTION OF INSTITUTION

FNB, an intrastate community bank with total assets of \$141 million as of December 31, 2007, is a wholly-owned subsidiary of First Beeville Financial Corporation, a one-bank holding company. The main office is located in Beeville, Texas with a branch located in Yorktown, Texas. A second branch, located in Seguin, Texas, was opened in September 2007. Competition comes from several regional and nationwide bank branches located in the assessment areas.

FNB provides lobby and drive-through services during reasonable hours from Monday through Friday at all three locations. The Seguin branch also provides services on Saturday. Each location has an onsite automated teller machine that allows customers to obtain cash, request account balance information, and transfer funds between accounts. FNB also offers 24-hour telephone banking services and Internet banking.

At December 31, 2007, net loans totaled \$75.5 million and represented 53 percent of total assets. The following table details the composition of the loan portfolio:

Loan Portfolio Summary by Loan Product		
December 31, 2007		
Loan Category	Dollar Volume (000's)	% of Dollar Volume
Commercial	61,349	81
Agriculture/Farm	7,067	9
Consumer	3,752	5
Residential	3,182	4
Other Loans	116	1
Total	75,466	100

Source: December 31, 2007 Consolidated Report of Condition

Based on its financial condition, the local economy, product offerings, competition, and prior performance, FNB has the ability to meet credit needs in its community. The bank was rated "Satisfactory" at the last CRA examination. No legal impediments or other factors hinder the ability of FNB to provide credit in its AA.

DESCRIPTION OF ASSESSMENT AREAS

FNB has designated three assessment areas: Bee County, Dewitt County, and Guadalupe County. The Bee County AA includes all six census tracts in the county and is not included in a metropolitan statistical area. Four tracts are designated moderate-income and two are designated middle-income. Bee County does not include any low- or upper-income census tracts.

The Dewitt County AA includes three of the five census tracts in the county and is not included in a metropolitan statistical area. One tract is designated moderate-income and two are designated middle-income. The two tracts in the county that are not included in this AA are better served by financial institutions in Cuero, Texas, the county seat. Dewitt County does not include any low- or upper-income census tracts.

The Guadalupe County AA was added in September 2007 when the Seguin branch opened. Guadalupe County is included in the San Antonio metropolitan statistical area. This AA includes seven of the nineteen census tracts in the county. Three tracts are designated moderate-income, three are designated middle-income, and one is designated upper-income. Guadalupe County does not include any low-income census tracts.

The AAs meet the requirements of the regulation and do not arbitrarily exclude low- or moderate-income geographies. The following table is a summary of demographic information for these AAs:

Demographics and Economic Characteristics of Assessment Areas			
	Bee County	Dewitt County	Guadalupe County
<i>Population</i>			
Number of Families	6,626	3,034	7,969
Number of Households	9,071	4,233	10,902
<i>Geographies</i>			
Number of Census Tracts/BNA	6	3	7
% Low-Income Census Tracts/BNA	0%	0%	0%
% Moderate-Income Census Tracts/BNA	33%	33%	43%
% Middle-Income Census Tracts/BNA	67%	66%	43%
% Upper-Income Census Tracts/BNA	0%	0%	14%
<i>Median Family Income (MFI)</i>			
2000 Census MFI	\$36,380	\$36,380	\$44,591
2007 HUD-Adjusted MFI	\$43,100	\$43,100	\$53,100
<i>Economic Indicators</i>			
Unemployment Rate	3%	3%	4%
2007 Median Housing Value	\$47,768	\$45,745	\$70,192
% Owner Occupied Housing	54%	63%	61%
% Households Below Poverty Level	22%	21%	15%

Source: 2007 Business Geodemographic Data; 2000 U.S. Census Data.

To gather current information on the nature of the community and potential lending opportunities within the AAs, we contacted individuals from two local community organizations during this examination. The contacts identified loans to small businesses and agricultural loans as credit needs in the community. The contacts spoke favorably about FNB and agreed that local financial institutions are meeting financial needs in the community.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

FNB demonstrated satisfactory performance in meeting the credit needs of its AAs. We focused our review on the primary lending products: commercial and agricultural loans. We selected the sample of loans to determine the extent of lending within the AAs, the distribution of loans by borrower income level, and the geographic distribution of loans.

Loan-to-Deposit Ratio

FNB's loan-to-deposit (LTD) ratio meets the standard for satisfactory performance. During the evaluation period, the LTD ranged from a low of 45 percent to a high of 69 percent at December 31, 2007. The average quarterly LTD ratio over the past 18 quarters, 55 percent, compared favorably to the only other financial institution headquartered in either Bee County or Dewitt County.

Institution	Total Assets at 12/31/2007 (000's)	Average LTD Ratio 9/30/2003-12/31/2007
First National Bank of Beeville Beeville, Texas, Bee County	141,539	54.76
Trusttexas Bank, S.S.B Cuero, Texas, Dewitt County	146,897	56.89

Source: Quarterly Call Report Information.

Lending in Assessment Areas

FNB meets the standards for satisfactory performance with a majority of loans originating in its AA. We reviewed a sample of commercial and agricultural loans that originated since the prior evaluation. The following table reflects the distribution of loans in our sample, by number and dollar volume, originated in and out of the AAs.

Lending in and out of Assessment Area										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Commercial	27	59	19	41	46	18,362	75	6,180	25	24,542
Agriculture	38	81	9	19	47	2,926	83	593	17	3,519
Totals	65	70	28	30	93	21,288	76	6,773	24	28,061

Source: Loan Sample; selected at random from bank records.

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

Overall, FNB meets the standards for satisfactory performance with reasonable distribution of loans to businesses and farms of different sizes. We selected a sample of loans in the AAs to evaluate performance. The following narratives and tables document our findings.

The distribution of loans to small businesses reflects strong penetration among businesses of different sizes. A majority of loans originate in Bee County and performance in that AA was weighted heavier.

Borrower Distribution of Small Loans to Businesses – Bee County AA			
Business Revenues	≤\$1,000,000	>\$1,000,000	Unavailable or Unknown
% of AA Businesses	61	3	36
% of Bank Loans in AA #	90	10	0
% of Bank Loans in AA \$	5	95	0

Source: Loan Sample; 2007 Business Geodemographic Data.

Borrower Distribution of Small Loans to Businesses – Dewitt County AA			
Business Revenues	≤\$1,000,000	>\$1,000,000	Unavailable or Unknown
% of AA Businesses	56	2	42
% of Bank Loans in AA #	100	0	0
% of Bank Loans in AA \$	100	0	0

Source: Loan Sample; 2007 Business Geodemographic Data.

Borrower Distribution of Small Loans to Businesses – Guadalupe County AA			
Business Revenues	≤\$1,000,000	>\$1,000,000	Unavailable or Unknown
% of AA Businesses	68	4	28
% of Bank Loans in AA #	100	0	0
% of Bank Loans in AA \$	100	0	0

Source: Loan Sample; 2007 Business Geodemographic Data.

The distribution of loans to small farms reflects strong penetration among farms of different sizes. A majority of loans originate in Bee County and performance in that AA was weighted heavier.

Borrower Distribution of Small Loans to Farms – Bee County AA			
Business Revenues	≤\$1,000,000	>\$1,000,000	Unavailable or Unknown
% of AA Businesses	96	0	4
% of Bank Loans in AA #	95	5	0
% of Bank Loans in AA \$	99	1	0

Source: Loan Sample; 2007 Business Geodemographic Data.

Borrower Distribution of Small Loans to Farms – Dewitt County AA			
Business Revenues	≤\$1,000,000	>\$1,000,000	Unavailable or Unknown
% of AA Businesses	99	0	1
% of Bank Loans in AA #	100	0	0
% of Bank Loans in AA \$	100	0	0

Source: Loan Sample; 2007 Business Geodemographic Data.

Borrower Distribution of Small Loans to Farms – Guadalupe County AA			
Business Revenues	≤\$1,000,000	>\$1,000,000	Unavailable or Unknown
% of AA Businesses	96	4	0
% of Bank Loans in AA #	0	0	0
% of Bank Loans in AA \$	0	0	0

Source: Loan Sample; 2007 Business Geodemographic Data.

Geographic Distribution of Loans

Overall, FNB demonstrates satisfactory performance in the geographic distribution of loans to small businesses. A majority of loans originated in Bee County and lending performance in that AA was weighted heavier.

Geographic Distribution of Loans to Small Businesses – Bee County AA								
Census Tract Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Businesses	Not Applicable		45		55		Not Applicable	
	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
Commercial	N/A	N/A	48	84	52	16	N/A	N/A

Source: Loan Sample; 2007 Business Geodemographic Data.

We did not identify any loans to small businesses that were located in the one moderate-income census tract in Dewitt County. This reasonable given that most businesses are located in the city of Yorktown located in the mid-western portion of the county. The moderate-income tract is located in the north-central portion and consists mainly of unimproved property.

Geographic Distribution of Loans to Small Businesses – Dewitt County AA								
Census Tract Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Businesses	Not Applicable		34		66		Not Applicable	
	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
Commercial	N/A	N/A	0	0	100	100	N/A	N/A

Source: Loan Sample; 2007 Business Geodemographic Data.

As noted earlier, the bank opened the Seguin branch in September 2007. A limited number of loans have originated in this assessment area during evaluation period and none were identified as loans to small businesses.

Geographic Distribution of Loans to Small Businesses – Guadalupe County AA								
Census Tract Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Businesses	Not Applicable		46		47		7	
	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
Commercial	N/A	N/A	0	0	0	0	N/A	N/A

Source: Loan Sample; 2007 Business Geodemographic Data.

Overall, FNB demonstrates satisfactory performance in the geographic distribution of loans to small farms. A majority of loans originated in Bee County and lending performance in that AA was weighted heavier. We noted the distribution of loans to small farms in the moderate-income census tract was disproportionate to the percentage of small farms in the AA. We noted this census tract is located in the center of Beeville and only includes nine farms.

Geographic Distribution of Loans to Small Farms – Bee County AA								
Census Tract Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Farms	Not Applicable		16		84		Not Applicable	
	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
Small Farms	N/A	N/A	5	1	95	99	N/A	N/A

Source: Loan Sample; 2007 Business Geodemographic Data.

We did not identify any loans to small farms that were located in the one moderate-income census tract in Dewitt County. This reasonable given that moderate-income tract is located in the north-central portion and consists mainly of unimproved property.

Geographic Distribution of Loans to Small Farms – Dewitt County AA								
Census Tract Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Farms	Not Applicable		18		82		Not Applicable	
	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
Small Farms	N/A	N/A	0	0	100	100	N/A	N/A

Source: Loan Sample; 2007 Business Geodemographic Data.

As noted earlier, the bank opened the Seguin branch in September 2007. A limited number of loans have originated in this assessment area during evaluation period and none were identified as loans to small farms.

Geographic Distribution of Loans to Small Farms – Guadalupe County AA								
Census Tract Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Farms	Not Applicable		22		54		24	
	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
Small Farms	N/A	N/A	0	0	0	0	N/A	N/A

Source: Loan Sample; 2007 Business Geodemographic Data.

Responses to Complaints

FNB has not received any consumer complaints related to its CRA performance 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..