



## PUBLIC DISCLOSURE

April 21, 2014

## COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First National Bank of Huntsville  
Charter Number 4208

1300 11th Street  
Huntsville, TX 77340

Office of the Comptroller of the Currency

1301 McKinney Street, Suite 1410  
Houston, TX 77010-3031

**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 Lending Test is rated: Satisfactory**

**The Community Development Test is rated: Satisfactory**

First National Bank of Huntsville (FNB) is responsive to the credit needs of the community, including the needs of low- and moderate-income individuals in its assessment areas (AAs). The following factors support this conclusion.

- FNB originates a substantial majority of its loans within its AAs.
- The borrower distribution of residential real estate loans to moderate-income borrowers is reasonable in the Huntsville AA.
- The borrower distribution of commercial loans to businesses of different sizes in the AAs is excellent.
- The geographic distribution of residential real estate, commercial, and consumer loans in the Huntsville AA reflects excellent dispersion.
- FNB has demonstrated adequate responsiveness to Community Development needs.

## **Scope of Evaluation**

FNB was evaluated under the Intermediate Small Bank Community Reinvestment Act (CRA) Evaluation Procedures, which include the Lending Test and Community Development Test. The Lending Test evaluates the bank's record of meeting the credit needs of its AAs through lending activities. Our evaluation period for the Lending Test was from January 1, 2012 through December 31, 2013. The Community Development Test evaluates the bank's responsiveness to the Community Development needs and opportunities within the community. We evaluated Community Development activities from March 12, 2011, to the start date of this evaluation, April 18, 2014.

We reviewed the three major loan products of the bank, consisting of commercial, residential real estate, and consumer loans. Commercial and residential real estate loans are the largest products by dollar volume, while consumer loans are the largest product by number.

FNB is subject to the reporting requirements of the Home Mortgage Disclosure Act (HMDA). All residential loans originated from January 1, 2012 to December 31, 2013, were included in our analysis. The bank is not required to collect and report business and consumer loan data under the CRA; however, management has elected to collect this data. We performed a Data Integrity Review prior to the CRA evaluation and confirmed the reliability of bank-collected data. We selected a valid sample of these products using reports of loan originations.

## **Description of Institution**

FNB is an independent community bank headquartered in Huntsville, Walker County, Texas. In addition to the main branch, FNB has branch locations in Crockett, Madisonville, Franklin, and Bryan/College Station, which are located in the counties of Houston, Madison, Robertson, and Brazos, respectively. The Bryan branch location opened in late 2011 as a Loan Production Office. As of March 2014, the office is now a full service branch. There were no branch closings since the last CRA evaluation.

FNB offers a wide array of credit products in its AAs. Commercial loans comprise 41 percent of the portfolio. Residential real estate loans account for 40 percent and consumer loans make up 14 percent. As of December 31, 2013, the bank had \$423 million in assets and a tier one leverage ratio of 9.89 percent. There are no legal or financial circumstances impeding the bank's ability to meet the credit and Community Development needs of its AAs.

The bank was rated "Satisfactory" at its last CRA evaluation dated March 21, 2011.

*Please refer to the bank's Public File for additional information.*

## **Description of Assessment Areas**

FNB has two AAs in Texas. The Huntsville AA is comprised of the five contiguous counties all located in a Non-Metropolitan Statistical Area, near Huntsville, Texas. The Bryan AA consists of a portion of the Bryan-College Station Metropolitan Statistical Area (MSA). Both AAs meet the requirements of the regulation and do not arbitrarily exclude low- or moderate-income census tracts (CTs).

A community contact in the Huntsville AA identified the demand for small business lending in the area. The contact indicated that banks play an active role in the communities. FNB was specifically mentioned as meeting the credit needs in the area.

A community contact in the Bryan AA provided information on the banks in the area and a perspective of community performance. With a growing population and a large portion of college students in the area, the contact indicated that affordable housing will be a continued need in the future. The contact did not comment on any specific institution but feels banks in the area are actively trying to assist low- and moderate-income families as much as possible.

**Huntsville AA**

The Huntsville AA is comprised of 29 CTs located in Houston, Leon, Madison, Trinity, and Walker counties. Of the 29 CTs, two are low-income, four are moderate-income, 21 are middle-income, and two are upper-income. According to the 2010 U.S. Census, the total AA population is 136.6 thousand. Twenty-one percent of households are below the poverty level and 35 percent of households are receiving social security benefits. Per the U.S. Bureau of Labor Statistics, the 2013 unemployment rates by county are as follows: Houston 7.8 percent, Leon 5.3 percent, Madison 5.3 percent, Trinity 6.4 percent, and Walker 5.7 percent. The Federal Deposit Insurance Corporation (FDIC) reports there are 24 banks in the AA, with FNB retaining 17 percent of the market share.

Houston County is located in the heart of the Davy Crockett National Forest in East Texas. Houston County offers its residents and visitors a variety of festivals with family-friendly activities, outdoor recreation including fishing, boating and hunting, and several entertainment venues as well as numerous historical sites. According to the 2010 U.S. Census, Houston County has a population of 23.7 thousand. The county seat and largest town in Houston County is Crockett, which has a population of 6,950. Houston County is bordered on the north by Anderson County, on the east by Cherokee, Angelina, and Trinity counties, on the south by Walker and Madison counties, and on the west by Leon County. Houston County income levels range from low- to middle-income, and include the following CTs: 9501.00 (distressed), 9502.00 (distressed), 9503.00, 9504.00, 9505.00 (distressed), 9506.00, and 9507.00 (distressed).

Walker County is comprised of three main areas, the cities of New Waverly, Riverside, and Huntsville. Huntsville is the largest city in Walker County with an estimated population of 38.5 thousand. The Texas Department of Criminal Justice (TDCJ) is located in Huntsville, and it is the only state agency headquartered outside of Austin. Walker County is also home to Sam Houston State University. TDCJ is the largest employer in the AA with 7 thousand employees and the University employs approximately 2 thousand. The Walker County income level ranges from low- to upper-income, and includes the following CTs: 7901.01 (distressed), 7901.02 (distressed), 7901.03 (distressed), 7902.00 (distressed), 7903.00, 7904.00, 7905.00 (distressed), 7906.00, 7907.00, and 7908.00.

Leon County was established in 1846. Centerville was named the county seat in 1850 due to its central location in the county. The county's capability to attract and retain business is a result of its central location on Interstate 45, and close proximity to urban areas with access to major rail lines. In addition to small businesses and agri-business, Leon County is home to some larger companies, such as Nucor Steel, Houston Light & Power Company's Generating Station, and the Westmoreland Coal Co-Jewett Mine. According to the 2010 U.S. Census, Leon County has a population of 16,801. Freestone, Anderson, and Limestone County border Leon County on the north, on the east by Houston County, on the south by Madison County, and on the west by Robertson County. The Leon County income level is middle-income and includes the following CTs, all of which are distressed: 9501.00, 9502.00, and 9503.00.

Trinity County is located in the East Texas Timberlands region, and is named for the Trinity River. The county seat is Groveton, and as of the 2010 U.S. Census, the population was 14.5 thousand. The five most common occupations are law enforcement, sales workers and truck drivers, electrical equipment mechanics, other production occupations, and metal and plastic workers. The Trinity County income level is middle-income and includes the following CTs, all of which are distressed: 9501.00, 9502.00, 9503.00, 9504.00, and 9505.00.

Madison County is located on the Brazos Trail and consists of three towns, Madisonville, the county seat, as well as Midway and North Zulch. The county is primarily an agricultural base of ranching and farming including cattle, horses, and poultry. According to the 2010 U.S. Census, Madison County has a population of 13,664. Madison County is bordered by Leon County to the north, Houston County to the northeast, Walker County to the southeast, Grimes County to the south, and Brazos County to the southwest. The Madison County income level is middle-income and includes the following CTs, all of which are distressed: 0001.00, 0002.00, 0003.00, and 0004.00.

### **Bryan AA**

The Bryan AA is comprised 47 CTs located in Brazos and Robertson Counties, both of which are located in the Bryan-College Station MSA. Of the 47 CTs, six are low-income, 12 are moderate-income, 13 are middle-income, and 14 are upper-income. Additionally, there were two CTs for which data could not be collected. According to the 2010 U.S. Census, the AA has a population of 211 thousand. The weighted average median family income is \$59,457. Twenty-nine percent of the population is below the poverty level, and 17 percent receives social security. There are 83 thousand housing units in the AA with the weighted average of median housing around \$132 thousand. Of the housing, 43 percent is owner occupied and just over half are rental units. As of June 30, 2013, the FDIC reports 20 other banks within the AA.

Brazos County is nestled between the Brazos and Navasota Rivers. The southern border comes to a point where those rivers meet. The county's northern border runs along Texas Highway Old San Antonio Road. Bryan, Texas is the county seat of Brazos County. Another major town is College Station, Texas. According to the Bryan/College Station Chamber of Commerce, Bryan was established in 1859. The town prospered through agriculture and the railway system. In 1876, the Agricultural and Mechanical College of Texas was created. This soon led to the founding of College Station, Texas, to accommodate the living needs of college employees. Today, the largest employer in Brazos County is Texas A&M University. Other industries in the area revolve around the education system of the University as well as the Bryan and College Station School Districts. St. Joseph Regional Hospital, Sanderson Farms, and Reynolds & Reynolds are additional employers in the area. The county is made up of eight low-income, nine moderate-income, 11 middle-income, and 14 upper-income CTs.

Robertson County is bordered on the south side by Brazos County. The Brazos River borders the county's west side and the Navasota River borders the East. The county seat of Robertson County is Franklin, Texas. According to the Hearne Chamber of Commerce, major employers in the area include Big Creek Construction, Sanderson Farms, Inc., and various local school districts. Robertson County has also benefitted from the drilling, production, and distribution activities of the Eagle Ford Shale, with several oil and gas pipelines built in the county. The county is made up of three moderate-income and two middle-income CTs.

## **Conclusions with Respect to Performance Tests**

### **LENDING TEST**

The Lending Test is rated Satisfactory. More weight was assigned to lending in the Huntsville AA. The Huntsville AA has 93 percent of the deposits and 83 percent of the loans. The Bryan AA has 7 percent of the deposits and 12 percent of the loans. The remaining 5 percent of loans are student loans within the Huntsville AA. However, these loans were not considered in the Lending Test analysis, as the bank does not have information on individual students.

### **Loan-to-Deposit Ratio**

The loan-to-deposit (LTD) ratio is reasonable. As of December 31, 2013, FNB's quarterly LTD ratio since the prior evaluation at March 21, 2011 averaged 45.45 percent. A peer group of banks with total assets ranging from \$100 million to \$670 million were used as comparator banks. For the same evaluation period, these banks had average LTD ratios ranging from a low of 20.97 percent to a high of 79.69 percent, with an average of 52.16 percent. FNB maintains a high level of public funds not available for lending. As of year-end 2013, FNB had \$43 million in public funds, which represented 11 percent of total deposits. The LTD ratio net of public funds was 57 percent, which is reasonable considering the average LTD of comparator banks.

## Lending in Assessment Area

A substantial majority of loan originations are inside the bank's AAs. Specifically, 93 percent of the number and 94 percent of the dollar volume of loans originated or purchased during the evaluation period were in FNB's AAs. Our analysis included 477 loans originated in 2012 and 2013. The following table details FNBs lending in the AA by product type.

Loan Type	Number of Loans					Dollars of Loans (000s)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Residential Real Estate	333	92.50	27	7.50	360	37,777	93.57	2,595	6.43	40,372
Consumer	55	91.67	5	8.33	60	381	88.40	50	11.60	431
Commercial	56	98.25	1	1.75	57	2,895	99.48	15	0.52	2,910
Totals	444	<b>93.08</b>	33	6.92	477	41,053	<b>93.91</b>	2,660	6.09	43,713

Source: Data reported under HMDA and loan data collected by FNB.

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

Overall, the distribution of loans reflects a reasonable penetration among individuals of different income levels and businesses of different sizes given the bank's product offerings and local economic conditions.

### Residential Real Estate Loans

The distribution of residential real estate loans to borrowers in the Huntsville AA reflects reasonable penetration among borrowers of different income levels considering the demographics, bank products, and limited lending opportunities in the area. We compared bank loan originations to the 2010 U.S. Census characteristics of the AA. Roughly, two percent of the bank's real estate loans are to low-income borrowers, which is well below the demographic comparator. Fourteen percent of residential real estate loan originations were to moderate-income borrowers, slightly below the demographic comparator.

Affordable housing options in the area are limited, thus, constraining the opportunity available for extending loans to low- and moderate-income borrowers. Twenty-two percent of households in the AA are living below the poverty level, which generally limits applicants from qualifying for conventional mortgage loans. The 2010 U.S. Census data indicates the weighted average of median housing value is \$87,068 compared to the weighted average of median household income at \$36,815. The bank's performance is reflected in the following table.

<b>Table 2 - Borrower Distribution of Residential Real Estate Loans in Huntsville AA</b>								
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 Real Estate	23.74	<b>1.93</b>	17.47	<b>13.83</b>	18.53	19.94	40.25	62.70

*Note: 1.61% of borrowers did not report income.*

FNB did not originate any residential real estate loans to low-income borrowers in the Bryan AA during the review period; however, the distribution of loans to moderate-income borrowers reflects reasonable penetration. FNB established a presence in the AA in 2008 with the opening of a branch office in Robertson County. In late 2011, FNB opened a Loan Production Office in Brazos County, which subsequently converted to a full service branch in early 2014. Management's strategy has been focused on commercial real estate originations. In addition, the weighted average of median housing is \$131,928, and 28 percent of households are below the poverty level. The bank's performance is shown in the following table.

<b>Table 2 - Borrower Distribution of Residential Real Estate Loans in Bryan AA</b>								
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 Real Estate	25.95	<b>0.00</b>	14.14	<b>9.09</b>	18.07	18.18	41.83	72.73

### **Commercial Loans**

The distribution of commercial loans to businesses reflects excellent penetration among businesses of different sizes in the Huntsville AA. Eighty-seven percent of the bank's loans to businesses originated and purchased during the loan-sampling period were made to small businesses. Small businesses are businesses with gross annual revenues of one million dollars or less. This is excellent when compared to demographic data that show 72 percent of the area's businesses are considered small businesses. The following table shows the distribution of commercial loans among different sized businesses in the AA.

<b>Table 2A - Borrower Distribution of Loans to Businesses in Huntsville AA</b>				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	71.88	2.70	25.43	100.00
% of Bank Loans in AA by #	<b>87.04</b>	7.41	5.56	100.00
% of Bank Loans in AA by \$	41.99	50.97	7.04	100.00

The distribution of loans to businesses reflects excellent penetration among businesses of different sizes in the Bryan AA. Eighty-seven percent of the bank’s loans to businesses originated and purchased during the loan-sampling period were made to small businesses. This is excellent when compared to demographic data that show 72 percent of the area’s businesses are considered small businesses. The following table shows the distribution of commercial loans among different sized businesses in the AA. The bank’s performance is shown in the following table.

<b>Table 2A - Borrower Distribution of Loans to Businesses in Bryan AA</b>				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	72.06	3.22	24.72	100.00
% of Bank Loans in AA by #	<b>86.67</b>	6.67	6.67	100.00
% of Bank Loans in AA by \$	68.22	20.65	11.14	100.00

**Consumer Loans**

The distribution of consumer loans to borrowers reflects excellent penetration among borrowers of different income levels in the Huntsville AA. The bank’s level of lending to low-income borrowers was reasonable given that low-income tracts accounted for only 7 percent of total tracts within the Huntsville AA. Excellent penetration among moderate-income borrowers in the Huntsville AA is reflected. The following table shows the distribution of consumer loan products among borrowers of different income levels as compared to the percent of families in each income category.

<b>Table 2B - Borrower Distribution of Consumer Loans in Huntsville AA</b>								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans						
Consumer Loans	29.48	<b>15.09</b>	16.78	<b>33.96</b>	16.49	15.09	37.24	24.53

*Note: 11.32% of borrowers did not report income*

The distribution of consumer loans to borrowers reflects reasonable penetration among borrowers of different income levels in the Bryan AA. During the loan-sampling period, the bank did not extend any consumer loans to low-income borrowers. The bank's two branches are both located in highly competitive banking markets with well-established banks. Competition is particularly intense with retailers and car dealerships that offer in-house consumer financing. The following table shows the distribution of consumer loan products among borrowers of different income levels as compared to the percent of families in each income category.

Table 2B - Borrower Distribution of Consumer Loans in Bryan AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	30.17	<b>0.00</b>	13.27	<b>28.57</b>	13.31	28.57	43.25	42.86

**Geographic Distribution of Loans**

The geographic distribution of loans reflects excellent dispersion throughout the bank's AA. The bank did not originate/purchase a sufficient number of residential real estate loans in the Bryan AA to enable meaningful analysis; however, this is offset by the excellent dispersion of residential real estate loans in low- and moderate-income areas in the Huntsville AA. Furthermore, in the Huntsville AA, the distribution of commercial loans in low-income areas and areas designated as distressed or underserved is excellent. Commercial loan originations to businesses in moderate-income areas reflect excellent dispersion. A majority of CTs are in middle- and upper-income areas, affecting the opportunities for originating loans in low- and moderate-income areas. In addition, State universities are located within low-income tracts in both AAs, further limiting the ability to make loans in these areas. There were no conspicuous gaps identified in the geographic distribution.

**Residential Real Estate Loans**

The distribution of residential real estate loans to borrowers in low- and moderate-income CTs in the Huntsville AA reflects excellent dispersion. The bank’s performance is shown in the following table.

<b>Table 3 - Geographic Distribution of Residential Real Estate Loans in Huntsville AA</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Residential Real Estate	4.06	<b>5.14</b>	5.72	<b>5.79</b>	75.77	50.16	14.45	38.91

FNB did not originate any residential real estate loans to borrowers in low- and moderate-income CTs in the Bryan AA during our review period.

**Commercial Loans**

The geographic distribution of commercial loans reflects excellent dispersion throughout the CTs of different income levels in the Huntsville AA. While moderate-income CT dispersion is poor, this is reasonable, as there are only 14 percent of moderate-income tracts in the AA. Additionally, all middle-income tracts located in this AA have been designated as distressed or underserved by the Federal Financial Institutions Examination Council (FFIEC), which reflects excellent dispersion. The bank’s performance is shown in the following table.

<b>Table 3A - Geographic Distribution of Loans to Businesses in Huntsville AA</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Commercial	5.57	<b>7.41</b>	10.79	<b>3.70</b>	69.46	<b>77.78</b>	14.19	11.11

The geographic distribution of commercial loans reflects excellent dispersion throughout the CTs of different income levels in the Bryan AA. Dispersion is reasonable in low-income tracts and excellent in moderate-income tracts. The following table details the bank’s performance as compared to the percentage of businesses in each income level.

Table 3A - Geographic Distribution of Loans to Businesses in Bryan AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Commercial	9.93	<b>6.67</b>	20.25	<b>33.33</b>	35.34	13.33	33.99	46.67

### Consumer Loans

The geographic distribution of consumer loans reflects a reasonable dispersion throughout CTs of different income levels in the Huntsville AA. While low- and moderate-income CT dispersion is below the percentage of households in the AA, this is reasonable, as there are only 21 percent of low- and moderate-income CT in the Huntsville AA. Additionally, a significant number of middle-income tracts located in this AA have been designated as distressed or underserved by the FFIEC. The bank's lending in middle-income tracts exceeded the percentage of households located in the AA. The following table details the bank's performance as compared to the percentage of owner-occupied housing units in each income level.

Table 3B - Geographic Distribution of Consumer Loans in Huntsville AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	9.98	<b>1.89</b>	11.11	<b>9.43</b>	66.21	<b>73.58</b>	12.70	15.09

The geographic distribution of consumer loans reflects an excellent dispersion throughout CTs of different income levels in the Bryan AA. The bank's lending in low- and moderate-income CTs exceeded the percentage of households located in the AA. The following table details the bank's performance as compared to the percentage of owner-occupied housing units in each income level.

<b>Table 3B - Geographic Distribution of Consumer Loans in Bryan AA</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	14.31	<b>28.57</b>	25.56	<b>28.57</b>	31.33	14.29	28.75	28.75

**Responses to Complaints**

The bank did not receive any CRA-related complaints during the evaluation period.

**COMMUNITY DEVELOPMENT TEST**

Overall, the bank’s performance for the Community Development Test is Satisfactory, and reflects adequate responsiveness to Community Development (CD) needs of the AAs primarily through CD lending and investments, as well as services. FNB provided \$5.4 million in qualified CD loans and \$9.9 million in qualified donations. FNB also provided qualifying financial services to several organizations in its AAs during the evaluation period. The bank’s CD activities are described below.

**Number and Amount of Community Development Loans**

During the evaluation period, FNB originated or refinanced 13 qualifying CD loans totaling \$5.4 million. In the Huntsville AA, officers originated and refinanced nine loans totaling \$3.2 million. In the Bryan AA, officers originated four loans totaling \$2.2 million.

In the Huntsville AA, CD loans consisted of five loans totaling \$2.7 million to businesses and an individual that provides affordable housing to low- and moderate-income (LMI) individuals, one \$30 thousand loan to a youth organization that promotes community services, and three loans to one business totaling \$452 thousand that promote economic development through employment of LMI individuals.

In the Bryan AA, CD loans consisted of three loans totaling \$742 thousand to two businesses that provides affordable housing to LMI individuals and one Small Business Administration loan totaling \$1.5 million to a business that promotes economic development through employment of LMI individuals.

**Number and Amount of Qualified Investments**

FNB made four qualified investments and 23 donations totaling \$8.98 million to organizations whose activities primarily benefit LMI individuals in the bank's AAs. These monetary investments and donations consist of \$8.96 million in investments and 22 donations totaling \$17.5 thousand in the Huntsville AA. The investments included a bond that created new permanent jobs to LMI individuals and a bond that improved city-wide infrastructure in an underserved Non-MSA area. Donations were to organizations that provide need-based scholarships and other community services. In the Bryan AA, there was one donation totaling \$100 to an organization that provides food to LMI individuals and families.

**Extent to Which the Bank Provides Community Development Services**

FNB is involved in activities that promote CD services throughout its AAs. We identified twelve qualifying CD services performed by a bank officer and directors during the evaluation period. These activities involve bank officers and directors who sponsor informational and educational seminars, and provide financial expertise as board members of organizations that target services to LMI individuals.

FNB offers reasonable access to services in its two AAs. The bank operates six full service branches that allow reasonable access to Automated Teller Machines (ATM), night deposit boxes, and other services. In addition to branch locations, FNB operates two exclusive motor banking locations, one for personal and one for commercial account holders. Within the Huntsville AA, FNB has one branch in a moderate-income CT, two branches including the main office located in middle-income CTs, and one branch in an upper-income CT. In the Bryan AA, FNB has one branch located in a middle-income, and one branch located in an upper-income CT. ATMs are available at all branch locations and additional ATMs are located on the Sam Houston State University Campus and at the local hospital, Huntsville Memorial Hospital. FNB does not have any of its branches located in low-income CTs; however, branch locations are accessible to individuals in low-income CTs.

FNB offers various products, which include checking, savings, certificates of deposit, online bill pay, direct deposit, wire transfer, consumer loans, commercial loans, real estate loans, and small business loans.

**Other Activities**

FNB provides a Student Loan Program that offers subsidized government-guaranteed federal loans. Subsidized student loans are based on financial need and the government pays the interest on the loan while the student is enrolled in college. FNB's loan program serves a large population of students attending college in Huntsville, Texas. From 2011 through 2013, FNB granted \$12 million in subsidized student loans.

### **Responsiveness to Community Development Needs**

FNB has an adequate level of responsiveness to CD needs. Officers have originated a reasonable amount of qualified CD loans for affordable housing as well as economic development within both AAs.

### **Fair Lending or Other Illegal Credit Practices Review**

Pursuant to 12 C.F.R. 25.28(c), or 12 C.F.R. 195.28(c), in determining a national bank's (bank) or Federal Savings Association's (FSA) CRA rating, respectively, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank or FSA, or in any assessment area by an affiliate whose loans have been considered as part of the bank's or FSA's lending performance.

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.