

PUBLIC DISCLOSURE

August 2, 1999

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**The First National Bank of Bridgeport
Charter Number: 8731
909 Stevens Street
Bridgeport, Texas 76426**

**Office of the Comptroller of the Currency
Dallas North Field Office
1600 Lincoln Plaza
500 North Akard
Dallas, Texas 75201-3394**

NOTE: 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- and 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 First National Bank of Bridgeport** prepared by The Office of the Comptroller of the Currency, the institution's supervisory agency, as of August 2, 1999. 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 following factors support this overall rating:

- ! The bank's average loan-to-deposit ratio during the examination period at 60.6% is reasonable.
- ! A substantial majority of new loans originated in 1999 are within the bank's assessment area.
- ! The bank's lending performance reflects an excellent distribution of credit to businesses of different sizes and borrowers of different income levels.

The following table shows the performance level of The First National Bank of Bridgeport with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	THE FIRST NATIONAL BANK OF BRIDGEPORT PERFORMANCE LEVELS		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does not meet Standards for Satisfactory Performance
Loan to Deposit Ratio		X	
Lending in Assessment Area	X		
Lending to Borrowers of Different Incomes and to Businesses of Different sizes	X		
Geographic Distribution of Loans	N/A		
Response to Complaints	The First National Bank of Bridgeport did not receive any complaints concerning its CRA performance.		

Scope of the Examination

This evaluation of The First National Bank of Bridgeport's CRA performance covers the period from July 1, 1996 through June 30, 1999. The evaluation includes a review of The First National Bank of Bridgeport's designated assessment area, which consists of Wise County. We also base our analysis on The First National Bank of Bridgeport's consumer and business lending, in addition to their home and home improvement lending.

Description of Institution

Bridgeport Bancshares, a one bank holding company, owns 100% of The First National Bank of Bridgeport (FNB). The First National Bank of Bridgeport is currently a \$94 million institution, which serves Wise county. The main office is in Bridgeport with a branch located in Boyd. In addition, the bank has ATM's at each location.

Loan products offered include mortgage, home improvement, consumer, commercial and agricultural loans. FNB's competition includes regional and local banks, and savings and loans. FNB does not have any financial or legal obstacles affecting its ability to meet its community's credit needs.

The following table portrays the principle loan mix of FNB:

Types of Domestic Loans Outstanding		
June 30, 1999		
<i>(\$000's)</i>		
<i>TYPE OF LOANS</i>	<i>AMOUNT</i>	<i>PERCENTAGE</i>
1-4 Family Residential Loans	\$14,186	26%
Commercial Loans	\$26,634	50%
Installment	\$12,616	23%
Other (exclude consumer loans)	\$544	1%
TOTAL	\$53,980	100%

The bank also recently made a \$5,000 grant to the Federal Home Loan Bank to perform a study on the need in Bridgeport for low- and moderate-income housing.

Description of Assessment Area

FNB has defined its assessment area as Wise County. The assessment area meets regulatory guidelines and does not arbitrarily exclude any low- or moderate-income areas (LMI).

ASSESSMENT AREA DEMOGRAPHICS			
<i>Designation</i>	<i># Census Tracts</i>	<i>% of Total Tracts</i>	<i>% of Households Residing in the Census Tracts</i>
Middle	3	50%	30%
Upper	3	50%	70%
N/A	0	0%	0%
TOTAL	6	100%	100%

1990 census data shows total population of 34,679 in Wise County. The 1999 Texas Non-MSA Median Family Income is \$32,100.

As seen in the above table, 30% of households in the AA reside in middle income tracts, with the median housing value at \$49,963. Total occupied housing units is 86%, with owner-occupied housing at 68% and rental-occupied housing at 18%. Vacant housing units in the assessment area total 14%.

Unemployment rates have remained low with the unemployment rate at 3.6% in the nearby Dallas MSA. The largest employers in the county are the WalMart Supercenter in Decatur and Mitchell Energy in Bridgeport.

We determined the credit needs of the community through discussions with management and by conducting a community contact. The community contact stated that there was a need for small business loans and that this need was being met. The majority of business loans reviewed during this examination were to small banks.

Conclusions with Respect to Performance Criteria:

FNB's quarterly average loan-to-deposit ratio is 60.6%. Although this ratio is below peer banks at 64%, it is considered reasonable given FNB's financial condition, and the assessment area credit needs. The local peer group consists of state- and national-chartered banks in Wise County.

Lending in Assessment Area

A substantial majority of the bank's loans are within the assessment area. We took a sample of twenty commercial loans, twenty consumer loans and reviewed FNB's 1999 Home Loan Activity report. 85% of the business loans and 95% of the consumer loans sampled are within the bank's assessment area. In addition, 90% percent of home and home improvement loans made in 1999 were in the assessment area.

Lending to Businesses of Different Sizes

FNB's lending to businesses of different sizes is good. 75% of the business loans sampled were to small businesses.

Lending to Borrowers of Different Incomes

FNB's record of lending to borrowers of different income levels is excellent. We sampled twenty consumer loans and reviewed eighteen home and home improvement loans originating in 1999. Our review of consumer loans revealed that 15% of the loans were to low-income individuals, 30% to moderate-income individuals, 20% to middle-income individuals and 35% to high-income individuals. Our review of eighteen home and home improvement loans originated in 1999 revealed that 12% were made to low-income individuals, 24% to moderate-income individuals, 18% to middle-income individuals and 47% to high-income individuals. This compares very favorably with the distribution of families in the county as follows: low-income 16%, moderate-income 14%, middle-income 19% and upper-income 51%.

Geographic Distribution of Loans

N/A - The bank has no low- or moderate-income census tracts in the assessment area.

Compliance with Antidiscrimination Laws

A fair lending review performed with this CRA examination revealed satisfactory compliance with fair lending regulations. We used the loan terms approach to assess compliance with fair lending laws and regulations. Five unmarried approved borrowers were compared to twelve married approved borrowers. We noted no practices intended to discourage or impede potential borrowers from applying for credit.