



**SMALL BANK**

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

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## **PUBLIC DISCLOSURE**

**October 31, 2006**

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

**First National Bank of Burleson  
Charter Number 17001**

**899 Northeast Alsbury  
Burleson, TX 76028**

**Comptroller of the Currency  
Fort Worth  
9003 Airport Freeway Suite 275  
North Richland Hills, TX 75201**

**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.**

## 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 Burleson, Burleson, Texas, as prepared by **The Office of the Comptroller of the Currency (OCC)**, the institution's supervisory agency, as of October 31, 2006. 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.**

First National Bank of Burleson's lending performance reflects satisfactory responsiveness to its community's credit needs. This assessment is based on the following conclusions:

- The bank's average loan-to-deposit ratio of 51% is reasonable given the bank's size, financial condition, local competition, and assessment area credit needs.
- A majority of the bank's loan activity is within the bank's assessment area.
- The geographic distribution of loans demonstrates reasonable penetration in the moderate income geographies (there were no low income geographies in the assessment area).
- The distribution of loans demonstrates reasonable penetration among individuals of different income levels and businesses of different sizes.
- There have been no CRA related complaints filed against the bank.

## DESCRIPTION OF FIRST NATIONAL BANK OF BURLESON

First National Bank (FNB) is located in Burleson, Texas, just south of Fort Worth, Texas, city limits. FNB serves the community from two locations. As of September 30, 2006, the bank's total assets were \$133 million, total gross loans were \$56 million, and total deposits were \$124 million. Drive-thru and ATM services are provided at the facility sites. Hours of operation are commensurate with other area banks. The bank offers a full range of loan products and deposit services, with an emphasis on commercial real estate and business loans. The following table reflects the loan portfolio as of September 30, 2006:

<b>Loan Category</b>	<b>\$ (000)</b>	<b>%</b>
Commercial Real Estate	\$36,547	65.4
Commercial	\$11,316	20.3
Consumer Loans	\$4,546	8.1
Residential Real Estate	\$3,402	6.2
Other Loans	\$45	NA
<b>Total</b>	<b>\$55,856</b>	<b>100.0%</b>

FNB is located in the Fort Worth/Arlington Metropolitan Statistical Area. There is strong competition from other area community banks, regional banks, credit unions, and other non-financial institutions. FNB has no impediments, legal or otherwise, which would hinder the bank's ability to help meet the credit needs of its assessment area.

The most recent CRA examination was performed as of May 1, 2002. The bank received a satisfactory rating at that examination.

## DESCRIPTION OF THE ASSESSMENT AREA

FNB defines its assessment area as Johnson County, with the exception of the southernmost census tracts (CTs), and 5 CTs in southern Tarrant County. The assessment area includes Burleson and several other smaller communities, all of which serve the greater metroplex as bedroom communities. The assessment area complies with the legal requirements of the CRA and contains 22 whole and contiguous CTs. See the following table for a breakdown of CT designations. There are no low-income geographies in the assessment area and the bank did not arbitrarily exclude low- or moderate-income geographies in defining its assessment area. The following table reflects the assessment area demographics:

<b>Demographic and Economic Characteristics of the Assessment Area *</b>	
<b>Population</b>	
Number of Families	31,631
Number of Households	40,101
<b>Geographies</b>	
# Low-Income BNA	0
# Moderate-Income BNA	6
# Middle-Income BNA	14
# Upper-Income BNA	2
<b>Median Family Income (MFI)</b>	
2000 MFI for Assessment Area	\$53,268
2006 HUD Adjusted MFI	\$63,100
<b>Economic Indicators</b>	
Unemployment Rate	2.14%
2000 Median Housing Value	\$80,913
% of Households Below Poverty Level	9%

\* Derived from the 2000 Census Bureau and 2006 Housing and Urban Development Agency (HUD) data.

The assessment area is predominately small business and light commercial and industrial. There are no major manufacturers in the designated assessment area. Demographic data projects continued population growth, primarily in residential and commercial construction and small business. Major employers in the area include the city government and school district, Wal-Mart, and many other small businesses. As noted above, this is a bedroom community to the Dallas / Fort Worth metroplex and much of the population commutes daily for work.

## CONCLUSIONS ABOUT PERFORMANCE CRITERIA

Our conclusions are based on the bank's lending activity since the last CRA examination, dated May 1, 2002. As noted above, FNB continues to make commercial, commercial real estate, and consumer loans. Our assessment is based on random samples of 20 consumer and 20 business loans, and indicates the bank is meeting the standards set out by the CRA.

### Loan-to-Deposit Ratio

FNB's loan-to-deposit (LTD) ratio meets the standards for satisfactory performance.

The LTD ratio measures the extent to which the subject bank has returned the deposits it has received to the community in the form of loans. The average of such ratios for each quarter-end since the last CRA examination is used to determine performance in this area. The average LTD ratio for FNB since the last CRA examination is 51%. There are nine other financial institutions in the area that management considers the primary competition. The average loan-to-deposit ratios for these institutions, for the same period, range from 43% to 108%. Based on this information, the bank's LTD ratio is reasonable and within the range of area competing banks.

### Lending in the Assessment Area

The bank's lending within the assessment area meets the standards for satisfactory performance.

This criterion quantifies what proportion of the bank's lending activity is within its assessment area. An institution that exhausts its resources lending in other areas, to the exclusion and detriment of its own assessment area, would be considered less than satisfactory. However, FNB's lending efforts are concentrated within its assessment area.

At this time, FNB does not track loans by location. To assess the bank's performance in this area we were required to sample a portion of the loan portfolio. We used the samples noted above to assess the bank's performance for this criterion. Based on our sample results, a significant majority of loans are within the bank's assessment area. The following table reflects the results of our assessment of the bank's efforts to lend in its assessment area.

TOTAL LOANS REVIEWED								
LOAN TYPE	IN ASSESSMENT AREA				OUT OF ASSESSMENT AREA			
	#	%	\$ (000s)	%	#	%	\$ (000s)	%
Automobile Loans	15	75%	\$176	85%	5	25%	\$31	15%
Business Loans	18	90%	\$1,021	98%	2	10%	\$18	2%
<b>Total Reviewed</b>	<b>33</b>	<b>82%</b>	<b>\$1,197</b>	<b>96%</b>	<b>7</b>	<b>18%</b>	<b>\$49</b>	<b>4%</b>

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

The bank's loan distribution, to the different family and household income levels as well as businesses of different sizes, meets the standards for satisfactory performance.

The bank obtains and analyzes applicant income information during the loan decision process. However, this information is not monitored or used to assess the efforts to meet the standards for CRA purposes. To assess the bank's efforts, we used the samples noted above. Our analysis, noted in the tables below, indicates the bank is reasonably lending to borrowers of all income levels and businesses of different sizes. Additionally, the bank has no minimum loan amount in policy. A review of small loans reflected the bank has several loans with originating balances of \$1,000 or less, currently on the books (the lowest originating amount was \$250). We noted there were several other loans with originating balances between \$1,000 and \$1,500. This indicates the bank willingly extends credit to meet the needs of the consumer. Overall, we concluded that the bank's performance is generally proportionate to the income levels of the households within the assessment area, and the credit needs of low- and moderate-income individuals are being met. Also, bank meets the needs of the small businesses.

### *Consumer Auto Lending*

CONSUMER								
Borrower Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Households	21%		17%		22%		40%	
	% of Number	% of Amount						
Sample Totals	35%	22%	25%	30%	20%	22%	20%	26%

### *Business Lending*

BORROWER DISTRIBUTION OF SMALL LOANS TO BUSINESSES		
Business Revenues	≤\$1,000,000	>\$1,000,000
% of AA Businesses *Twenty eight percent of assessment area businesses did not report revenue figures	68%	4%
% of Bank Loans in AA #	80%	20%
% of Bank Loans in AA \$	90%	10%

## Geographic Distribution of Loans

The bank's loan distribution, to the different geography income levels, meets the standards for satisfactory performance. The distribution of loans originated follows a pattern indicative of an institution seeking to serve the credit needs of the assessment area.

As noted before, the bank obtains specific borrower information, including addresses but does not track loans by location for CRA purposes. Therefore, the samples noted earlier were used to assess the bank's effort in this criterion. Based on our analysis, FNB's lending efforts reasonably penetrate into the geographies of the different income levels. The results of our analysis are illustrated in the following table.

GEOGRAPHIC DISTRIBUTION OF LOANS						
Geographic Breakdown *	Moderate Income		Middle Income		Upper Income	
% of Geographies	27%		64%		9%	
	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
Consumer	5%	6%	95%	94%	0%	0%
Business	5%	61%	90%	38%	5%	1%

\* There are no Low Income geographies in the assessment area

## Responses to Complaints

FNB has not received any complaints pertaining to its CRA performance during this evaluation period.

## Fair Lending or Other Illegal Credit Practices Review

An analysis of public comments and consumer complaint information was performed according to the OCC's risk-based fair lending approach. Based on our analysis of this information, the OCC decided that a comprehensive fair lending examination would not need to be conducted in connection with this CRA evaluation. The latest comprehensive fair lending examination was performed in 1997. This examination found the bank to be in compliance with anti-discrimination laws and regulations.