



Office of the  
Comptroller of the Currency  
Washington, DC 20219

# INTERMEDIATE SMALL BANK

## PUBLIC DISCLOSURE

January 19, 2021

## COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First National Bank Albany/Breckenridge  
Charter Number: 3248

100 South Main Street  
Albany, TX 76430-0157

Office of the Comptroller of the Currency  
225 E. John Carpenter Freeway, Suite 900  
Irving, TX 75062

**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, and should not 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.

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## Overall CRA Rating

**Institution's CRA Rating:** This institution is rated **Satisfactory**.

**The Lending Test is rated: Satisfactory.**

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

The major factors that support this rating include:

- The Lending Test rating is based on performance in the bank's assessment areas (AAs).
- The Community Development (CD) Test rating is based on performance in the bank's AAs.
- The loan-to-deposit (LTD) ratio is reasonable.
- A substantial majority of the bank's loans are inside its AAs.
- The geographic distribution of loans across geographies of different income levels is reasonable.
- The borrower distribution of loans to borrowers of different income levels and businesses of different sizes is reasonable.
- CD activities reflect adequate responsiveness to community development needs.

### Loan-to-Deposit Ratio

Considering the bank's size, financial condition, and credit needs of the AA(s), the bank's loan-to-deposit ratio is reasonable. The LTD ratio is calculated on a bank-wide basis. The bank's quarterly average LTD ratio during the evaluation period was 73.5 percent. We compared the bank's LTD ratio to similarly situated institutions operating in the area. The average LTD ratio for the peer banks was 62.8 percent.

### Lending in Assessment Area

A substantial majority of the bank's loans are inside its assessment area(s) (AAs).

The bank originated and purchased 81.8 percent of its total loans inside the bank's AAs during the evaluation period. This analysis is performed at the bank, rather than the AA, level. This percentage does not include extensions of credit by affiliates that may be considered under the other performance criteria. The Lending Test included a review of the bank's home mortgages and small loans to businesses. Farm loans and consumer loans were included in the table below for informational purposes only. The findings from this analysis factored into the overall analysis of the geographic distribution of lending by income level of the geography.

Table D – Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage	306	76.3	95	23.7	401	33,340	63.8	18,951	36.2	52,291
Small Business	2,204	75.1	729	24.9	2,933	259,476	63.0	152,135	37.0	411,611
Small Farm	631	69.5	277	30.5	908	26,469	50.3	26,160	49.7	52,629
Consumer	6,288	86.3	998	13.7	7,286	39,161	80.0	9,774	20.0	48,936
<b>Total</b>	<b>9,429</b>	<b>81.8</b>	<b>2,099</b>	<b>18.2</b>	<b>11,528</b>	<b>358,446</b>	<b>63.4</b>	<b>207,020</b>	<b>36.6</b>	<b>565,467</b>

Source: Bank Data  
Due to rounding, totals may not equal 100.0%

## Description of Institution

First National Bank Albany/Breckenridge (FNB or bank) is a single-state community bank wholly owned by Albany Bancshares, Inc., a one-bank holding company controlled locally by individual shareholders, and headquartered in Albany, Texas. The holding company's total assets are approximately \$72 million. Established in 1883, FNB operates a total of four branch offices, in addition to the main office in Albany. FNB's branch network consists of banking offices in Gordon and Strawn, Texas, located in the southwest portion of Palo Pinto County, which resulted from branch acquisitions in 1989. The bank added a third branch in 1990, the Breckenridge branch in Breckenridge, Stephens County, Texas, and formally changed the name of the bank to First National Bank Albany/Breckenridge.

The bank opened a new branch facility on January 25, 2017 in the southern portion of Abilene, approximately 40 miles southwest of its main bank location in Albany. The city of Abilene is in Taylor County, which is part of the Abilene, Texas Metropolitan Statistical Area (MSA) that also includes the counties of Jones and Callahan.

FNB is a full-service bank offering an array of loan and deposit products, including telephone, mobile, and internet banking for both individuals and businesses. FNB's physical offices are its primary delivery system for retail products and services. The location and the census tract income designations for the bank and its branches are as follows:

- 100 S. Main Street, Albany, Texas (middle-income; distressed or underserved)
- 101 E. Walker Street, Breckenridge, Texas (moderate-income)
- 104 S. Main Street, Gordon, Texas (middle-income)
- 123 Central, Strawn, Texas (middle-income)
- 1500 Industrial Blvd., Suite 102, Abilene, Texas (opened 01/25/2017) (middle-income)

Drive-in banks with extended hours and ATMs with 24-hour access are located at:

- 84 N. Main in Albany, Texas
- 103 E Williams, Breckenridge, Texas
- 1500 Industrial Blvd., Abilene, Texas

As of December 31, 2019, FNB reported total assets of \$566.97 million, total liabilities of \$495.27 million, and capital of \$71.69 million. Gross loans totaling \$401.60 million represent 70.83 percent of assets. Commercial real estate and commercial and industrial (business) loans account for the largest percentage of gross loans at 45.38 percent and 34.74 percent respectively, followed by residential real estate at 16.36 percent and consumer loans at 3.52 percent. Farm and agriculture loans represent only 3.12 percent of gross loans. Total investments were \$155.05 million. Tier 1 capital totaled \$66.89 million. Based on these numbers, we determined the bank's primary lending focus for this evaluation will be business loans and residential real estate. FNB became a HMDA reporter in 2018 after moving into the Abilene MSA.

The bank has four total AAs in Texas (three of the four AAs are combined into one non-MSA AA resulting in two overall AAs for this review period):

- Non-MSA AA – comprised of Shackelford County, Stephens County, and a portion of Palo Pinto County. Four of the five branch locations are located within the non-MSA.
- Taylor County AA – all of Taylor County which is located within the Abilene, Texas MSA. One branch location is located within the Taylor County AA.

The non-MSA AA is comprised of five (5) census tracts (CT) from three contiguous counties in Texas in which the bank has its main office and three branch offices. The AA consists of the entire geographies of Shackelford County and Stephens County, and a portion of Palo Pinto County. There are no low- or moderate-income geographies in Shackelford County. There is one middle-income CT that makes up the entire county, and it has been designated as distressed or underserved. Albany is the county seat and the largest city with a population of approximately 2,000. The county directly east is Stephens County, which is also largely rural. This county has a total of three (3) census tracts – one moderate-income, one middle-income, and one upper-income. There are no low-income geographies. Breckenridge is the largest city and county seat of Stephens County. The physical address of the bank's branch is situated on the border of the moderate- and middle-income census tracts dividing the city (CT 9503 and CT 9502, respectively), and CT 9502 is designated by federal agencies as a distressed and underserved middle-income nonmetropolitan area. The bank delineates only a portion of Palo Pinto County, the southwestern part of the county that comprises the cities of Gordon and Strawn where the bank has its two branches (CT 0002). This is due to the remote rural nature, large geography of Palo Pinto County, and the location of the bank's branches. Management believes it would not be feasible for the bank to service the bordering middle- and upper-income census tracts. The city of Strawn is less than 10 miles to the west of Gordon, 40 miles east of Breckenridge, and Breckenridge is 24 miles east of Albany. The AA meets the requirements of the CRA regulation and does not arbitrarily exclude any low- or moderate-income geographies.

The Taylor County AA is composed of 38 CTs and is the location of the bank's newest branch. Taylor County is made up of 13 moderate-income CTs, 13 middle-income CTs, nine (9) upper-income CTs, and three (3) CTs that are "Unknown". There are no low-income CTs in the county or the designated AA. Taylor County is located in the Abilene, Texas MSA, which is located approximately 40 miles southwest of the main bank location in Albany, Texas. The AA meets the requirements of the CRA regulation and does not arbitrarily exclude any low- or moderate-income geographies.

The bank has no affiliate or operating subsidiary activities considered when evaluating the CRA performance. No legal or financial factors impede the bank from meeting the credit needs of its community. The bank was rated "Satisfactory" at the prior CRA evaluation dated October 30, 2017.

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

This Performance Evaluation (PE) assesses the bank's performance under the Lending Test and CD Test. In evaluating the bank's lending performance, we reviewed residential mortgage loans subject to filing under the Home Mortgage Disclosure Act (HMDA), a sampling of small loans to businesses, and CD loans. We also evaluated CRA qualified investments including donations and grants as well as retail and CD services. Analysis of loans inside the AA may contain all loan types as that ratio is evaluated on a bank-wide basis. In addition to sampling loans to businesses, we performed manual sampling of 2017 mortgage loans as FNB became a HMDA reporter starting in 2018.

The evaluation period for the Lending Test is January 1, 2017 through December 31, 2019. The review period for the CD Test is October 31, 2017 through December 31, 2019. Our conclusions related to CD loans, qualified investments including donations, and CD services were based on the number and dollar amounts made during the evaluation period.

For geographic and borrower distribution analyses, loans originated in 2017 through 2019 are compared to the 2015 American Community Survey (ACS) census data for mortgages and the 2019 Dun & Bradstreet (D&B) data for loans to small businesses.

### Selection of Areas for Full-Scope Review

In each state where the bank has an office, one or more of AAs within that state was selected for a full-scope review. For purposes of this evaluation, bank delineated assessment areas located within the same metropolitan statistical area (MSA), multistate metropolitan statistical area (MMSA), or combined statistical area (CSA) are combined and evaluated as a single AA. Similarly, bank delineated non-MSA AAs within the same state are combined and evaluated as a single area. These combined AAs may be evaluated as full- or limited-scope. Refer to the "Scope" section under each State Rating for details regarding how full-scope AAs were selected. Refer to Appendix A: Scope of Examination for a list of full- and limited-scope AAs.

FNB has a total of four AAs, three of which are combined into one AA as they are all included in a non-MSA within the same state. The non-MSA AA is made up of five contiguous CTs that includes all of Shackleford County, Stephens County, and a portion of Palo Pinto County. This AA includes four of the bank's five branches, one of which is the main branch location in Albany, Texas. We have selected the non-MSA AA for a full-scope review based on the bank maintaining 72.1 percent of total deposits in this AA.

For this evaluation period, we selected the Taylor County AA as a limited-scope AA. This AA includes one branch that was opened as of January 25, 2017. This AA accounts for 27.9 percent of total deposits.

## **Ratings**

The bank's overall rating is based on the performance in the State of Texas. The state rating is based on performance in all bank AAs with the most weight placed on the full-scope AAs. For the geographic and borrower distribution of loans under the Lending Test, consideration was given to the number of loans and dollar volume of loans originated in each category. Lending to small businesses received the most weight and then the one- to four- family mortgage lending was considered. Refer to the "Scope" section under the "State Rating" section for details regarding how the areas were weighted in arriving at the respective ratings.

## **Discriminatory or Other Illegal Credit Practices Review**

Pursuant to 12 CFR 25.28(c) or 195.28(c), respectively, in determining a national bank's or federal savings association's (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any AA by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Bureau of Consumer Financial Protection, as applicable.

The OCC has not identified that this institution (or any affiliate whose loans have been considered as part of the institution's lending performance) has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

The OCC will consider any information that this institution engaged in discriminatory or other illegal credit practices, identified by or provided to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

## State Rating

### State of Texas

**CRA rating for the State of Texas<sup>1</sup>:** Satisfactory

**The Lending Test is rated:** Satisfactory

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

The major factors that support this rating include:

- The geographic distribution of loans across geographies of different income levels is reasonable.
- The borrower distribution of loans to borrowers of different income levels and businesses of different sizes is reasonable.
- CD activities reflect adequate responsiveness to community development needs.

### Description of Institution's Operations in Texas

The bank operates in two AAs in the State of Texas as described in the "Description of the Institution" and the "Scope of Evaluation" sections of this PE. The bank's primary focus based on overall originations would be considered business loans and consumer loans. However, when reviewing dollar amounts held in portfolio, the primary focus is business loans and mortgages.

Competitors, in all markets, include other local community banks in its markets and some of the United States' largest banks that have a nationwide footprint as well as credit unions and nonbank financial entities that compete for residential, business, and consumer loans.

Community credit needs in the full-scope AAs were determined by reviewing recent housing and demographic information, CRA PEs from other banks operating in the bank's AAs, and a review of community contacts with organizations that provide services within the full-scope AAs.

#### Non-MSA AA

FNB has four branches in the non-MSA AA which equates to 21.1 percent of the total market, with average deposits per branch representing 35.5 percent, both leading the AA (out of eight lenders). There are five CTs in the AA. There are no CTs designated as low-income and one CT designated as moderate-income, which is the location of their branch in Breckenridge, Texas. There is one upper-income CT and three middle-income CTs. Two of the three middle-income CTs have been designated as being distressed or underserved. The non-MSA AA includes the headquarters of FNB and deposits total 72.1 percent.

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<sup>1</sup> This rating reflects performance within the state. The statewide evaluations do not reflect performance in the parts of those states contained within the MMSA.



The community contact for the non-MSA is an economic development organization that helps provide financial assistance for land, buildings, equipment, facilities, targeted infrastructure and improvements for athletic facilities, entertainment facilities, convention facilities, public parks, street, water and sewer facilities, as well as affordable housing. The most critical need identified from this contact was small business and consumer loans.

### Taylor County AA

FNB has one branch in Taylor County. The Taylor County AA has no low-income CTs and 13 moderate-income CTs. Opportunities to lend are available in this AA, but the bank just entered this market in the early part of 2017 and are still building their client base and brand. Total bank deposits in this AA represent 27.9 percent, which ranks 7<sup>th</sup> out of 24 lenders. A community contact was not completed for the Taylor County AA as this is a limited-scope AA.

The following table depicts the demographic information for the one full-scope AA in Texas.

<b>Table A – Demographic Information of the Assessment Area</b>						
<b>Assessment Area: Non-MSA 2017-2019</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	13	0.0	38.5	46.2	15.4	0.0
Population by Geography	40,725	0.0	34.8	43.1	22.0	0.0
Housing Units by Geography	21,978	0.0	27.3	52.7	20.0	0.0
Owner-Occupied Units by Geography	10,900	0.0	24.9	49.4	25.7	0.0
Occupied Rental Units by Geography	4,486	0.0	54.8	36.2	9.0	0.0
Vacant Units by Geography	6,592	0.0	12.7	69.3	18.0	0.0
Businesses by Geography	2,880	0.0	33.2	48.9	17.9	0.0
Farms by Geography	194	0.0	15.5	56.2	28.4	0.0
Family Distribution by Income Level	10,338	21.8	19.3	17.8	41.1	0.0
Household Distribution by Income Level	15,386	25.0	16.8	16.8	41.5	0.0
Median Family Income Non-MSAs - TX		\$52,198	Median Housing Value			\$85,632
			Median Gross Rent			\$667
			Families Below Poverty Level			15.2%
<i>Source: 2015 ACS and 2019 D&amp;B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

### **Scope of Evaluation in Texas**

As discussed earlier, the non-MSA AA was selected for a full-scope review. Refer to the table in Appendix A for a list of all AAs under review.

With an evaluation period end date of December 31, 2019, qualifying activities performed in response to the significant impact of the coronavirus pandemic across the United States are not addressed in this evaluation. Bank qualifying activities will be considered in the subsequent evaluation.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN TEXAS**

### **Lending Test**

The bank's performance under the Lending Test in Texas is rated Satisfactory.

### **Conclusions for Area Receiving a Full-Scope Review**

Based on a full-scope review, the bank's lending performance in the State of Texas is reasonable.

### **Distribution of Loans by Income Level of the Geography**

The bank exhibits a reasonable geographic distribution of loans in the state.

#### Non-MSA AA

##### ***Home Mortgage Loans***

The geographic distribution of mortgage loans in the AA is reasonable. Refer to Table O in the State of Texas section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

In 2017, the bank's mortgage lending in moderate-income geographies was somewhat lower than the owner-occupied housing units and near to the aggregate lending. The bank's mortgage lending included lending in middle-income census tracts that are designated as distressed or underserved. There are not any low-income CTs in the non-MSA.

In 2018-2019, the bank's mortgage lending in moderate-income geographies was somewhat lower than the owner-occupied housing units and exceeded the aggregate lending. The bank's mortgage lending included lending in middle-income census tracts that are designated as distressed or underserved. There are not any low-income CTs in the non-MSA.

##### ***Small Loans to Businesses***

The geographic distribution of small loans to businesses is reasonable. Refer to Table Q in the State of Texas section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses.

In 2017-2019, the bank's small loans to businesses in moderate-income geographies was somewhat lower than the percentage of businesses located in moderate-income geographies and was near to the percentage of aggregate lending. There are two middle-income census tracts in this AA that are designated as distressed or underserved. There are not any low-income CTs in the non-MSA.

### ***Lending Gap Analysis***

We evaluated the lending distribution in the bank's AAs to determine if any unexplained conspicuous gaps existed. There were no unexplained conspicuous gaps identified after reviewing performance context.

### **Distribution of Loans by Income Level of the Borrower**

The bank exhibits a reasonable distribution of loans to individuals of different income levels and businesses of different sizes, given the product lines offered by the bank.

#### ***Home Mortgage Loans***

The distribution of loans to low- and moderate-income individuals in the AA is reasonable. Refer to Table P in the State of Texas section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

In 2017, the bank's mortgage lending to low-income borrowers exceeded both the percentage of families identified as low-income and the aggregate percentage of lending to low-income borrowers. For moderate-income borrowers, the bank's mortgage lending was somewhat lower than the percentage of families identified as moderate-income and exceeded the percentage of the aggregate lending to moderate-income borrowers.

In 2018-2019, the bank's mortgage lending to low-income borrowers was lower than the percentage of families identified as low-income and exceeded the aggregate lending to low-income borrowers. For moderate-income borrowers, the bank's mortgage lending was somewhat lower than the percentage of families identified as moderate-income and exceeded the percentage of the aggregate lending to moderate-income borrowers.

#### ***Small Loans to Businesses***

The distribution of loans to small businesses in the AA is excellent. Refer to Table R in the State of Texas section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's originations and purchases of small loans to businesses.

In 2017-2019, the bank's loans to businesses with revenues less than or equal to \$1 million exceeded both the percentage of businesses identified as having revenues less than or equal to \$1 million and the aggregate lending to these businesses.

### **Responses to Complaints**

There were no complaints related to the institution's CRA performance within the State of Texas during the review period.

## Conclusions for Area Receiving a Limited Scope Review

Based on a limited-scope review, the bank's performance under the Lending Test in the Taylor County AA is weaker than the bank's overall performance under the Lending Test in the full scope area(s). As previously mentioned, the Bank opened a branch in Taylor County as of January 25, 2017 and continues to establish their brand and presence in a new AA that has extensive competition.

## COMMUNITY DEVELOPMENT TEST

The bank's performance under the Community Development Test in the state of Texas is rated Satisfactory.

## Conclusions for Area Receiving a Full-Scope Review

Based on a full-scope review, the bank exhibits adequate responsiveness to community development needs in the state through community development loans, qualified investments, and community development services, as appropriate, considering the bank's capacity and the need and availability of such opportunities for community development in the bank's assessment area(s).

### Non-MSA AA

#### Number and Amount of Community Development Loans

The Community Development Loans Table, shown below, sets forth the information and data used to evaluate the bank's level of CD lending. The table includes all CD loans, including multifamily loans that also qualify as CD loans.

<i>Community Development Loans</i>				
Assessment Area	Total			
	#	% of Total #	\$(000's)	% of Total \$
<b>Full Review</b>				
Non-MSA	18	94.74	7,986	98.52
<b>Limited Review</b>				
Taylor County AA	1	5.26	120	1.48

The level of CD lending in the non-MSA reflects excellent responsiveness to the CD needs of the AA. The bank originated or renewed 18 qualified CD loans in the AA totaling \$7.98 million which represented 16.6 percent of tier 1 capital allocated to the AA. Examples include:

- FNB originated eleven separate loans during the review period, totaling \$3.8 million, to the Stephens Memorial Hospital District in Breckenridge for it to meet match funding requirements (intergovernmental transfer payments) until Medicaid funds are received. The hospital, located in a moderate-income census tract, provides services that help stabilize a community that is also designated by the federal agencies as a distressed and underserved remote rural area.

- The bank originated two loans totaling \$400,000 to the city of Breckenridge that is secured by city tax revenue. Proceeds help to fund a water line improvement project and benefit LMI families and households in the moderate-income community, in addition to bordering communities that federal agencies have designated distressed and underserved.
- FNB originated a \$6 thousand loan to the Hubbard Creek Volunteer Fire Department that match funds U.S. Forest Service Grants and helps to purchase new fire equipment to be used in Breckenridge. Proceeds from the loan go towards the purpose of providing community services that benefit LMI in a distressed and underserved community.

### Number and Amount of Qualified Investments

Assessment Area	Qualified Investments								Unfunded Commitments**	
	Prior Period*		Current Period		Total					
	#	\$(000's)	#	\$(000's)	#	% of Total #	\$(000's)	% of Total \$	#	\$(000's)
<b>Full Review</b>										
Non MSA	1	833	45	38	46	85.19	871	98.86	0	0
<b>Limited Review</b>										
Taylor County AA	0	0	8	10	8	14.81	10	1.14	0	0

\* Prior Period Investments means investments made in a previous evaluation period that are outstanding as of the examination date.

\*\* Unfunded Commitments means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

The Qualified Investments Table, shown above, set forth the information and data used to evaluate the bank's level of qualified CD investments. These tables include all CD investments, including prior period investments that remain outstanding as of the examination date.

The level of CD investments in the non-MSA reflects an adequate responsiveness to the needs of the AA. Current and prior period qualified investments total \$871 thousand, compared to \$1.4 million in the prior PE. This level of investments represents 1.8 percent of allocated tier 1 capital as of December 31, 2019. The current investment balance, in large part, is represented by a GNMA security the bank purchased for \$2.55 million on November 30, 2011. The current book value of the security is \$833,919. The security is securitized by 24 30-year single-family mortgage loans either originated to low- and moderate-income borrowers or the properties are located in low- and moderate-income geographies. There were no new qualified investments during the current evaluation period. The bank made qualified donations totaling approximately \$38,000 to community organizations that serve LMI individuals or serve distressed or underserved census tracts in the AA such as Albany Community Chest, the Breckenridge Chamber of Commerce, and Friends of Historic Breckenridge.

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

The level of CD services in the non-MSA reflects an adequate responsiveness to the CD needs of the AA. The bank meets the CD service needs of the AA through the volunteer activities of its directors, officers and employees, many on a continuing basis to the CD organizations. Ten employees provided their expertise to 18 CD organizations within the AA. Employees served either as an executive, director, treasurer, and/or committee member. The following includes a few of the organizations that have benefited through the bank staff's efforts:

- Community Services – West Central Texas Municipal Water District, City of Albany Rockwell Family Endowment Board, Shelley Cleveland Memorial Scholarship Fund, Albany High School, Albany Kiwanis Club, Albany Chest Board, First Baptist Church, BISD Facility Assessment Council, Breckenridge United Fund, Strawn ISD, and Stephens Memorial Hospital.
- Economic Development – Albany Chamber of Commerce, City of Albany EDC, Breckenridge Economic Development Corporation, Breckenridge Industrial Foundation, Stephens County Tax Appraisal Review Board, and Breckenridge Chamber of Commerce.
- Revitalization and Stabilization – Reclaim Breckenridge and The Aztec Theater Board.

## **Conclusions for Area Receiving a Limited Scope Review**

Based on a limited-scope review, the bank's performance under the CD Test in the Taylor County AA is weaker than the bank's overall performance under the CD Test in the full scope area. As previously mentioned, the bank opened a branch in Taylor County as of January 25, 2017 and continues to establish their brand and presence in a new AA that has extensive competition. The bank originated one CD loan in the Taylor AA. One employee provided his expertise in one organization in the AA. Donations accounted for approximately \$10,000 in the limited scope AA. The limited-scope AA only makes up 27.9 percent of total deposits. The performance in this area has a neutral impact on the overall rating.

## Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the MSA(s) and non-MSA(s) that received comprehensive examination review, designated by the term “full-scope,” and those that received a less comprehensive review, designated by the term “limited-scope”.

<b>Time Period Reviewed:</b>	01/01/2017 to 12/31/2019; 10/31/2017 to 12/31/2019 for CD Activity	
<b>Bank Products Reviewed:</b>	Home mortgage (home purchase, home improvement, and refinance), small loans to businesses, CD loans, investments, and services.	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
None		
<b>List of Assessment Areas and Type of Examination</b>		
<b>Rating and Assessment Areas</b>	<b>Type of Exam</b>	<b>Other Information</b>
<b>Texas</b>		
Non-MSA AA	Full-Scope	Shackelford, Stephens, and a portion of Palo Pinto Counties. Five contiguous census tracts.
<b>Taylor County AA</b>	Limited-Scope	38 contiguous census tracts located in Taylor County.

## Appendix B: Summary of State Ratings

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RATINGS First National Bank Albany/Breckenridge			
Overall Bank:	Lending Test Rating*	CD Test Rating	Overall Bank/State/Multistate Rating
First National Bank Albany/Breckenridge	Satisfactory	Satisfactory	Satisfactory
State:			
Texas	Satisfactory	Satisfactory	Satisfactory

(\*) The Lending Test is weighted more heavily than the Community Development Test in the overall rating.



## Appendix C: Definitions and Common Abbreviations

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The following terms and abbreviations are used in this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

**Affiliate:** Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. For example, a bank subsidiary is controlled by the bank and is, therefore, an affiliate.

**Aggregate Lending (Aggt.):** The number of loans originated and purchased by all reporting lenders (HMDA or CRA) in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/assessment area.

**Census Tract (CT):** A small, relatively permanent statistical subdivision of a county delineated by a local committee of census data users for the purpose of presenting data. Census tracts nest within counties, and their boundaries normally follow visible features, but may follow legal geography boundaries and other non-visible features in some instances, census tracts ideally contain about 4,000 people and 1,600 housing units.

**Combined Statistical Area (CSA):** A geographic entity consisting of two or more adjacent Core Based Statistical Areas with employment interchange measures of at least 15. An employment interchange measure is a measure of ties between two adjacent entities. The employment interchange measure is the sum of the percentage of workers living in the smaller entity who work in the larger entity and the percentage of employment in the smaller entity that is accounted for by workers who reside in the larger entity.

**Community Development (CD):** Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; or activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas.

**Community Reinvestment Act (CRA):** The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its entire community, including LMI areas, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

**Consumer Loan(s):** A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, other secured consumer loans, and other unsecured consumer loans.

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into ‘male householder’ (a family with a male householder and no wife present) or ‘female householder’ (a family with a female householder and no husband present).

**Full-Scope Review:** Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

**Geography:** A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that conduct business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn), the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

**Home Mortgage Loans:** A closed-end mortgage loan or an open-end line of credit as these terms are defined under 12 CFR 1003.2, and that is not an excluded transaction under 12 CFR 1003.3(c)(1) through (c)(10) and (c)(13).

**Household:** Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

**Limited-Scope Review:** Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

**Low-Income Individual:** Individual income that is less than 50 percent of the area median income.

**Low Income Geography:** A census tract with a median family income that is less than 50 percent.

**Market Share:** The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/assessment area.

**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. The median is the point at which half of the families have income above, and half below, a range of incomes. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above, and half below, a range of incomes.

**Metropolitan Division:** As defined by Office of Management and Budget, a county or group of counties within a Core Based Statistical Area that contains an urbanized population of at least 2.5 million. A Metropolitan Division consists of one or more main/secondary counties that represent an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

**Metropolitan Statistical Area:** An area, defined by the Office of Management and Budget, as a core based statistical area associated with at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

**Middle-Income:** Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography.

**Moderate-Income:** Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

**Multifamily:** Refers to a residential structure that contains five or more units.

**Owner-Occupied Units:** Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

**Qualified Investment:** A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**Rating Area:** A rated area is a state or multi-state metropolitan statistical area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multi-state metropolitan statistical area, the institution will receive a rating for the multi-state metropolitan statistical area.

**Small Loan(s) to Business(es):** A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans.

**Small Loan(s) to Farm(s):** A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland or are classified as loans to finance agricultural production and other loans to farmers.

**Tier 1 Capital:** The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

**Upper-Income:** Individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent, in the case of a geography.

## Appendix D: Tables of Performance Data

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### Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan statistical areas, if applicable, are presented in one set of tables. References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to Appendix A: Scope of the Examination). For purposes of reviewing the Lending Test tables, the following are applicable: (1) purchased are treated as originations; and (2) “aggregate” is the percentage of the aggregate number of reportable loans originated and purchased by all HMDA or CRA-reporting lenders in the MMSA/assessment area. Deposit data are compiled by the FDIC and are available as of June 30<sup>th</sup> of each year. Tables without data are not included in this PE.

The following is a listing and brief description of the tables included in each set:

- Table O. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents aggregate peer data for the years the data is available.
- Table P. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MMSA/assessment area. The table also presents aggregate peer data for the years the data is available.
- Table Q. Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses that were originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) in those geographies. Because aggregate small business data are not available for geographic areas smaller than counties, it may be necessary to compare bank loan data to aggregate data from geographic areas larger than the bank’s assessment area.
- Table R. Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenue** - Compares the percentage distribution of the number of small loans (loans less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to: 1) the percentage distribution of businesses with revenues of greater than \$1 million; and, 2) the percentage distribution of businesses for which revenues are not available. The table also presents aggregate peer small business data for the years the data is available.

<b>Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography</b>																			<b>2017</b>	
Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts			
	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	
Non-MSA	20	941	22.4	780	0.0	0.0	0.0	24.9	15.0	17.9	49.4	65.0	61.5	25.7	20.0	20.5	0.0	0.0	0.0	
Taylor County	20	3,269	77.6	4,318	0.0	0.0	0.0	19.4	15.0	10.5	34.6	30.0	25.8	46.0	55.0	63.5	0.0	0.0	0.2	
<b>Total</b>	<b>40</b>	<b>4,210</b>	<b>100.0</b>	<b>5,098</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>20.9</b>	<b>15.0</b>	<b>11.6</b>	<b>38.6</b>	<b>47.5</b>	<b>31.2</b>	<b>40.6</b>	<b>37.5</b>	<b>56.9</b>	<b>0.0</b>	<b>0.0</b>	<b>0.2</b>	

Source: 2015 ACS Census; 01/01/2019 - 12/31/2019 Bank Data, 2019 HMDA Aggregate Data, “—” data not available.  
Due to rounding, totals may not equal 100.0%.

<b>Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography</b>																			<b>2018-19</b>	
Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts			
	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	
Non-MSA	136	11,364	67.7	780	0.0	0.0	0.0	24.9	18.4	17.9	49.4	61.0	61.5	25.7	20.6	20.5	0.0	0.0	0.0	
Taylor County	65	13,168	32.3	4,318	0.0	0.0	0.0	19.4	20.0	10.5	34.6	35.4	25.8	46.0	44.6	63.5	0.0	0.0	0.2	
<b>Total</b>	<b>201</b>	<b>24,532</b>	<b>100.0</b>	<b>5,098</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>20.9</b>	<b>18.9</b>	<b>11.6</b>	<b>38.6</b>	<b>52.7</b>	<b>31.2</b>	<b>40.6</b>	<b>28.4</b>	<b>56.9</b>	<b>0.0</b>	<b>0.0</b>	<b>0.2</b>	

Source: 2015 ACS Census; 01/01/2018 - 12/31/2019 Bank Data, 2019 HMDA Aggregate Data, “—” data not available.  
Due to rounding, totals may not equal 100.0%.

<b>Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower</b>																			<b>2017</b>		
Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers				
	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate		
Non-MSA	20	941	22.4	780	21.8	35.0	1.9	19.3	10.0	8.6	17.8	5.0	15.9	41.1	45.0	58.6	0.0	5.0	15.0		
Taylor County	20	3,269	77.6	4,318	21.3	0.0	3.3	17.7	0.0	13.2	20.1	10.0	21.1	40.9	20.0	44.5	0.0	70.0	17.9		
<b>Total</b>	<b>40</b>	<b>4,210</b>	<b>100.0</b>	<b>5,098</b>	<b>21.4</b>	<b>17.5</b>	<b>3.1</b>	<b>18.1</b>	<b>5.0</b>	<b>12.5</b>	<b>19.6</b>	<b>7.5</b>	<b>20.3</b>	<b>40.9</b>	<b>32.5</b>	<b>46.7</b>	<b>0.0</b>	<b>37.5</b>	<b>17.4</b>		

*Source: 2015 ACS Census; 01/01/2019 - 12/31/2019 Bank Data, 2019 HMDA Aggregate Data, “—” data not available.  
Due to rounding, totals may not equal 100.0%.*

<b>Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower</b>																			<b>2018-19</b>		
Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers				
	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate		
Non-MSA	136	11,364	67.7	780	21.8	6.6	1.9	19.3	12.5	8.6	17.8	21.3	15.9	41.1	48.5	58.6	0.0	11.0	15.0		
Taylor County	65	13,168	71.4	4,318	21.3	1.5	3.3	17.7	4.6	13.2	20.1	1.5	21.1	40.9	16.9	44.5	0.0	75.4	17.9		
<b>Total</b>	<b>201</b>	<b>24,532</b>	<b>100.0</b>	<b>5,098</b>	<b>21.4</b>	<b>5.0</b>	<b>3.1</b>	<b>18.1</b>	<b>10.0</b>	<b>12.5</b>	<b>19.6</b>	<b>14.9</b>	<b>20.3</b>	<b>40.9</b>	<b>38.3</b>	<b>46.7</b>	<b>0.0</b>	<b>31.8</b>	<b>17.4</b>		

*Source: 2015 ACS Census; 01/01/2018 - 12/31/2019 Bank Data, 2019 HMDA Aggregate Data, “—” data not available.  
Due to rounding, totals may not equal 100.0%.*

<b>Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography</b>																			<b>2017-19</b>		
Assessment Area:	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts				
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate		
Non-MSA	20	749	15.3	846	0.0	0.0	0.0	33.2	20.0	23.2	48.9	65.0	53.9	17.9	15.0	22.9	0.0	0.0	0.0		
Taylor County	20	4,158	84.7	2,888	0.0	0.0	0.0	28.3	10.0	22.5	31.1	55.0	35.3	39.6	35.0	42.0	0.9	0.0	0.2		
<b>Total</b>	<b>40</b>	<b>4,907</b>	<b>100.0</b>	<b>3,734</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>29.4</b>	<b>15.0</b>	<b>22.7</b>	<b>35.1</b>	<b>60.0</b>	<b>39.5</b>	<b>34.7</b>	<b>25.0</b>	<b>37.7</b>	<b>0.7</b>	<b>0.0</b>	<b>0.1</b>		

Source: 2019 D&B Data; 01/01/2018 - 12/31/2019 Bank Data; 2019 CRA Aggregate Data, “—” data not available.  
Due to rounding, totals may not equal 100.0%.

<b>Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues</b>													<b>2017-19</b>	
Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available				
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans			
Non-MSA	20	749	15.3	846	83.0	90.0	38.3	4.4	5.0	12.6	5.0			
Taylor County	20	4,158	84.7	2,888	81.7	55.0	36.0	5.2	35.0	13.1	10.0			
<b>Total</b>	<b>40</b>	<b>4,907</b>	<b>100.0</b>	<b>3,734</b>	<b>82.0</b>	<b>72.5</b>	<b>36.6</b>	<b>5.0</b>	<b>20.0</b>	<b>13.0</b>	<b>7.5</b>			

Source: 2019 D&B Data; 01/01/2018 - 12/31/2019 Bank Data; 2019 CRA Aggregate Data, “—” data not available.  
Due to rounding, totals may not equal 100.0%.