



May 3, 2018

**CRA Decision #190
June 2018**

Mr. James W. Meredith, Chief Financial Officer
First National Bank Texas
P. O. Box 937
Killeen, Texas 76540

Re: Application for First National Bank Texas, Killeen, Texas to Establish a Branch Office
Charter No.: 5750 OCC Control No. 2018-SO-BranchNew-302219

Dear Mr. Meredith:

The Office of the Comptroller of the Currency (OCC) hereby approves the application submitted by First National Bank Texas (FNBT or the bank) to establish a domestic branch office inside the HEB Grocery Store at 14498 Bellaire Boulevard, Houston, Texas 77083. This approval is granted based on a thorough review of all information available, including the representations and commitments made in the application and by the bank's representatives. Based on our review, the OCC determined that approval to establish the branch is consistent with the relevant regulatory factors set forth in 12 CFR 5.30, applicable state law, and with the Community Reinvestment Act (CRA), the National Historic Preservation Act, and the National Environmental Policy Act.

This letter also serves as authorization for FNBT to establish Branch Number 208467A, known as the Bellaire Boulevard Branch, at the above noted address.

FNBT is a \$1.7 billion national bank that is headquartered in Killeen, Texas and operates over 300 branches located in the states of Texas, Arizona, and New Mexico, with approximately ninety percent of these branches in retail grocery stores, such as Wal-Mart, Kroger, and HEB. Approximately ninety percent of the branches are located in Texas. FNBT is wholly-owned by First Community Bancshares, Inc., also based in Killeen, Texas.

I. Community Reinvestment Act

The CRA requires the OCC to take into account a bank's performance record in helping to meet the credit needs of its communities, including low- and moderate-income (LMI) neighborhoods, when evaluating applications for the establishment of a domestic branch. Under the regulations implementing the CRA, a bank's record of performance may be the basis for denying or conditioning approval of an application for a branch establishment.

The OCC considered FNBT's most recent CRA performance evaluation (PE); information available to the OCC as a result of its supervisory responsibilities; written public comments; and information provided by FNBT in response to public comments. Based on this review, the OCC has concluded that FNBT's record of performance under the CRA is consistent with approval of this application.

FNBT's most recent CRA PE is dated July 5, 2016, with an overall rating of "satisfactory". The primary factors supporting this rating included: (i) the origination of a substantial majority of loans within its assessment areas; (ii) a reasonable loan-to-deposit ratio when considering the performance context, volume of mortgage loans originated by the bank and sold on the secondary market, and the number of small dollar consumer loans originated; (iii) a reasonable geographic distribution of loans when considering dispersion of residential and unsecured consumer loans in LMI geographies; (iv) a reasonable distribution of loans by borrower income when considering penetrations of residential loans and consumer loans to LMI borrowers; and (v) community development (CD) performance demonstrating adequate responsiveness to CD needs.

II. Summary of Public Comment and Applicant's Response

The OCC received and considered one comment letter regarding the proposed transaction. The commenter raised a general concern that financial institutions throughout Houston, Texas have an unsatisfactory reinvestment record regarding investing in Moorish communities and businesses. The commenter also noted concerns regarding the responsiveness of FNBT's call center to CRA-related inquiries.

The OCC also considered FNBT's response to the comment letter. FNBT noted that, through its CRA strategic planning, the bank is devoted to servicing the needs of all its communities including the 10 low- and 21 moderate-income areas located in the Houston-The Woodlands-Sugar Land (HTWS) Metropolitan Statistical Area (MSA)¹ where it operates full-service banking sites. FNBT also represented that it plans its CD donations based upon stated community needs which it identifies through a periodic needs assessment survey that it distributes to cities, counties, chambers of commerce, small business investment companies, CD corporations and other community based organizations in the HTWS MSA. FNBT then utilizes the feedback received from the survey participants in its strategic planning process. FNBT added that it considers needs declared in city or county comprehensive plans when assessing its planned CRA activities. FNBT also represented that it has provided additional training to its call center staff to ensure that CRA-related inquiries reach the appropriate bank personnel.

¹ In FNBT's response letter, it refers to the "Houston" MSA; however, the July 5, 2016 PE refers to it as the "Houston-the Woodlands-Sugarland (HTWS)" MSA.

III. Summary of Consideration of the Public Comment

The OCC has considered all the facts of record, including the bank's record under the CRA, compliance with fair lending and other consumer protection laws, confidential supervisory material, information provided by FNBT, and the public comment on the proposed transaction. Based upon this review, the OCC finds the facts to be consistent with approval.

IV. Consummation Requirements

If the branch is not opened within 18 months from this approval date, the approval automatically terminates unless the OCC grants an extension. Within 10 days after opening, the bank must advise this office of the branch's opening date, so the OCC may complete its records. Please include the application control number in the notice.

If the branch is closed, a 90-day advance notice of the proposed branch closing must be submitted to the OCC pursuant to 12 USC 1831r-1. Following the closing of the branch office, a final closing notice should be submitted to the OCC.

You are reminded to provide an after-the-fact notice to your supervisory office should this transaction cause your aggregate investment in bank premises to exceed 100% of the bank's capital stock but be less than or equal to 150% of the bank's total capital.

This approval and the activities and communications by OCC employees in connection with the filing do not constitute a contract, express or implied, or any other obligation binding upon the OCC, the United States, any agency or entity of the United States, or any officer or employee of the United States, and do not affect the ability of the OCC to exercise its supervisory, regulatory and examination authorities under applicable law and regulations. Our approval is based on the bank's representations, submissions, and information available to the OCC as of this date. The OCC may modify, suspend or rescind this approval if a material change in the information on which the OCC relied occurs prior to the date of the transaction to which this decision pertains. The foregoing may not be waived or modified by any employee or agent of the OCC or the United States.

First National Bank Texas, Killeen, Texas
OCC Control No. 2018-SO-BranchNew-302219

A separate letter is enclosed requesting your feedback on how we handled the referenced application. We would appreciate your response so we may improve our service. Should you have any questions, please contact Senior Licensing Analyst Robert G. Gaffney at gaffneyRG@occ.treas.gov or at (214) 720-2823.

Sincerely,

signed

Stephen A. Lybarger
Deputy Comptroller for Licensing

Enclosure: Survey