



SMALL BANK

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

PUBLIC DISCLOSURE

June 18, 2007

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 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 Outstanding.

The First National Bank of Trenton (FNBT) has an outstanding record of meeting the credit needs of its assessment area. The primary factors supporting this rating include the following:

- The average loan to deposit ratio (LTD) exceeds the standards for satisfactory performance based on the bank's size, financial condition, and assessment area credit needs.
- The substantial majority of the loans extended are within the assessment area.
- The distribution of the loans included in our sample reflects a reasonable penetration to individual of different income levels, exceeding the standards for satisfactory performance. The distribution of loans to businesses of different sizes also exceeds the standards for satisfactory performance.

DESCRIPTION OF INSTITUTION

FNBT is wholly owned by Trenton Bankshares, Inc., a Texas corporation. FNBT is a full service institution, providing a variety of traditional deposit and loan products. The primary lending focus is residential real estate. FNBT's main office is located at 106 Hamilton, Trenton, Texas. There are four branch locations: Leonard located at 100 N. Highway 69, Bonham located at 2109 N. Center St., Melissa located on the corner of State Highway 121 & County Rd 338, and Farmersville located 201 N. Highway 78. While all locations are open five days a week, the hours of operation vary at each location. The Trenton, Bonham, Melissa, and Farmersville locations also offer Saturday hours and Drive-up services. ATM's are located in Trenton, Bonham, Melissa, Leonard, and Farmersville.

FNBT received a "Satisfactory" rating in its previous CRA Performance Evaluation, dated April 7, 2003. As of March 31, 2007, the bank reported total assets of \$138 million. There are no financial or legal obstacles affecting FNBT's ability to meet community credit needs.

FNBT's primary competition consists of state banks and credit unions, all of which operate within the same assessment area. The following table reflects the bank's loan mix.

Loan Category	\$ (000)	%
Residential Real Estate	53,144	53%
Commercial, including Real Estate	25,844	26%
Construction & Development	16,516	16%
Consumer	2,987	3%
Farmland	1,383	1%
Other Loans	1,388	1%
Total	\$101,263	100%

DESCRIPTION OF ASSESSMENT AREA

FNBT assessment area (AA) consists of the eight census tracts that make up Fannin County, and portions of Collin, Grayson, and Hunt Counties. Based on 2000 Census data, all twenty one census tracts of the AA are designated as middle- or upper-income. There are no low- or moderate- income geographies.

The bank's AA meets the requirements of the regulatory guidelines by including whole geographies and does not arbitrarily exclude any low-or moderate-income areas. The following table reflects the AA demographics.

DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS OF AA	
<i>Population</i>	<i>Census Year: 2000</i>
Number of Families	
Number of Households	32,394
<i>Geographies</i>	
Total Number of Census Tracts	21
# Low-Income Census Tracts	0
# Moderate-Income Census Tracts	0
# Middle-Income Census Tracts	16
# Upper-Income Census Tracts	5
<i>Median Family Income (MFI)</i>	
2000 MFI for AA	49,060
2005 HUD-Adjusted MFI	52,048
2006 HUD-Adjusted MFI	53,348
<i>Economic Indicators</i>	
Unemployment Rate	28.59%
2000 Median Housing Value	42,384
% of Households Below Poverty Level	11.01%

The total occupied housing unit for the AA is 90% with owner-occupied housing at 72% and rental-occupied housing of 18%. Vacant housing units are 10%.

FNBT's AA is experiencing slow economic conditions. There are minimal service providers in the area and the largest employers are county government, hospitals, area school districts and a few industrial companies.

We determined the credit needs of the community through discussion with City Manager, Alan Heins of the City of Farmersville. He stated that the primary credit needs are auto, home equity and first-time homeowner loans. Heins also indicated that area financial institutions satisfactorily meet the community's credit needs. FNBT offers auto, home equity and home loans.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

FNBT's average loan-to-deposit (LTD) ratio of 84% is excellent given the bank's size, financial condition, and AA credit needs. This ratio meets the standards for outstanding performance. The 16-quarter average LTD ratio exceeds the ratios for the four other similarly financial institutions operating within the same AA. The following table details LTD ratios:

Institution	Assets ('000's) As of 12/31/06	Average LTD Ratio
<i>First National Bank of Trenton</i>	<i>\$138,385</i>	<i>84%</i>
Texas Star (formerly FNB of Van Alstyne)	\$202,431	82%
First Bank – Farmersville	\$100,612	80%
Fannin Bank	\$46,617	69%
Bonham State Bank	\$90,912	51%

Lending in Assessment Area

The substantial majority of the loans made were to borrowers located within the AA. We took a sample of 20 consumer loans, 20 commercial loans and 20 residential real estate loans originated from 2003 to 2007. Of the loans reviewed, 82% of the number of loans and 78% of the dollar volume are within the AA.

TOTAL LOANS REVIEWED (1/01/2003 – 3/31/2007)								
	IN ASSESSMENT AREA				OUT OF ASSESSMENT AREA			
LOAN TYPE	#	%	\$ (000s)	%	#	%	\$ (000s)	%
Consumer	18	90	356	87	2	10	51	13
Commercial (including R/E)	13	65	3,548	67	7	35	1,715	33
Residential R/E	18	90	1,353	81	2	10	315	19
Total Reviewed	49	82	4,257	78	11	18	2,540	22

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

FNBT's performance for lending to borrowers of different incomes and businesses of different sizes is very good and exceeds the standards for satisfactory performance. Although there are no low- or moderate-income geographies in the AA, the majority of loans in our sample were made to low- and moderate- income borrowers and to businesses with gross annual revenues of \$1 million or less.

Residential lending to borrowers of different income levels is excellent. The distribution of residential real estate loans to low- and moderate-income borrower exceeds the percent of AA low- and moderate-income families.

RESIDENTIAL REAL ESTATE (1/01/2003 – 3/31/2007)								
Borrower Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Families	17		18		24		41	
	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
Total	35	16	40	32	10	7	15	45

FNBT's consumer lending to borrowers of different income levels is excellent. We reviewed a sample of 20 consumer loans. Of the 20 we reviewed, 6 or (30%) were to low-income borrowers and 9 or (45%) to moderate-income borrowers. The following table illustrates the bank's consumer lending penetration to borrowers of different income levels:

CONSUMER LOANS (1/01/2003 – 3/31/2007)								
Borrower Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Households	21		15		20		44	
	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
Total	30	28	45	42	5	2	20	29

LENDING TO BUSINESSES OF DIFFERENT SIZES

FNB's lending to businesses of different sizes is very good. We reviewed a sample of 20 commercial loans. Of the loans we reviewed 18 or (90%) were to businesses with revenues of less than \$1.0 million. The total dollar volume of these loans is approximately \$3.5 million or 69% of the sample size. The following table illustrates the lending penetration to businesses of different sizes:

BORROWER DISTRIBUTION OF SMALL LOANS TO BUSINESSES (1/01/2003 – 3/31/2007)		
Business Revenues	≤\$1,000,000	>\$1,000,000
% of AA Businesses*	64%	3%
% of Bank Loans in AA #	90%	10%
% of Bank Loans in AA \$	69%	31%

Geographic Distribution of Loans

A meaningful analysis of the geographic distribution of loans could not be performed because there are no low- or moderate-income census tracts within the AA.

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