



**SMALL BANK**

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Comptroller of the Currency  
Administrator of National Banks

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## **PUBLIC DISCLOSURE**

**April 7, 2003**

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

**The First National Bank Of Trenton  
Charter Number 5737**

**106 Hamilton Street  
Trenton, TX 75490**

**Comptroller of the Currency  
Dallas North Field Office  
17300 Dallas Parkway Suite 2020  
Dallas, TX 75248**

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

**This institution is rated Satisfactory.**

First National Bank of Trenton has a satisfactory record of meeting community credit needs. This rating is based on the following:

- The bank's loan to deposit ratio exceeds standards for satisfactory performance based on the bank's size, financial condition, and assessment area credit needs.
- A majority of the bank's loans are extended within the bank's assessment area.
- The distribution of loans reflects reasonable penetration among individuals of different income levels and businesses of different sizes.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.

## **DESCRIPTION OF INSTITUTION**

First National Bank of Trenton is wholly owned by Trenton Bankshares, Inc. , a Texas corporation. FNB's main office is located on 106 Hamilton, Trenton, Texas. The bank has three branch locations: the Bonham branch at 2109 N. Center Street, the Leonard branch at Hwy. 69 and the Melissa branch at 1308 St. Hwy. 121. The Melissa branch opened on April 9, 2001.

Hours of operation vary at each location. The Trenton location and branch offices are open five days a week. The Trenton, Bonham and Melissa locations also have drive-thru service available on Saturdays. ATM's are located in Trenton, Melissa, Leonard and Bonham.

The bank has no financial or legal obstacles affecting its ability to meet community credit needs. FNB serves Fannin County, a portion of Collin and Grayson counties. Collin County is located in the Dallas metropolitan statistical area #1920 (MSA) and Grayson county is located in the Denison-Sherman MSA #7640. The bank was rated "Satisfactory" in its previous CRA public evaluation dated March 23, 1998.

FNB's primary competition consists of state banks and credit unions, all of which operate within the bank's assessment area. The bank is a full service institution, providing various deposit and loan products. The bank's primary focus is residential real estate loans. As of December 31, 2002, FNB had total assets of approximately \$120M. The following table portrays the principal loan mix of FNB:

<b>Loan Category</b>	<b>\$ (000)</b>	<b>%</b>
Commercial, including Real Estate	13,621	18
Residential Real Estate	42,315	57
Consumer	3,889	5
Construction & Development	10,749	15
Farmland	2,958	4
Other Loans	365	1
<b>Total</b>	<b>\$73,897</b>	<b>100%</b>

## DESCRIPTION OF Assessment Area

FNB's assessment area is six block numbering areas (BNA's) in Fannin County, Texas, census tracts 301 and 302 in Collin County and census tracts 1 and 18 in Grayson County. BNAs' 9501 and 9508 located in the far eastern portion of Fannin County are not included in the assessment area. The bank's assessment area meets the requirements of the regulatory guidelines and does not arbitrarily exclude any low-or moderate-income areas. The following table reflects the demographics for the assessment area (AA):

<b>DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS OF AA</b>	
<i>Population</i>	
Number of Families	13,915
Number of Households	18,148
<i>Geographies</i>	
Number of Census Tracts/BNA	10
# - % Low-Income Census Tracts/BNA	0%
# - % Moderate-Income Census Tracts/BNA	10%
# - % Middle-Income Census Tracts/BNA	90%
# - % Upper-Income Census Tracts/BNA	0%
<i>Median Family Income (MFI)</i>	
1990 MFI for AA	28,524
2001 HUD-Adjusted MFI	43,980
<i>Economic Indicators</i>	
Unemployment Rate	3.09%
2001 Median Housing Value	44,395
% of Households Below Poverty Level	16.5%

The total occupied housing unit for the assessment area is 86% with owner-occupied housing at 67% and rental-occupied housing of 19%. Vacant housing units in the assessment area are 14%.

The economy of the area is somewhat stagnant. The largest employers in the bank's assessment area are county government, hospitals and area school districts.

We determined the credit needs of the community through discussion with an officer at the

Fannin county clerk's office. She stated that the primary credit needs are auto, home equity and first-time home owner loans. She also indicated that area financial institutions satisfactorily meet the community's credit needs. The bank currently offers auto, home equity and home loans.

## CONCLUSIONS ABOUT PERFORMANCE CRITERIA

Management has demonstrated satisfactory performance in meeting the credit needs of the community.

### Loan-to-Deposit Ratio

FNB's average loan-to-deposit (LTD) ratio of 96% is strong. Given the bank's size, financial condition, and assessment area credit needs, FNB meets the standard for outstanding performance. The 19 quarter average LTD ratio exceeds the LTD ratio for comparable financial institutions within the assessment area. Information for these financial institutions is detailed in the following table:

<b>Institution</b>	<b>Assets ('000's) As of 12/31/02</b>	<b>Average LTD Ratio</b>
Bonham State Bank	91,696	56%
Fannin Bank	42,775	71%
First National Bank of Van Alstyne	140,661	67%
First Bank – Farmersville	88,708	75%
<b>First National Bank of Trenton</b>	<b>119,694</b>	<b>96%</b>

### Lending in Assessment Area

A majority of the bank's loans are made to borrowers located within its assessment area. We took a sample of 20 consumer loans, 24 commercial loans originated from 1998 to 2002, and reviewed all of the loans to purchase residential real estate (home purchase) made from 1999 to 2002. Of the loans reviewed, 77% of the number of loans and 68% of the dollar volume of loans were made within the bank's assessment area.

TOTAL LOANS REVIEWED								
LOAN TYPE	IN ASSESSMENT AREA				OUT OF ASSESSMENT AREA			
	#	%	\$ (000s)	%	#	%	\$ (000s)	%
Consumer	20	71	152	65	8	29	82	35
Commercial	24	89	691	74	3	11	247	26
Home Purchase	253	76	14,534	68	80	24	6,813	32
Total Reviewed	297	77	15,377	68	91	23	7,142	32

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

The distribution of loans within the assessment area reflects a reasonable penetration among borrowers of different income levels and businesses of different sizes. The distribution of residential real estate loans reflects a higher penetration in the middle and upper-income levels. This is partly due to higher income individuals moving from the metroplex to the assessment area.

RESIDENTIAL REAL ESTATE								
Borrower Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Families	20		17		22		41	
	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
Total	5	2	13	7	23	16	58	74

The consumer loan sample shows very good penetration among borrowers of different income. 80% of the consumer loans sampled were to low and moderate-income individuals.

CONSUMER (Evaluation Period)								
Borrower Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Households	24		14		18		44	
LOANS BY PRODUCT	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
	25	20	55	33	5	20	15	27
Total	25	20	55	33	5	20	15	27

The distribution of business loans reflects a reasonable distribution among businesses of different sizes. 83% of commercial loans reviewed were to small business.

BORROWER DISTRIBUTION OF SMALL LOANS TO BUSINESSES (Evaluation Period)		
Business Revenues	≤\$1,000,000	>\$1,000,000
% of AA Businesses	96	4
% of Bank Loans in AA #	83	17
% of Bank Loans in AA \$	44	56

## Geographic Distribution of Loans

Given the size and location of the bank, FNB has a reasonable dispersion of loans in its assessment area. Presently, nine out of ten census tracts are middle-income with only one moderate-income census tract. Although consumer and commercial loans sampled were all located in the middle-income census tracts, the moderate income census tract represents only 5%

of households in the assessment area. The following tables illustrate the geographic distribution of the bank's lending activities within its assessment area (AA).

HOME PURCHASE LOANS								
Census Tract Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Owner Occupied	0		6		94		0	
LOANS	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
Totals	0	0	3	3	97	98	0	0

CONSUMER (Evaluation Period)								
Census Tract Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Households	0		5		95		0	
LOANS BY PRODUCT	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
Totals	0	0	0	0	100	100	0	0

BUSINESS LOANS (Evaluation Period)								
Census Tract Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Businesses	0		5		95		0	
LOANS	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
Totals	0	0	0	0	100	100	0	0

### Responses to Complaints

FNB has not received any CRA related complaints during this evaluation period.

### Fair Lending Review

An analysis of two years 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 exam was performed in 1998.