



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

February 14, 2011

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The First National Bank of Hartford
Charter Number 7592

101 Third Avenue South
Hartford, AL 36344-0000

Office of the Comptroller of the Currency
Birmingham Field Office
100 Concourse Parkway Suite 240
Birmingham, AL. 35244

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 bank has maintained a reasonable loan-to-deposit ratio since the prior examination.
- A majority of loans were made within the bank's Assessment Area (AA).
- The bank's lending performance reflects outstanding penetration to low- and moderate-income borrowers and to small businesses.
- The bank's geographic distribution of credit indicates weak penetration to the moderate-income geographies located within the AA.

SCOPE OF EXAMINATION

The First National Bank of Hartford (FNB Hartford) was evaluated under the Small Bank examination procedures, which is comprised of a lending test. The lending test evaluates the bank's record of meeting the credit needs of AA through its lending activities. The bank's previous CRA rating was "Satisfactory" as of May 12, 2005. The evaluation period for this performance report is May 13, 2005 through January 21, 2011.

The lending test for FNB of Hartford covers its performance from January 1, 2008 through January 21, 2011, as this is representative of its lending strategy since the last CRA examination. FNB Hartford's primary loan products are home, business, and consumer loans. We selected a sample of home and business loans to evaluate the bank's lending performance in each area.

DESCRIPTION OF INSTITUTION

FNB Hartford is a community bank with its sole location in Hartford, Alabama. As of December 31, 2010, the bank had \$136 million in total assets and is the largest bank in Hartford and second largest in Geneva County. The bank provides many banking services, including: business, agricultural, residential, and consumer lending. There are no legal or financial impediments affecting the bank's ability to meet the credit needs within the assessment area.

The bank's loan portfolio totals \$49 million with the composition split between consumer (36 percent), commercial and commercial real estate (25 percent), and home loans (25 percent). The bank has not experienced significant growth in the overall portfolio or in any particular segment since the previous examination. The composition of the portfolio has remained relatively unchanged.

DESCRIPTION OF ASSESSMENT AREA(S)

FNB Hartford's AA is made up of contiguous geographies. The bank designated all of Geneva County, Alabama (County Code 061) as its assessment area. It is primarily rural in nature and falls under the MSA/MD 20020- Dothan, AL. The assessment area consists

of six census tracts, 501-506, with 501-503 being defined as moderate-income tracts and 504-506 being defined as middle-income tracts. This AA meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income geographies.

Geneva County, AL

Geneva County is made up six geographies, all of which are primarily rural. There are no low-income tracts, three moderate-income tracts, three middle-income tracts and no upper-income tracts. Based on the 2000 census, the total population of the AA was 25,764, which included 10,470 households and 7,536 families. As of July 2009, the population had grown to 25,961. The HUD estimated 2010 median family income was \$51,400 for non-metro areas. Based on 2000 census data, the weighted average of median family income within the AA is \$33,155, compared to the weighted median household income of \$26,344. According to the Department of Industrial Relations, as of November 2010, the Geneva County unemployment rate was 8 percent, which was below the state average of 9 percent. However, according to 2000 census data, more than 20 percent of households in the AA were below poverty level. The 2000 Census data shows the median housing value in the AA is \$52,204.

Based on 2010 business demographic data, there were 2,019 non-farm businesses in Geneva County. The largest employer in the county is Reliable Metal Products, who employs approximately 470 people. Agriculture and related items of farm products make up the largest part of the business climate in Geneva County.

Competition among financial institutions in Geneva County is moderate. Within the AA, FNB Hartford competes with four other financial institutions. However, the nearby city of Dothan, AL contains 20 other institutions within its MSA market, including large institutions like Regions Bank and Wells Fargo Bank. According to the Federal Deposit Insurance Corporation's June 30, 2010 deposit market share report, FNB Hartford ranks eleventh of twenty-one financial institutions in the Dothan MSA, with a deposit market share of 3.88 percent. The top two banks account for a combined 29 percent of the deposits in the Dothan MSA.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

The bank's average loan-to-deposit (LTD) ratio since the last examination (May 2005) is 42 percent. This figure is in line with historical LTD averages. The average is low compared to other institutions located in the AA. FNB Hartford continues to operate in its one location with no desire to expand or grow outside of the AA. The average of the other banks LTD is 58 percent. Considering the small population of the AA (Geneva County) there are a significant number of banks operating in the county, significantly increasing competition for loans. The high concentration of financial institutions operating within a county with relatively few lending opportunities indicates that although FNB Hartford has a lower LTD, it has reasonably met the credit needs of the

AA. In addition, the AA the high poverty level contributes to a lack of lending opportunities.

Lending in Assessment Area

The bank originates a majority of its primary loan products within its AA. During the 2009-2010 HMDA evaluation period, the bank made fifty HMDA reportable loans. Based on total number of loans, thirty-three or 66 percent were within the AA. Sixty-seven percent of the dollar amount of these loans was inside the AA. A sample of commercial loans originated within the last three years was analyzed to determine penetration within the AA. Of the 45 loans sampled, 51 percent were extended to businesses located within the AA.

Lending in AA										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Mortgage	33	66.00	17	34.00	50	1,381	67.01	680	32.99	2,061
Commercial	23	51.11	22	48.89	45	1,267	68.70	577	31.30	1,844
Totals	56	58.94	39	41.05	95	2,648	67.81	1,257	32.18	3,905

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

Lending to borrowers of different incomes is excellent and lending to businesses of different sizes is satisfactory. Lending performance to low- and moderate-income borrowers in Geneva County is excellent. Additionally, the bank demonstrates satisfactory performance in lending to small businesses with annual revenues of less than \$1 million.

Borrower distribution of residential real estate loans is excellent when compared to the income distribution of families in the bank's AA. The percentage of loans to both low- and moderate-income borrowers exceeds the percentage of those families living in the AA. Based on 2009-2010 HMDA data, 36 percent of the bank's reported home loans were made to low-income borrowers in the AA, compared to 29 percent of AA families. The bank made 27 percent of home mortgage loans to moderate-income borrowers, as compared to 19 percent of moderate-income families in the AA. This demonstrates excellent penetration to low- and moderate-income borrowers.

Borrower Distribution of Residential Real Estate Loans in AA								
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
Mortgages	29.14	36.36	19.27	27.27	20.69	6.06	30.90	30.31

Lending to businesses of different sizes is satisfactory. First National Bank of Hartford's lending to businesses with gross annual revenues of \$1 million or less is equal to the percentage of businesses with gross annual revenues of \$1 million or less in the bank's AA. The business loans sampled reflected 82 percent of the number and 90 percent of the dollar volume of loans were to AA business with less than \$1 million in annual revenues. This compares to 80 percent of all AA businesses with known revenues below \$1 million.

Borrower Distribution of Loans to Businesses in AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	79.89	2.28	17.83	100%
% of Bank Loans in AA by #	82.60	8.70	8.70	100%
% of Bank Loans in AA by \$	89.71	7.49	2.80	100%

Geographic Distribution of Loans

The bank's geographic distribution of loans to low- and moderate-income geographies is poor. The bank's assessment area consists of Geneva County which contains six census tracts, three middle-income and three moderate-income. The geography of the county is such that the middle-income tracts cover the eastern part of the county while the moderate-income tracts cover the western part of the county. FNB Hartford's only location is located in the eastern portion of the county.

Residential lending in moderate-income geographies is poor. Twelve percent of the bank's mortgage loans in are moderate-income geographies. Within the moderate-income geographies, 50 percent of the housing is owner-occupied which indicates the level of opportunity for this type of lending.

Geographic Distribution of Residential Real Estate Loans in AA								
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
Mortgage	0.00	0.00	49.30	12.12	50.70	87.88	0.00	0.00

The bank's geographic distribution of loans to business within the AA is also poor. Thirteen percent of the loans to businesses are located in the moderate-income geographies. This compares to 53 percent of the total businesses located in the moderate-income geographies.

Geographic Distribution of Loans to Businesses in 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	0.00	0.00	53.27	13.05	46.73	86.95	0.00	0.00

Responses to Complaints

The First National Bank of Hartford has not received any CRA related complaints since the previous CRA examination.

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.