



## **PUBLIC DISCLOSURE**

March 04, 2014

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

HNB National Bank  
Charter Number 6635

100 North Main Street  
Hannibal, MO 63401

Office of the Comptroller of the Currency

500 N Broadway, Suite 1700  
St. Louis, MO 63102

**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**

The bank's overall rating is a blend of HNB National Bank's three assessment areas (AAs). The major factors that support this rating are:

- The distribution of loans to individuals of different income levels reflects reasonable penetration in the AAs.
- The geographic distribution of loans reflects reasonable dispersion within the census tracts (CTs) in the AA.
- Community development activities reflect adequate responsiveness to the community needs in the AAs.
- A majority of loans were originated or purchased inside the bank's three AAs.
- The bank's quarterly average loan-to-deposit ratio is more than reasonable.

## **Scope of Examination**

The Performance Evaluation of HNB National Bank (HNB) assesses HNB's record of meeting the credit needs of the communities in which it operates. We evaluated HNB under the Intermediate Small Bank performance criteria, which consist of a Lending test and a Community Development (CD) test. The Lending test evaluates a bank's record of helping to meet the credit needs of its AAs through its lending activities. The CD test evaluates a bank's lending, qualified investments, and CD services activities and HNB's responsiveness to the community needs.

The bank's three AAs received full-scope reviews. The Non-Metropolitan Statistical Area (Non-MSA) AA was weighted most heavily in arriving at the overall conclusions, as the bank's largest market share for loans and deposits is concentrated in the Non-MSA AA.

The evaluation period covers June 23, 2009 through March 4, 2014. The lending test sampled loans originated or purchased from January 1, 2012 through December 31, 2013. Conclusions regarding the bank's lending performance are based on HNB's primary loan products: residential real estate (RRE) and consumer loans. We conducted a data integrity review of the RRE loans reported under the Home Mortgage Disclosure Act (HMDA) prior to this evaluation. We found the HMDA data to be accurate and reliable. Loans originated or purchased in 2012 and 2013 were analyzed against 2010 Census information. We analyzed all HMDA loans and a sample of

consumer loans originated or purchased in 2012 and 2013. Due to the small size of the consumer loan sample compared to the full RRE portfolio, we placed more weight on the RRE loan analysis to form our conclusions.

The evaluation period of community development (CD) activities covers June 23, 2009 through March 4, 2014.

## Description of Institution

HNB National Bank has reported total assets of \$404 million as of December 31, 2013. The bank is owned by R. Dean Phillips, the largest and principal shareholder, and is headquartered in downtown Hannibal, Missouri. HNB is an intrastate bank with branches located in Hannibal, Monroe City, Palmyra, Perry, Bowling Green, Troy, Wentzville, St. Joseph, and Savannah within the State of Missouri. The bank has fifteen cash-dispensing ATMs within its AAs.

Since the prior CRA evaluation, HNB closed the loan production office in Montgomery City, MO in 2009. The bank expanded into the St. Joseph MO MSA by acquiring a branch in St. Joseph, MO and a branch in Savannah, MO on January 1, 2012. These branches are located in Andrew and Buchanan Counties.

The bank offers its customers a full range of retail and commercial banking products and services. Loan products offered include one-to-four family RRE loans, agricultural loans, commercial loans, commercial real estate loans, and consumer loans. HNB's business strategy remains dedicated to offering traditional-style banking, local decision-making, incorporating new technologies, community involvement, and providing responsive, personal service to all customers.

Residential lending and consumer lending accounts for 59% of the total dollar amount and 71% of the total number of all loans originated or purchased during the evaluation period.

<b>Loan Originations by Loan Type from January 1, 2012 through December 31, 2013</b>				
<b>Loan Category</b>	<b>Dollars (000s)</b>	<b>% of Dollars</b>	<b>Number of Loans</b>	<b>% of Number of Loans</b>
Residential Loans	\$223,204,427.88	54%	1,867	30%
Commercial Loans	\$ 92,853,450.91	22%	838	14%
Agricultural Loans	\$ 77,802,223.73	19%	911	15%
Consumer Loans	\$ 19,755,943.20	5%	2,547	41%
Total Originations	\$413,616,045.72	100%	6,163	100%

Source: Bank Records January 1, 2012 – December 31, 2013.

As of December 31, 2013, the bank's loan-to-deposit ratio was 90.6% and Tier 1 Capital totaled \$45.6 million. The loan portfolio was comprised of residential real estate (37%),

commercial (29%), agricultural (31%) and consumer (3%). Loans as a percent of average assets were 78%. There are no legal, financial, or other factors impeding the bank's ability to meet the credit needs of the communities it serves. The bank's previous CRA rating as of June 22, 2009 was Satisfactory.

## Description of Assessment Areas

The bank has designated three AAs: a Non-MSA AA in northeastern Missouri; the northwestern portion of the St. Louis MO-IL MSA, and the western portion of the St. Joseph MO MSA. In January 2012, HNB added the St. Joseph MO MSA AA with the acquisition of a Savannah, MO branch and a St. Joseph, MO branch. The AAs meet the requirements of the regulation and do not arbitrarily exclude any low- or moderate-income geographies.

### Non-MSA AA

The bank's Non-MSA AA is comprised of all of Marion, Monroe, Ralls and Pike Counties. The 2010 U.S. Census Data shows this AA contains no low-income CTs, one moderate-income CT, twelve middle-income CTs, and six upper-income CTs. The bank has eight branches in the Non-MSA AA: four in Hannibal, one in Monroe City, one in Palmyra, one in Perry, and one in Bowling Green. HNB also has eleven cash-dispensing ATMs in the Non-MSA AA.

Competition in the Non-MSA AA is moderate. As of June 30, 2013, seventeen financial institutions operated 40 offices in the AA. HNB deposits in the AA totaled \$267 million, ranking the bank 1<sup>st</sup> in the AA with a 22.85% deposit market share.

Based on 2010 Census data, the median family income (MFI) for the Non-MSA AA is \$45,840. The Federal Financial Institutions Examination Council (FFIEC) adjusted MFI for 2013 is \$48,200. Ten percent of the families in this AA live below the poverty level. The median housing value is \$96,655.

According to the Missouri Department of Economic Development, the unemployment rates in the Non-MSA AA for the following counties show improvement between December 2012 and 2013. The chart below summarizes each county's unemployment rates as of December 2012 and 2013. Major employers in the AA include Hannibal Regional Hospital, General Mills, Wal-Mart, Hannibal-LaGrange College, the local school districts, and city and county governments.

County	Unemployment Rate Dec 2013	Unemployment Rate Dec 2012
Marion	4.9%	6.0%
Pike	5.2%	5.9%
Ralls	5.0%	6.0%
Monroe	6.6%	8.5%

Contacts with community organizations serving the Non-MSA AA indicate there are opportunities for local financial institutions to serve the community. We identified the following credit and non-credit related needs in this AA:

- Home buyers counseling;
- Financial institutions to partner with other agencies to offer down payment assistance and first-time homebuyer loans; and
- Home rehabilitation loans.

### **St. Louis MO MSA AA**

The bank's St. Louis MO MSA AA is comprised of all of Lincoln and St. Charles Counties. The 2010 U.S. Census Data shows this AA contains one low-income CT, three moderate-income CTs, thirty-eight middle-income CTs, and forty-three upper-income CTs. The bank has two branches located in this AA.

Competitive pressures are strong. As of June 30, 2013, thirty-eight financial institutions with a total of 127 branches operated in the AA. HNB's deposits in this AA totaled \$29 million, ranking the bank 31<sup>st</sup> with a market share of 0.53%.

The median family income according to 2010 Census data is \$67,013. The FFIEC-adjusted MFI for 2013 is \$69,200. Four percent of the families in this AA live below the poverty level. The median housing value is \$195,939.

According to the Missouri Department of Economic Development, the December 2013 unemployment rate was 6.2% in Lincoln County (down from 7.4% in December 2012) and 5% in St. Charles County (down from 5.4% in December 2012). Major employers in the AA include Citi, MasterCard Worldwide, True Manufacturing, Verizon, General Motors, hospitals, local school districts, and city and county governments.

We determined the community's needs by contacting representatives from three housing organizations serving the MSA AA. These representatives identified the following credit and non-credit related needs in this AA:

- Funding for Low Income Housing Tax Credits programs and mixed financing public housing development;
- Funding for Housing Authorities and Social Services - mental health and health care;
- Funding for General Education Development (GED) classes;
- Mortgage products for low- and moderate-income borrowers; and
- General operating support and technical assistance for smaller non-profits.

### **St. Joseph MO MSA AA**

The bank's St. Joseph MO MSA AA is comprised of all of Andrew and Buchanan Counties. The 2010 U.S. Census Data shows this AA contains no low-income CTs, five moderate-income CTs, nineteen middle-income CTs, and five upper-income CTs. The bank has two branches in this AA.

Competition in the St. Joseph MO MSA AA is strong. As of June 30, 2013, fifteen financial institutions with a total of 34 branches operated in the AA. HNB's deposits in the AA totaled \$64 million, which ranked the bank 9<sup>th</sup> with a market share of 3.71%.

The median family income for the St. Joseph MO MSA AA is \$54,339 according to 2010 U. S. Census data. The FFIEC-adjusted MFI for 2013 is \$59,300. Nine percent of families in this AA live below the poverty level.

According to the Missouri Department of Economic Development, December 2013 unemployment rates in the St. Joseph MO MSA AA were 4.3% in Andrew County (near the December 2012 rate of 4.1%) and 4.7% in Buchanan County (down from 5.2% in December 2012).

Major employers in the AA include Heartland Health, Triumph Foods, Boehringer Ingelheim Vetmedica, Wal-Mart, American Family Insurance, Hillshire Brands Co, Systems & Services Technologies, Inc., Missouri Western State University, the local school districts, and city and county governments.

In our community contacts with an affordable housing organization serving the St. Joseph MO MSA AA, the following credit and non-credit needs were identified as opportunities for local financial institutions to serve the community.

- Offering conventional affordable residential first mortgage loans;
- Working with agencies and other institutions to offer down payment assistance grants; and
- Sharing financial expertise by serving on finance committees or as board members of organizations serving low- and moderate-income individuals.

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

### **LENDING TEST**

The bank's performance under the lending test is rated "Satisfactory." Based on the full-scope review, the bank's lending performance in Missouri is reasonable.

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

The bank's loan-to-deposit (LTD) ratio is more than reasonable given the institution's size, financial condition, and AA credit needs. The average LTD for the nineteen quarters since the last CRA evaluation and ending December 31, 2013, was 90.88%. The quarterly average LTD ratio for similarly situated banks within the AAs ranged from 53.68% to 82.33%. HNB has the highest quarterly average LTD ratio for the five comparable banks with total assets between \$200 million and \$425 million.

## **Lending in Assessment Area**

A majority of the loans (78%) are originated inside the bank's AAs. Based on 1,659 home mortgage loans originated or purchased by the bank from January 1, 2012 through December 31, 2013, 78% of the number of loans and 77% of the dollar amount of loans were to borrowers located in the AAs. Based on our sample of 20 consumer loans, 85% were made inside the AAs.

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

The distribution of loans reflects reasonable penetration among individuals of different income levels and businesses of different sizes.

## **Non-MSA AA**

The distribution of loans to borrowers of different incomes within the Non-MSA AA is reasonable.

## **Mortgage Lending**

The borrower distribution of RRE loans originated or purchased during the evaluation period is reasonable. In evaluating the borrower distribution, we considered the percentage of families who live below the poverty level (10%) and the barriers this may have on home ownership.

The percentage of 2012 and 2013 RRE home purchase loans made to low-income borrowers was lower than the percentage of AA families who are low-income. However, the percentage of home purchase loans to moderate-income borrowers exceeded the percentage of AA families who are moderate-income. The percentage of home improvement loans to low-income borrowers was slightly lower than the percentage of AA families who are low-income. However, the percentage of home improvement loans to moderate-income borrowers exceeded the percentage of AA families who are moderate-income. The percentage of home refinance loans to low-income borrowers was significantly lower than the percentage of AA families who are low-income. The percentage of home refinance loans to moderate-income borrowers was somewhat lower than the percentage of AA families who are moderate-income.

Borrower Distribution of Residential Real Estate Loans in the Non-MSA AA								
Census Tract 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
Home Purchase	15.87%	9.45%	15.56%	17.45%	22.14%	21.82%	46.44%	51.27%
Home Improvement	15.87%	13.33%	15.56%	17.78%	22.14%	24.44%	46.44%	44.44%
Home Refinance	15.87%	4.38%	15.56%	10.86%	22.14%	17.75%	46.44%	67.01%

Source: RRE loan data reported under HMDA for the period January 1, 2012 through December 31, 2013; 2010 U.S. Census Data.

**Consumer Lending**

The distribution of loans to consumers in this AA is reasonable based on a sample of 20 loans originated or purchased in 2012 and 2013. The percentage of loans extended to low-income consumers is significantly lower than the percentage of low-income households in this AA. However, the percentage of loans extended to moderate-income borrowers significantly exceeds the percentage of moderate-income households in this AA.

Borrower Distribution of Consumer Loans in the Non-MSA 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	21.07%	5.00%	14.47%	50.00%	18.22%	35.00%	46.24%	10.00%

Source: Sample of 20 consumer loans; 2010 U.S. Census data.

**St. Louis MO MSA AA**

The distribution of loans to borrowers of different incomes within the St. Louis MO MSA AA is reasonable.

**Mortgage Lending**

The borrower distribution of RRE loans originated or purchased in 2012 and 2013 is reasonable. In evaluating the borrower distribution, we considered the percentage of families (4%) that live below the poverty level and the barriers this may have on home ownership.



The percentage of home purchase loans to low-income borrowers was significantly lower than the percentage of AA families who are low-income. However, the percentage of home purchase loans to moderate-income borrowers exceeded the percentage of AA families who are moderate-income. HNB made no home improvement loans in this AA. The percentage of home refinance loans to low-income borrowers is somewhat lower than the percentage of AA families who are low-income. However, the percentage of home refinance loans to moderate-income borrowers exceeds the percentage of AA families who are moderate-income.

Borrower Distribution of Residential Real Estate Loans in the St. Louis MO MSA AA								
Census Tract 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
Home Purchase	12.04%	3.08%	15.74%	21.54%	22.65%	26.15%	49.56%	49.23%
Home Improvement	12.04%	0.00%	15.74%	0.00%	22.65%	0.00%	49.56%	0.00%
Home Refinance	12.04%	8.82%	15.74%	24.26%	22.65%	24.26%	49.56%	42.65%

Source: RRE loan data reported under HMDA for the period January 1, 2012 through December 31, 2013; 2010 U.S. Census Data.

**Consumer Lending**

The distribution of loans to consumers is excellent based on a sample of 20 loans originated or purchased in 2012 and 2013. The percentage of loans extended to low- and moderate-income borrowers is significantly greater than the percentage of low- and moderate-income households in this AA.

Borrower Distribution of Consumer Loans in St. Louis MO MSA 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	14.41%	20.00%	13.74%	40.00%	18.73%	20.00%	53.12%	20.00%

Source: Sample of 20 consumer loans; 2010 U.S. Census data.

**St. Joseph MO MSA AA**

The distribution of loans to borrowers of different incomes within the St. Joseph MO MSA AA is reasonable.

Mortgage Lending

The borrower distribution of RRE loans originated or purchased during the evaluation period is reasonable. In evaluating the borrower distribution, we considered the percentage of families who live below the poverty level (9%) and the barriers this may have on home ownership.

The percentage of home purchase loans to low- and moderate-income borrowers is significantly lower than the percentage of AA families who are low- and moderate-income. The number of home improvement loans to low- and moderate-income borrowers is somewhat lower than the percentage of AA families who are low- and moderate-income. The percentage of home refinance loans to low- and moderate-income borrowers is significantly lower than the percentage of AA families who are low- and moderate-income.

Borrower Distribution of Residential Real Estate Loans in the St. Joseph MO MSA AA								
Census Tract 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
Home Purchase	18.90%	2.56%	18.32%	8.97%	22.83%	28.21%	39.95%	60.26%
Home Improvement	18.90%	12.50%	18.32%	12.50%	22.83%	0.00%	39.95%	75.00%
Home Refinance	18.90%	4.85%	18.32%	10.30%	22.83%	20.00%	39.95%	64.85%

Source: RRE loan data reported under HMDA for the period January 1, 2012 through December 31, 2013; 2010 U.S. Census Data.

Consumer Lending

The distribution of loans to consumers is reasonable based on a sample of 20 loans originated or purchased in 2012 and 2013. The percentage of loans extended to low-income borrowers is significantly greater than the percentage of low-income households in this AA. The percentage of loans extended to moderate-income borrowers is near the percentage of moderate-income households in this AA.

Borrower Distribution of Consumer Loans in St. Joseph MO MSA 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	22.76%	40.00%	16.95%	15.00%	18.82%	20.00%	41.47%	25.00%

Source: Sample of 20 consumer loans; 2010 U.S. Census data.

## Geographic Distribution of Loans

The geographic distribution of loans originated or purchased during the evaluation period reflects reasonable dispersion. The analysis of data reflects HNB lends in most geographies within its AAs; there were no conspicuous gaps in the bank's lending patterns.

### Non-MSA AA

The geographic distribution of RRE and consumer loans originated or purchased during the evaluation period in the Non-MSA AA reflects reasonable dispersion. Our analysis is based on activity in the moderate-income CT, as there are no low-income CTs in this AA. Our assessment also reflects the mitigating factors that (1) HNB has no branches close to the moderate-income CT, and (2) sixteen other financial institutions serve the AA.

#### Mortgage Lending

The geographic distribution of RRE loans is reasonable for loans originated and purchased in 2012 and 2013. The geographic distribution of home purchase loans in the moderate-income CT is lower than the percentage of owner-occupied housing in that CT. HNB originated or purchased no home improvement loans in the moderate-income CT. The percentage of home refinance loans in the moderate-income CT is also lower than the percentage of owner-occupied housing units in that CT.

Geographic Distribution of Residential Real Estate Loans in the Non-MSA AA								
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
Home Purchase	NA	NA	5.06%	1.04%	58.69%	58.82%	36.25%	40.14%
Home Improvement	NA	NA	5.06%	0.00%	58.69%	52.17%	36.25%	47.83%
Home Refinance	NA	NA	5.06%	0.39%	58.69%	42.08%	36.25%	57.53%

Source: RRE loan data reported under HMDA for the period January 1, 2012 through December 31, 2013; and 2010 U.S. Census Data.

#### Consumer Lending

The geographic distribution of consumer loans is reasonable for loans originated and purchased in 2012 and 2013. The moderate-income CT represents only 6.02% of households in the Non-MSA AA, limiting lending opportunities in this CT.

Geographic Distribution of Consumer Loans in the Non-MSA AA								
Census tract Income	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	NA	NA	6.02%	0.00%	61.58%	75.00%	32.40%	25.00%

Source: Sample of 20 consumer loans; 2010 U.S. Census data.

**St. Louis MO MSA AA**

The geographic distribution of loans originated or purchased during the evaluation period in the St. Louis MSA AA reflects reasonable dispersion.

**Mortgage Lending**

The geographic distribution of RRE loans is reasonable for loans originated and purchased in 2012 and 2013. HNB originated or purchased no home purchase loans in the only low-income CT in the AA. The percentage of home purchase loans in moderate-income geographies is slightly lower than the percentage of owner-occupied housing in the AA. HNB originated no home improvement loans in the AA. The percentage of home refinance loans in low- and moderate-income geographies exceeds the percentage of owner-occupied housing in the AA.

Geographic Distribution of Residential Real Estate Loans in the St. Louis MO MSA AA								
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
Home Purchase	0.53%	0.00%	1.86%	1.11%	45.35%	42.22%	52.26%	56.67%
Home Improvement	0.53%	0.00%	1.86%	0.00%	45.35%	0.00%	52.26%	0.00%
Home Refinance	0.53%	0.67%	1.86%	2.68%	45.35%	43.62%	52.26%	53.02%

Source: RRE loan data reported under HMDA for the period January 1, 2012 through December 31, 2013; and 2010 U.S. Census Data.

**Consumer Lending**

The geographic distribution of consumer loans is reasonable for loans originated and purchased in 2012 and 2013. The percentage of consumer loans in moderate-income geographies exceeds the percentage of moderate-income households in the AA. Our sample did not identify consumer loans originated in the low-income CT, which is some distance from the HNB branches in this AA.

Geographic Distribution of Consumer Loans in St. Louis MO MSA 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	1.17%	0.00%	2.38%	5.00%	46.55%	85.00%	49.90%	10.00%

Source: Sample of 20 consumer loans; 2010 U.S. Census data.

**St. Joseph MO MSA AA**

The geographic distribution of loans originated or purchased during the evaluation period in the St. Joseph MO MSA AA reflects reasonable dispersion when factoring in HNB’s new emergence into this AA. In 2012, HNB purchased two branches not in close proximity to the moderate-income CTs. Furthermore, the competition from 14 other institutions with 32 branches in the AA is strong.

**Mortgage Lending**

The geographic distribution of RRE loans is poor for loans originated and purchased in 2012 and 2013. The percentage of home purchase, home improvement and home refinance loans is lower than the percentage of owner-occupied housing in the AA.

Geographic Distribution of Residential Real Estate Loans in the St. Joseph MO MSA AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% 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
Home Purchase	NA	NA	10.66%	6.06%	65.87%	70.20%	23.46%	23.74%
Home Improvement Loans	NA	NA	10.66%	3.57%	65.87%	75.00%	23.46%	21.43%
Home Mortgage Refinance	NA	NA	10.66%	5.72%	65.87%	69.88%	23.46%	24.40%

Source: RRE loan data reported under HMDA for the period January 1, 2012 through December 31, 2013; and 2010 U.S. Census Data.

Consumer Lending

The geographic distribution of consumer loans is poor for loans originated and purchased in 2012 and 2013. HNB originated or purchased no consumer loans in the moderate-income CT in the AA.

Geographic Distribution of Consumer Loans in St. Joseph MO MSA 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	0.00%	0.00%	13.56%	0.00%	65.89%	90.00%	20.55%	10.00%

Source: Sample of 20 consumer loans; 2010 U.S. Census data.

**Responses to Complaints**

Neither HNB nor the OCC received any CRA complaints since the prior CRA evaluation.

**COMMUNITY DEVELOPMENT TEST**

The bank’s performance under the CD test is rated “Satisfactory.” The bank’s CD performance in the AAs reflects adequate responsiveness to the needs of the communities.

**Non-MSA AA**

HNB adequately meets the CD needs of the Non-MSA AA.

**Community Development Loans**

HNB originated six CD loans totaling \$434,484. The loans include partial funding of the construction of affordable housing units in the bank’s Non-MSA AA.

**Qualified Investments**

HNB’s investments in the Non-MSA AA total \$1,100,500. HNB made five qualified investments to a local school district and a food pantry.

**Community Development Services**

HNB provided CD services consisting of providing financial expertise by serving on boards of organizations that provide loans and services to low- and moderate-income individuals in the bank’s Non-MSA AA.

**St. Louis MO MSA AA**

HNB adequately meets the needs of its St. Louis MO MSA AA.

**Community Development Loans**

HNB originated one CD loan in the amount of \$435,025. The loan was to fund the construction of affordable housing units in the St. Louis MO MSA AA.

**Qualified Investments**

HNB made one qualified investment totaling \$250,000 in the St. Louis MO MSA AA. The qualified investment is to a local school district in the St. Louis MO MSA AA.

**Community Development Services**

HNB did not provide us with any CD services in the St. Louis MO MSA AA to review.

**St. Joseph MO MSA AA**

HNB adequately meets the CD needs of its St. Joseph MO MSA AA.

**Community Development Loans**

HNB originated two CD loans totaling \$624,917. The loans were to fund the construction of affordable housing units in the St. Joseph MO MSA AA.

**Qualified Investments**

HNB did not provide us with any qualified investments in the St. Joseph MO MSA AA to review.

**Community Development Services**

HNB did not provide us with any CD services in the St. Joseph MO MSA AA to review.

**Retail Services the Bank Provides**

HNB has no branches located in low- or moderate-income CTs. HNB customers may access their accounts through the Internet. Online Account access includes transfer of funds between HNB accounts or from other banks, and review of account histories and check balances. On-line bill-paying capability is available through Internet banking. Debit cards provide customers additional access to their accounts at point of sale and ATM locations. Business products and services the bank offers include eBusiness Banking, eDeposit and Small Business Administration (SBA) loans to business customers.

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

HNB's CD activities demonstrated adequate responsiveness to community needs. They addressed the identified needs of affordable housing and small business financing.

### **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.