



SMALL BANK

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

PUBLIC DISCLOSURE

February 23, 2004

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**The First National Bank of Bridgeport
Charter Number 8731**

**909 Stevens Street
Bridgeport, TX 76426**

**Comptroller of the Currency
ADC Michael K. Hughes - 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.

INSTITUTION'S CRA RATING

This institution is rated Satisfactory.

The First National Bank of Bridgeport (FNB Bridgeport) has a satisfactory record of meeting community credit needs. This rating is based upon the following:

- A substantial number of loans sampled are originated within the bank's assessment area;
- The distribution of sampled commercial loans reflects an excellent penetration of loans made to businesses with revenues of less than \$1.0 million.
- The distribution of the sampled residential loans made to moderate-income families meets the standard of satisfactory performance; and

DESCRIPTION OF INSTITUTION

FNB Bridgeport is a \$147 million community bank located in Bridgeport, Texas. It is wholly owned by a one-bank holding company, Bridgeport Financial Corporation. As of September 30, 2003, the bank's holding company had total combined assets of approximately \$147 million. FNB Bridgeport serves Wise County through three banking locations: (1) the main office located at 909 Stevens Street in Bridgeport, Texas, (2) a branch at 1415 South Farm and Market Road 51 in Decatur, Texas, and (3) a branch at 609 East Rock Island in Boyd, Texas.

All locations have drive-up facilities and automated teller machines (ATM). The branches have extended weekday hours and Saturday hours. FNB Bridgeport also offers telephone-banking services. In addition, FNB Bridgeport provides various deposit and loan products.

Management's lending focus is to make good quality loans to members of its community. Management has stated they do make mortgage loans, but cannot compete with the number of financial institutions in Wise County nor the products offered by these institutions. The following table portrays the principal loan mix of FNB Bridgeport as of September 30, 2003:

Loan Category	\$ (000)	%
Commercial Real Estate	14,946	21.9%
Commercial	14,706	21.5%
Residential Real Estate	11,828	17.3%
Consumer	10,695	15.6%
Farmland	8,967	13.1%
Construction & Development	5,519	8.1%
Obligations	1,658	2.4%
Other Loans	87	0.1%
Total	68,406	100.00%

FNB Bridgeport was rated "Satisfactory" in its previous CRA public evaluation dated August 2, 1999. The bank does not have financial or legal obstacles that affect its ability to meet

community credit needs. As of September 30, 2003, FNB Bridgeport had a “net loans to total assets” ratio of 46%.

DESCRIPTION OF WISE COUNTY

FNB Bridgeport’s assessment area is Wise County. The bank’s assessment area meets the requirements of the regulatory guidelines and does not arbitrarily exclude any low-or moderate-income areas.

Southern Wise County and the city of Bridgeport, where the main office is located, are considered bedroom communities. Many people commute from these areas to metropolitan Fort Worth and Dallas, Texas for work, thus increasing the number of persons residing in Wise County as well as the number of financial institutions.

The demographics for the assessment area (AA) include: total occupied housing units at 86% with owner-occupied housing at 68%, rental-occupied housing at 18%, and vacant housing units at 14%. Other pertinent demographic information are reflected in the following table:

DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS OF AA	
<i>Population</i>	
Number of Families	9,686
Number of Households	12,179
<i>Geographies</i>	
Number of Census Tracts	6
# - % Low-Income Census Tracts	0 – 0%
# - % Moderate-Income Census Tracts	0 – 0%
# - % Middle-Income Census Tracts	3 – 50%
# - % Upper-Income Census Tracts	3 – 50%
<i>Median Family Income (MFI)</i>	
1990 MFI for AA	24,585
1999 HUD-Adjusted MFI	33,900
2000 HUD-Adjusted MFI	34,700
2001 HUD-Adjusted MFI	35,800
2002 HUD-Adjusted MFI	36,100
<i>Economic Indicators</i>	
Unemployment Rate	3.8%
2003 Median Housing Value	\$49,963
Average age of housing	29 years
% of Households on Social Security	28%
% of Households Below Poverty Level	14%
% of Households on Retirement	13%

*Based on December 2003 Bureau of Labor Statistics (BLS) Data for Wise County, TX

The local economy of Wise County is considered to be growing with the largest employers as Devon Energy Corporation, Home Health Care of Wise County, Poco Graphite Inc., Wal-Mart, the Bridgeport Independent School District, and the county government. The largest industry is

limestone rock mining, oil and gas, and service.

The credit needs of the community were determined through an interview with an individual associated with Wise County. The community contact indicated area financial institutions are very cooperative and are diligent in trying to meet the community’s credit needs.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

The September 30, 2003 Call Report indicates that the majority of FNB Bridgeport’s loan portfolio consists of commercial real estate and commercial loans. As such, we combined these loan types under the “commercial loan” heading. The next largest distribution of loans is residential real estate. We took a sample of both loan types originating between August 3, 1999, and December 31, 2002. We did not select any loans originating from January 1, 2003, to December 2, 2003, because an analysis of one year’s data in comparison to the 2000 Census information would not be appropriate.

Overall, FNB Bridgeport is meeting the standards of satisfactory performance. The bank’s strengths are its lending in its designated assessment area; its lending to moderate-income families; and its lending to businesses with revenues of less than \$1.0 million.

Lending in Assessment Area

Based on our review of FNB Bridgeport’s performance context and lending patterns, the bank exceeds the standards of satisfactory performance.

Lending in Wise County										
Loan Type	Number of Loans					Dollars of Loans (‘000’s)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Residential	19	95	1	5	20	637	92	58	8	695
Commercial	17	85	3	15	20	4,392	66	2,240	34	6,632
Totals	36	90	4	10	40	5,029	69	2,298	31	7,327

Source: Sample of residential and commercial loans.

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

In comparison to the performance context, the bank meets the standard for satisfactory performance in lending to borrowers of different incomes and to businesses of different sizes. We reviewed the residential loans originated within the bank’s assessment area. FNB Bridgeport’s loan penetration to low-income borrowers is poor and to moderate-income borrowers is satisfactory in comparison to the demographics as seen in the following table:

Borrower Distribution of Residential Real Estate Loans in Wise County								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Residential	15	5	14	11	19	21	52	63

Source: Sampled residential loans; U.S. 1990 Census data.

The small volume of residential loans to low-income borrowers is attributed to many factors. For instance, FNB Bridgeport is not a large maker of mortgage loans. Also, a substantial portion of persons within the assessment area is on a fixed-income or have income below the poverty level. The requirements of closing costs and down payments are more feasible for middle- and upper-income borrowers when purchasing a home. Typically, borrowers with higher incomes are able to produce these funds, which many lower income borrowers are unable to do. In comparison, the bank has made several home improvement loans to customers.

Further more, we took a sample of 20 commercial loans made within the bank's assessment area. FNB Bridgeport has originated a significant number of loans to businesses with revenues of less than \$1.0 million.

Borrower Distribution of Loans to Businesses/Farms in Wise County		
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000
% of AA Businesses*	70	5
% of Bank Loans in AA by #	75	25
% of Bank Loans in AA by \$	39	61

*Source: Loan sample; Dunn and Bradstreet data. * 25% of AA businesses did not report revenue data*

Loan-to-Deposit Ratio

FNB Bridgeport's average loan-to-deposit (LTD) ratio is 57%. Given the bank's size, financial condition, and assessment area credit needs, the bank meets the standard for satisfactory performance. Information for other financial institutions within the bank's assessment area is detailed in the following table:

Institution	Assets ('000's) As of 09/30/03	Average LTD Ratio
Woodhaven National Bank	161,124	77%
National Peer Group	100,000 – 300,000	72%
First State Bank	74,222	66%
Legend Bank, N.A.	281,770	66%
First National Bank of Jacksboro	103,482	59%
<i>First National Bank of Bridgeport</i>	<i>146,787</i>	<i>57%</i>

FNB Bridgeport's LTD ratio is relatively low in comparison because of its deposit base. The

bank's total deposits consist of a high level of public fund accounts. Adjusting for this item produced a December 31, 2002 LTD ratio of 62%. Considering this, FNB Bridgeport's LTD ratio is reasonable in comparison to other institutions within the assessment area.

Geographic Distribution of Loans

A meaningful analysis of the geographic distribution of loans could not be performed because there are no designated low- or moderate-income census tracts within the bank's assessment area.

Responses to Complaints

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

Fair Lending or Other Illegal Credit Practices Review

We found no evidence of illegal discrimination or other illegal credit practices.