



PUBLIC DISCLOSURE

August 6, 2018

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, 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: Satisfactory

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Satisfactory.

HNB National Bank's (HNB) Community Reinvestment Act (CRA) performance is satisfactory. We based our conclusions on HNB's lending and community development (CD) activities. The major factors that support the rating for HNB National Bank include:

- HNB's quarterly average loan-to-deposit is more than reasonable given the bank's size, financial condition, local competition, and assessment area (AA) credit needs.
- A majority of HNB's loans are located inside the AAs.
- HNB has a reasonable distribution to borrowers of various income levels.
- HNB's geographic distribution of loans across geographies of different income levels is reasonable throughout the AAs.
- There were no complaints with respect to HNB's CRA performance.
- HNB demonstrates adequate responsiveness to the CD needs of its AAs.

Definitions and Common Abbreviations

The following terms and abbreviations are used throughout 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. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Aggregate Lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

Census Tract (CT): A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts generally have a population between 1,200 and 8,000 people, with an optimal size of 4,000 people. Their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community Development: 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; activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas; or loans, investments, and services that support, enable or facilitate projects or activities under HUD Neighborhood Stabilization Program criteria that benefit low-, moderate-, and middle-income individuals and geographies in the bank's assessment area(s) or outside the assessment area(s) provided the bank has adequately addressed the community development needs of its assessment area(s).

Community Reinvestment Act (CRA): the statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, 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, home equity 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 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, loan pricing, the lien status of the collateral, any requests for preapproval, and loans for manufactured housing).

Home Mortgage Loans: Such loans include home purchase, home improvement and refinancings, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

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 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 income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

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 MA/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. 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 it and half below it.

Metropolitan Area (MA): Any metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget, and any other area designated as such by the appropriate federal financial supervisory agency.

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.

Other Products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

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.

Rated Area: A rated area is a state or multi-state metropolitan 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 area, the institution will receive a rating for the multi-state metropolitan 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 One 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.

Description of Institution

HNB National Bank (HNB) is an intrastate financial institution headquartered in Hannibal, Missouri. R. Dean Phillips, who is the largest and principal shareholder, owns the bank. There were no affiliate or subsidiary activities considered in this evaluation.

HNB operates 14 full service branches that offer a variety of banking products and services to its customers. This includes deposit and loan products, as well as ATM/Debit cards, overdraft protection, remote deposit capture, night depository, safe deposit boxes, wire transfers, internet banking (including bill pay), mobile banking, cash management, investment services and trust services. HNB did not close any branches during the evaluation period. On November 19, 2015, HNB opened a new branch and automated teller machine (ATM) in St. Joseph, Missouri. On July 29, 2016, HNB acquired Farmers State Bank through a merger. As a result, HNB acquired a branch and two ATMs located in Stanberry, Missouri.

As of December 31, 2017, HNB had total assets of \$465 million, total loans of \$360 million, total deposits of \$403 million and common equity tier one capital of \$59.7 million or 15.90 percent of total risk weighted assets. HNB's net loans and leases totaled \$356 million and represented 76 percent of total assets. Loan portfolio composition as of December 31, 2017, includes the following:

Loan Type	Dollars (000)	Percentage of Loan Portfolio
Agriculture Loans	\$ 138,852	39%
Commercial Loans	\$ 108,860	30%
Residential Loans	\$ 102,487	28%
Consumer Loans	\$ 8,700	2%
Other Loans	\$ 817	<1%
Total Loans	\$ 359,716	100%

Source: 12/31/2017 FFIEC Call Report

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. There are no legal, financial, or other factors impeding the bank's ability to help meet the credit needs in its assessment areas (AAs). HNB's last CRA performance evaluation was on March 4, 2014. Utilizing Intermediate-Small Bank CRA examination procedures, the OCC concluded that HNB's performance was "Satisfactory."

For CRA purposes, HNB has identified three (AAs) in the state of Missouri that includes an eastern portion of the St. Joseph MO-KS (St. Joseph) Metropolitan Statistical Area (MSA) #41140, a western portion of the St. Louis MO-IL (St. Louis) MSA #41180, and a Non-MSA AA. The AAs conform to regulatory requirements and do not arbitrarily exclude any low- and moderate-income geographies.

Non-MSA AA

The Non-MSA AA represents HNB's primary AA and includes all of Marion, Monroe, Ralls and Pike Counties, located in northeast Missouri. After acquiring the branch in Stanberry, Missouri, in July 2016, HNB added all of Gentry County to the Non-MSA AA. Gentry County is located in northwest Missouri. The bank operates 9 branches and 13 cash-dispensing ATMs in this AA. Four branches, including the main office, are located in Hannibal. HNB operates one branch in each of the following towns: Bowling Green, Monroe City, Palmyra, Perry, and Stanberry. One cash-dispensing ATM is located at each branch. Other cash-dispensing ATM locations include two Abel's Quick Shops in Hannibal, the Hannibal Regional Hospital and a stand-alone location in Stanberry. As of June 30, 2017, HNB reported \$336 million in deposits in the Non-MSA AA. This represents 81 percent of total bank deposits as of that date. According to FDIC market share information as of June 30, 2017, HNB ranked first in deposit market share in the AA with a market share of 23 percent. Competition in the Non-MSA AA is strong with 22 other deposit-taking institutions operating 34 branches. Competitors in the AA include many local banks and credit unions, two regional banks (Commerce Bank and Great Western Bank), and one large national bank (U.S. Bank).

St. Joseph MSA AA

The St. Joseph MSA AA includes all of Andrew and Buchanan Counties, located in northwest Missouri. HNB operates three branches and three cash-dispensing ATMs in the St. Joseph MSA AA. HNB operates two branches in St. Joseph and one branch in Savannah. One cash-dispensing ATM is located at each branch. As of June 30, 2017, HNB reported \$47 million in deposits in the St. Joseph MSA AA. This represents 11 percent of total bank deposits as of that date. According to FDIC market share information as of June 30, 2017, HNB ranked ninth in deposit market share in the AA with a market share of 2.6 percent. Competition in the St. Joseph MSA AA is strong with 14 other deposit-taking institutions operating 31 branches. Competitors in the AA include many local banks and credit unions, one regional bank (UMB Bank), and two large national banks (BMO Harris Bank and U.S. Bank).

St. Louis MSA AA

HNB operates two branches and two cash-dispensing ATMs in the St. Louis MSA AA that includes Lincoln and St. Charles County. There is one branch in Troy and one in Wentzville. One cash-dispensing ATM is located at each branch. As of June 30, 2017, HNB reported \$34 million in deposits in the St. Louis MSA AA. This represents 8 percent of total bank deposits as of that date. According to FDIC market share information as of June 30, 2017, HNB ranked 30th in deposit market share in the AA with a market share of 0.47 percent. The St. Louis MSA AA is extremely competitive with 35 other deposit-taking institutions operating 128 branches. Competitors in the AA include many local banks and credit unions, three regional banks (Commerce Bank, Regions Bank, and UMB Bank), and four large national banks (Bank of America, BMO Harris Bank, PNC Bank, and U.S. Bank).

Refer to the community profiles in Appendix B for detailed demographics and other performance context information for AAs that received full-scope reviews.

Scope of the Evaluation

Evaluation Period/Products Evaluated

The scope of this evaluation includes an assessment of HNB under the Intermediate Small Bank performance criteria, which consists of a lending test and a community development (CD) Test. The lending test evaluates the bank's record of meeting the credit needs of its AAs through its lending activities. The CD test evaluates the bank's record of responding to the CD needs of its AAs through CD lending and providing qualified investments, donations, and services.

The evaluation period for this examination is from March 5, 2014 to December 31, 2017. For the CD test, we used information from the entire evaluation period. We determined that loan data from January 1, 2015 to December 31, 2017 was representative of the evaluation period and we sampled loans from this period for the lending test.

Home mortgage lending and consumer lending accounts for 44 percent of the total dollar amount and 61 percent of the total number of all loans originated or purchased during the evaluation period. Based on this information, HNB's primary lending products for this evaluation are home mortgage loans and consumer loans.

Loan Originations by Loan Type from January 1, 2015 through December 31, 2017				
Loan Category	Dollars (000s)	% of Dollars	Number of Loans	% of Number of Loans
Home Mortgage Loans	\$ 211,256	40%	1,676	23%
Commercial Loans	\$ 154,564	29%	1,246	17%
Agricultural Loans	\$ 137,400	26%	1,635	22%
Consumer Loans	\$ 23,147	4%	2,805	38%
Total Originations	\$ 526,367	100%	7,362	100%

Source: Bank Records January 1, 2015 – December 31, 2017

To evaluate lending performance, we reviewed the bank submitted Home Mortgage Disclosure Act (HMDA) data from 2015, 2016, and 2017 for home mortgage loans. Additionally, we selected a random sample of consumer loans originated during the same period (20 loans per year, per AA).

We completed two separate analyses of the bank's lending performance. For HNB's lending performance in 2015 and 2016, we used the comparators of demographic data from the 2010 United States (U.S.) Census and 2016 Home Mortgage Disclosure Act (HMDA) Aggregate Data. For the bank's lending performance in 2017, we used the comparators of demographic data from the 2015 American Community Survey (ACS) U.S. Census and 2017 HMDA Aggregate Data. The 2015 ACS provided an update to median family income, changing the income designation of some census tracts (CTs) in the AAs in 2017.

Due to the bank's acquisition of Farmers State Bank in July 2016 and resulting expansion of the bank's Non-MSA AA, we considered analyzing 2015 loan data and 2016 loan data

separately; however, we found that the acquired branch produced minimal lending activity from July 2016 through December 2016. Because of the minimal level of lending activity, a separate analysis for 2015 and 2016 would not be meaningful.

Data Integrity

On July 9, 2018, we tested the accuracy of HNB's HMDA data and determined it to be accurate. HNB is not required nor does it opt to collect and report data on consumer loans; therefore, consumer-lending performance was evaluated using data collected during our review of bank loan files. We verified that CD loans, investments, and services submitted by HNB meet the regulatory definition for qualified CD activities and excluded those activities that did not meet the definition.

Selection of Areas for Full-Scope Review

We selected HNB's Non-MSA AA and St. Joseph MSA AA for full-scope reviews. During the evaluation period, 81 percent of the bank's consumer loans and 59 percent of the bank's home mortgage loans originated in the Non-MSA AA. Approximately 81 percent of HNB's deposits were located in the Non-MSA AA. During the same period, 14 percent of the bank's consumer loans and 26 percent of the bank's home mortgage loans originated in the St. Joseph MSA AA. This is just over twice that of the consumer loans originated in the St. Louis MSA AA (6 percent) and nearly twice that of the home mortgage loans originated in the St. Louis MSA AA (14 percent). Additionally, 11 percent of HNB's deposits were located in the St. Joseph MSA AA compared to 8 percent in the St. Louis MSA AA. Based on this information and considering the high level of competition within, we selected the St. Louis MSA AA for a limited-scope review.

Please refer to the table in Appendix A for more information pertaining to the scope of the evaluation.

Ratings

We based the bank's overall rating primarily on those areas that received full-scope reviews. The lending and CD tests received equal weight in arriving at the overall rating. We placed equal weight on performance from both consumer lending and home mortgage lending. Consumer loans represented the largest volume, by number (38 percent), of originated loans during the evaluation period and home mortgage loans represented the largest volume, by dollars (40 percent), of originated loans during the same period.

Community Contacts

We contacted three community contacts during this examination, one in Hannibal, Missouri, one in St. Joseph, Missouri, and one in Warrenton, Missouri. All three contacts indicated that financial institutions were doing a satisfactory job of meeting the financial needs of the community, including efforts to provide financial options/banking to low- and moderate-income families. One of the three contacts recognized the bank for providing assistance in a local revitalization of homes in depressed neighborhoods. All three contacts cited the need for banks to have a continued focus on the needs of existing and start-up small businesses.

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 C.F.R. §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 assessment area 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 Consumer Financial Protection Bureau, as applicable.

The OCC has not identified that this institution 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.

Conclusions with Respect to Performance Tests

LENDING TEST

HNB's performance under the lending test is satisfactory. Lending to borrowers of different incomes is reasonable. Geographic distribution of loans among different income geographies is reasonable. HNB originated a majority of its primary loan products within the AAs. The loan-to-deposit ratio is more than reasonable.

Refer to Tables O, P, U and V in appendix C for the facts and data used to evaluate the borrower and geographic distribution of the bank's loan originations.

Loan-to-Deposit Ratio

HNB National Bank's loan-to-deposit ratio is more than reasonable. The bank's average loan-to-deposit ratio over the evaluation period of 16 quarters was 92.64 percent. Over the same evaluation period, the bank experienced a loan-to-deposit ratio low of 81.78 percent and a high of 99.74 percent. The bank merged with Farmer's State Bank in July 2016, which caused the loan-to-deposit ratio to fall approximately 11 percentage points. HNB's loan-to-deposit ratio has remained below 90 percent since the merger.

We analyzed the loan-to-deposit ratio of other comparable institutions to assess HNB's performance. We used a peer group of 16 other comparable institutions ranging in size from \$36.4 million to \$448.5 million. These institutions had an average loan-to-deposit ratio of 71.56 percent over the same evaluation period. The lowest average was 41.40 percent while the highest average was 98.36 percent. HNB ranked fourth out of 17 when comparing the average loan-to-deposit ratios. The average loan-to-deposit ratio among peer group institutions with at least \$100 million in assets was 81.29 percent, well below HNB's average of 92.64 percent. The table below lists institutions pulled from the peer group sample with at least \$100 million in assets with the corresponding average loan-to-deposit ratio.

Institution	Total Assets (\$000s) as of 12/31/2017	Average Quarterly LTD Ratio
HNB National Bank	\$465,320	93%
Peoples Bank & Trust Co.	\$454,578	58%
Homebank	\$369,760	98%
First State Bank of St. Charles, Missouri	\$358,296	88%
Bank of Old Monroe, The	\$355,197	69%
Community State Bank of Missouri	\$241,294	64%
Alliant Bank	\$160,473	87%
F&M Bank and Trust Company	\$125,006	98%
Mercantile Bank of Louisiana, Missouri, The	\$108,474	74%
1st Advantage Bank	\$101,548	96%

Source: Quarterly Call Reports from March 31, 2014 to December 31, 2017.

Note: The loan-to-deposit ratio is calculated on a bank-wide basis.

Lending in Assessment Area

HNB originated a majority of its primary loan products within the AAs. Our sample revealed 86 percent of the total number and 84 percent of the total dollar volume of these loans originated within the AAs.

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	1,251	86%	211	14%	1,462	163,833	84%	30,576	16%	194,409
Consumer	19	95%	1	5%	20	415	96%	17	4%	432
Total	1,270	86%	212	4%	1,482	164,248	84%	30,593	16%	194,841

Source: 01/01/2015-12/31/2017 HMDA Data; 01/01/2015-12/31/2017 Sample of 20 consumer loans using bank data.
Note: The proportion of lending inside versus outside the bank's AAs is calculated on a bank-wide basis.

Lending to Borrowers of Different Incomes

Based on the data in Tables P and V, and the following performance context considerations, we concluded the borrower distribution of the bank's originations of home mortgage and consumer loans is reasonable and meets the standard for satisfactory performance.

Missouri Non-MSA AA

Home Loans

The overall borrower distribution of home mortgage loans in the Non-MSA AA was reasonable. We noted reasonable distribution within both analyses when considering loans made to low- and moderate-income borrowers, performance context information, and demographic comparators.

In evaluating the borrower distribution of home mortgage loans, we noted the number of families with incomes below the poverty level was 10.2 percent in 2016 and 11.8 percent in 2017. People living in poverty, including LMI families, often have difficulty qualifying for conventional home mortgage products without flexible terms or reduced closing costs. We also considered the age of housing stock, which was 48 years overall and 58 years in the moderate-income CTs in 2016. The median age of the overall housing stock improved slightly in 2017 to 46 years; however, the age of housing stock in the moderate-income CTs worsened to 78 years. Older homes often cost more to maintain, frequently require significant repairs to meet building code requirements, and are typically less energy efficient. All of these factors add to the overall cost of homeownership, which can affect the ability of LMI individuals to qualify for home mortgage loans.

2015-2016

Borrower distribution of home mortgage loans is reasonable. The bank originated 12.1 percent of loans to moderate-income borrowers, which falls within a reasonable range below both the percentage of moderate-income families (15.8 percent) and the 2016 HMDA aggregate lending to moderate-income borrowers data (13.5 percent). HNB originated 4.1 percent of loans to low-income borrowers. While this is significantly below the percentage of low-income families (16.1 percent), the bank's performance is reasonable as it exceeds the 2016 HMDA aggregate lending to low-income borrowers data (3.9 percent).

2017

Borrower distribution of home mortgage loans for 2017 was slightly weaker than that of 2015-2016. The bank originated 10.9 percent of loans to moderate-income borrowers, which falls within a reasonable range below the percentage of moderate-income families (17.6 percent) and the 2017 HMDA aggregate lending to moderate-income borrowers data (14.2 percent). HNB originated 5.2 percent of loans to low-income borrowers. While this is significantly below the percentage of low-income families (17 percent), the bank's performance is reasonable as it exceeds the 2017 HMDA aggregate lending to low-income borrowers data (4.9 percent).

Consumer Loans

The overall borrower distribution of consumer loans in the Non-MSA AA exceeds the standard for satisfactory performance. Based on our sample of 60 originated consumer loans (20 loans each from 2015-2016; and 20 loans from 2017), we noted excellent distribution within both analyses when considering loans made to low- and moderate-income borrowers, performance context information, and demographic comparators.

2015-2016

Borrower distribution of consumer loans is excellent. The bank originated 17.5 percent of loans to moderate-income borrowers, which exceeds the percentage of moderate-income households (14.5 percent). HNB originated 20 percent of loans to low-income borrowers, in line with the percentage of low-income households (20.7 percent).

2017

Borrower distribution of consumer loans for 2017 was stronger than that of 2015-2016. HNB originated 25 percent of loans to moderate-income borrowers, which significantly exceeds the percentage of moderate-income households (15.4 percent). The bank originated 20 percent of loans to low-income borrowers, which exceeds the percentage of low-income households (19.8 percent).

St. Joseph MSA AA

Home Loans

The overall borrower distribution of home mortgage loans in the St. Joseph MSA AA was reasonable. We noted reasonable distribution within both analyses when considering loans made to low- and moderate-income borrowers, performance context information, and demographic comparators.

In evaluating the borrower distribution of home mortgage loans, we noted the number of families with incomes below the poverty level was 9.1 percent in 2016 and 12.5 percent in 2017. People living in poverty, including LMI families, often have difficulty qualifying for conventional home mortgage products without flexible terms or reduced closing costs. We also considered the age of housing stock, which was 55 years overall and 75 years in the moderate-income CTs in 2016. The median age of housing stock was relatively unchanged in 2017 at 55 years overall and 76 years in the moderate-income CTs in 2017. Older homes often cost more to maintain, frequently require significant repairs to meet building code requirements, and are typically less energy efficient. All of these factors add to the overall cost of homeownership, which can affect the ability of LMI individuals to qualify for home mortgage loans.

2015-2016

Borrower distribution of home mortgage loans is reasonable. The bank originated 18.3 percent of loans to moderate-income borrowers, which is the same as the percentage of moderate-income families (18.3 percent) and just slightly below the 2016 HMDA aggregate lending to moderate-income borrowers data (18.9 percent). HNB originated 5 percent of loans to low-income borrowers. While this is significantly below the percentage of low-income families (18.9 percent), the bank's performance falls within a reasonable range below the 2016 HMDA aggregate lending to low-income borrowers data (7.3 percent).

2017

Borrower distribution of home mortgage loans for 2017 was slightly weaker than that of 2015-2016. The bank originated 16.2 percent of loans to moderate-income borrowers, which falls within a reasonable range below the percentage of moderate-income families (17.6 percent) and is significantly below the 2017 HMDA aggregate lending to moderate-income borrowers data (23.1 percent). HNB originated 10.8 percent of loans to low-income borrowers. While this is significantly below the percentage of low-income families (21 percent), the bank's performance is reasonable as it exceeds the 2017 HMDA aggregate lending to low-income borrowers data (8.3 percent).

Consumer Loans

The overall borrower distribution of consumer loans in the St. Joseph MSA AA exceeds the standard for satisfactory performance. Based on our sample of 60 originated consumer loans (20 loans each from 2015-2016; and 20 loans from 2017), we noted excellent distribution

within both analyses when considering loans made to low- and moderate-income borrowers, performance context information, and demographic comparators.

2015-2016

Borrower distribution of consumer loans is excellent. The bank originated 32.5 percent of loans to moderate-income borrowers, which significantly exceeds the percentage of moderate-income households (16.9 percent). HNB originated 27.5 percent of loans to low-income borrowers, which exceeds the percentage of low-income households (22.8 percent).

2017

Borrower distribution of consumer loans for 2017 was similar to that of 2015-2016. HNB originated 20 percent of loans to moderate-income borrowers, which significantly exceeds the percentage of moderate-income households (15.8 percent). The bank originated 25 percent of loans to low-income borrowers, which exceeds the percentage of low-income households (24.8 percent).

St. Louis MSA AA – Limited Scope

We completed a limited scope review of the St. Louis MSA AA for the borrower distribution of home mortgage loans and consumer loans.

Home Loans

Borrower distribution of home mortgage loans was weaker than the full scope AAs, for both the 2015-2016 and 2017 review periods.

Consumer Loans

Borrower distribution of consumer loans was similar to that of the full scope AAs, for both the 2015-2016 and 2017 review periods.

Geographic Distribution of Loans

HNB's overall geographic distribution of home and consumer loans reflects reasonable dispersion among different income tracts in the AAs. Refer to Tables O and U in appendix C for the facts and data used to evaluate the geographic distribution of the bank's loan originations and purchases.

We analyzed HNB's home mortgage and consumer lending originations over the evaluation period to identify any gaps in the geographic distribution of loans. We did not identify any unexplained conspicuous lending gaps in the AAs.

Missouri Non-MSA AA

We determined an analysis of geographic distribution for the Non-MSA AA would not be meaningful. For both the 2015-2016 and 2017 review periods, the AA had no low-income CTs and only one moderate-income CT. Other factors considered included (1) HNB has no branches close to the moderate-income CT and (2) 22 other financial institutions serve the AA.

St. Joseph MSA AA

The overall geographic distribution of home mortgage and consumer loans in the St. Joseph MSA AA is reasonable. Our analysis takes into consideration mitigating factors such as, (1) the location of the bank's branches relative to the moderate-income CTs, and (2) there are 14 other financial institutions with 31 branches in the AA, which makes for strong competition.

Home Loans

2015-2016

Geographic distribution of home loans is reasonable. The bank originated 5 percent of loans in moderate-income CTs, which is below the percentage of owner-occupied housing units in located in moderate-income CTs (10.7 percent) and within a reasonable range below the 2016 HMDA Aggregate lending to the moderate-income CTs (5.9 percent).

2017

The geographic distribution of home loans in 2017 is weaker than that of 2015-2016. The bank originated 12.6 percent of loans in moderate-income CTs, which is below both the percentage of owner-occupied housing units located in moderate-income CTs (18.2 percent) and the 2017 HMDA Aggregate lending to the moderate-income CTs (16.1 percent).

Consumer Loans

2015-2016

The geographic distribution of consumer loans is poor. The bank originated 2.5 percent of loans in moderate-income CTs, which is significantly below the percentage of households in moderate-income CTs (13.6 percent).

2017

The geographic distribution of consumer loans in 2017 is weaker than that of 2015-2016. The bank had no consumer loans originated in low- or moderate-income CTs.

St. Louis MSA AA – Limited Scope

We completed a limited scope review of the St. Louis MSA AA for the geographic distribution of home mortgage loans and consumer loans.

Home Loans

Geographic distribution of home mortgage loans is stronger than the full scope AAs, for both the 2015-2016 and 2017 review periods.

Consumer Loans

Geographic distribution of consumer loans is stronger than the full scope AAs, for both the 2015-2016 and 2017 review periods.

Responses to Complaints

HNB has not received any complaints regarding its CRA performance during the assessment period.

COMMUNITY DEVELOPMENT TEST

The bank's performance under the CD Test is satisfactory. We placed more weight on CD activities in the Missouri Non-MSA AA where the majority of loans, deposits, and branches are located.

Number and Amount of Community Development Loans

Missouri Non-MSA AA

CD loans demonstrated adequate responsiveness to CD needs and opportunities in the Missouri Non-MSA AA during the evaluation period. HNB originated 3 CD loans totaling \$5.1 million during the evaluation period. This represents 11 percent of the AA's allocated tier one capital (\$47.8 million) as of December 31, 2017. Two loans promoted community services for LMI individuals, and one loan promoted affordable housing.

St. Joseph MSA AA

CD loans demonstrated adequate responsiveness to CD needs and opportunities in the St. Joseph MSA AA during the evaluation period. HNB originated five loans totaling \$547,500 during the evaluation period. This represents 8.3 percent of the AA's allocated tier one capital (\$6.6 million) as of December 31, 2017. All five loans promoted economic development by financing small businesses, as well as creating and retaining jobs for LMI individuals.

St. Louis MSA AA – Limited Scope

CD loans demonstrated adequate responsiveness to CD needs and opportunities in the St. Louis MSA AA during the evaluation period. HNB originated one loan totaling \$469,517 during the evaluation period. This represents 9.8 percent of the AA's allocated tier one capital (\$4.8 million) as of December 31, 2017. This loan promoted affordable housing in LMI CTs.

Number and Amount of Qualified Investments

Missouri Non-MSA AA

CD investments demonstrated adequate responsiveness to CD needs and opportunities in the Missouri Non-MSA AA during the evaluation period. In aggregate, CD investments and donations totaled \$3.6 million during the evaluation period. This represents approximately 8 percent of the AA's allocated tier one capital as of December 31, 2017.

Management purchased 14 municipal bonds totaling \$3.6 million in the Missouri Non-MSA AA during the evaluation period. All 14 investments were municipal bonds that provided funding for essential services to LMI individuals in the AA.

Management made six qualified donations totaling \$1,150 to various organizations in the Non-MSA AA during the evaluation period. The majority of donations supported community service organizations or local school districts.

St. Joseph MSA AA

HNB did not have any qualified investments benefiting the St. Joseph MSA AA during the evaluation period.

St. Louis MSA AA – Limited Scope

HNB did not have any qualified investments benefiting the St. Louis MSA AA during the evaluation period.

Extent to Which the Bank Provides Community Development Services

During the evaluation period, HNB exhibited adequate responsiveness to the CD service needs of the AAs. Service delivery systems are reasonably accessible to geographies and individuals of different income levels in the AAs.

Missouri Non-MSA AA

HNB had 12 documented instances of qualifying CD services in the Missouri Non-MSA AA during the evaluation period. Employees who bring financial expertise to various community-related service organizations through board membership or senior leadership positions provide the majority of these qualified CD services.

St. Joseph MSA AA

HNB had two documented instances of qualifying CD services in the St. Joseph MSA AA during the evaluation period. An employee serves on the loan review committee of an economic development organization.

St. Louis MSA AA – Limited Scope

HNB did not have any CD services benefiting the St. Louis MSA AA during this evaluation period.

Responsiveness to Community Development Needs

Missouri Non-MSA AA

HNB's CD activities reflect adequate responsiveness to the CD needs in the Missouri Non-MSA AA.

St. Joseph MSA AA

HNB's CD activities reflect adequate responsiveness to the CD needs in the St. Joseph MSA AA.

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 metropolitan and nonmetropolitan areas 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”).

Time Period Reviewed	Lending Test (excludes CD loans): (01/01/15 to 12/31/17) Investment and Service Tests and CD Loans: (03/05/14 to 12/31/17)	
Financial Institution	Products Reviewed	
HNB National Bank (HNB) Hannibal, MO	Home Mortgage Loans Consumer Loans Community Development Loans, Investments, and Services	
Affiliate(s)	Affiliate Relationship	Products Reviewed
Not Applicable		
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
State of Missouri Non-MSA St. Joseph MO-KS #41140 St. Louis MO-IL #41180	Full-Scope Full-Scope Limited-Scope	

Appendix B: Community Profiles for Full-Scope Areas

Table A – Demographic Information of the Assessment Area

Assessment Area: HNB NB Non-MSA AA - 2016

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	21	0.0	4.8	66.7	28.6	0.0
Population by Geography	73,042	0.0	4.4	61.2	34.4	0.0
Housing Units by Geography	33,784	0.0	5.5	65.9	28.6	0.0
Owner-Occupied Units by Geography	20,839	0.0	4.6	62.7	32.7	0.0
Occupied Rental Units by Geography	7,910	0.0	7.8	71.5	20.7	0.0
Vacant Units by Geography	5,035	0.0	5.7	70.0	24.2	0.0
Businesses by Geography	4,144	0.0	4.8	62.4	32.8	0.0
Farms by Geography	558	0.0	0.9	64.2	34.9	0.0
Family Distribution by Income Level	19,828	16.1	15.8	22.2	46.0	0.0
Household Distribution by Income Level	28,749	20.7	14.5	18.3	46.6	0.0
Median Family Income		\$45,746	Median Housing Value			\$95,014
FFIEC Adjusted Median Family Income		\$48,200	Median Gross Rent			\$506
Unemployment Rate (2010 U.S. Census)		3.82%	Families Below Poverty Level			10.2%

Source: 2010 U.S. Census and 2016 D&B Data
 Due to rounding, totals may not equal 100.0
 (*) The NA category consists of geographies that do not have an assigned income classification.

Table A – Demographic Information of the Assessment Area

Assessment Area: HNB NB Non-MSA AA - 2017

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	21	0.0	4.8	76.2	19.0	0.0
Population by Geography	73,065	0.0	4.3	71.6	24.1	0.0
Housing Units by Geography	33,866	0.0	4.3	75.4	20.4	0.0
Owner-Occupied Units by Geography	19,877	0.0	3.1	73.3	23.6	0.0
Occupied Rental Units by Geography	8,185	0.0	5.9	76.7	17.4	0.0
Vacant Units by Geography	5,804	0.0	6.0	80.4	13.6	0.0
Businesses by Geography	4,108	0.0	5.6	73.1	21.4	0.0
Farms by Geography	619	0.0	0.3	70.3	29.4	0.0
Family Distribution by Income Level	18,851	17.0	17.6	21.3	44.1	0.0
Household Distribution by Income Level	28,062	19.8	15.4	19.2	45.7	0.0
Median Family Income		\$48,553	Median Housing Value			\$100,133
FFIEC Adjusted Median Family Income		\$50,800	Median Gross Rent			\$605
Unemployment Rate (2015 ACS U.S. Census)		3.87%	Families Below Poverty Level			11.8%

Source: 2015 ACS Census and 2017 D&B Data
 Due to rounding, totals may not equal 100.0
 (*) The NA category consists of geographies that do not have an assigned income classification.

HNB has designated the counties of Gentry, Marion, Monroe, Ralls and Pike as its Non-MSA AA. The AA meets the requirements of the regulation and does not arbitrarily exclude LMI geographies. The 2010 U.S. Census recorded 21 census tracts in the AA, consisting of one (4.8 percent) moderate-income tract, 14 (66.7 percent) middle-income tracts, and 6 (28.6 percent) upper-income tracts. According to the 2010 census data, the area population was 73,042 with 3,237 or 4.43 percent residing in the moderate-income census tract.

According to the 2015 ACS Census, the total number of census tracts remained the same. The 2015 ACS Census recorded 21 census tracts in the AA, of which one (4.8 percent) was a moderate-income tract, 16 (76.2 percent) middle-income tracts, and 4 (19 percent) upper-income tracts. Population was slightly up from the 2010 census at 73,065, with 3,127 or 4.3 percent residing in moderate-income census tracts.

According to 2015 ACS Census data, the median income for a household in the MSA was \$43,571, and for a family was \$50,800.

According to the U.S. Department of Labor, Bureau of Labor Statistics (BLS) report, the annual unemployment rates for this area ranged from a low of 2.9 percent to a high of 5.2 percent.

Table B – Median Family Income Ranges 2015-17				
Assessment Area: HNB Non-MSA AA				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2015 (\$49,700)	<\$24,850	\$24,850 to <\$39,760	\$39,760 to <\$59,640	≥\$59,640
2016 (\$48,200)	<\$24,100	\$24,100 to <\$38,560	\$38,560 to <\$57,840	≥\$57,840
2017 (\$50,800)	<\$25,400	\$25,400 to <\$40,640	\$40,640 to <\$60,960	≥\$60,960

Source: FFIEC

The distribution of families by income level was 17 percent low-income, 17.6 percent moderate-income, 21.3 percent middle-income, and 44.1 percent upper-income. The percentage of households in the AA living below the poverty level was 15 percent. The 2017 FFIEC adjusted median family income for the AA was \$50,800. Low-income families earned annual income of \$25,400 or less, and moderate-income families earned annual income of \$25,400 to \$40,640.

As of June 30, 2017, there were 23 total depository institutions in the AA operating 43 branches. HNB has nine branches in the AA. According to the June 30, 2017 FDIC Summary of Deposits Report, HNB's deposits in the AA totaled \$336 million, representing 22.83 percent of the market. HNB ranks first in the AA. The next five depository institutions with market share less than HNB in the AA are Community State Bank of Missouri (10.94 percent), HomeBank (10.42 percent), F&M Bank and Trust Company (6.95 percent), Commerce Bank (6.75 percent), and The Mercantile Bank of Louisiana, Missouri (5.48 percent). These institutions accounted for a combined 40.54 percent of total deposits.

Gentry County, Missouri

Gentry County has a population of 6,738 as of the 2010 census. Agriculture, forestry, fishing, and hunting is the largest employment sector followed by health care and social assistance, and manufacturing. Gentry County offers higher education opportunities at three major institutions: Northwest Missouri State University, North Central Missouri College, and Grand River Technical School.

Marion County, Missouri

Marion County has a population of 28,871 as of the 2010 census. The top three private employers in the area include General Mills, Hannibal Regional Hospital, and Hannibal School District. The largest university in Marion County is Hannibal-LaGrange University, awarding 252 degrees in 2015.

Monroe County, Missouri

Monroe County has a population of 8,840 as of the 2010 census. Agriculture, forestry, fishing, and hunting is the largest employment sector followed by transportation and warehousing, and manufacturing.

Pike County, Missouri

Pike County has a population of 18,516 as of the 2010 census. Agriculture, forestry, fishing, and hunting is the largest employment sector followed by mining, quarrying, oil, and gas extraction, and public administration. The largest university in Pike County is Pike-Lincoln Technical Center.

Ralls County, Missouri

Ralls County has a population of 10,167 as of the 2010 census. Agriculture, forestry, fishing, and hunting is the largest employment sector followed by utilities, and manufacturing.

Employment and Economic Factors

Unemployment Rates 2015-17			
Assessment Area: HNB Non-MSA AA			
	2015	2016	2017
Gentry County	4.2%	3.7%	2.9%
Marion County	4.5%	4.3%	3.6%
Monroe County	5.2%	4.8%	4.4%
Pike County	4.6%	4.5%	3.5%
Ralls County	4.2%	4.0%	3.2%
State of Missouri	5.0%	4.6%	3.8%
National	5.3%	4.9%	4.4%

Source: U.S. Department of Labor; Bureau of Labor Statistics

According to the BLS report, the unemployment rate for the state of Missouri as of December 2015 and December 2017 was 5 percent and 3.8 percent, respectively. The national unemployment rate as of the same dates was 5.3 percent (December 2015) and 4.4 percent (December 2017).

According to Moody's Analytics, *the steady, albeit uninspired, pace of growth in Missouri will endure as most industries retain limited upside potential, hampered by a tight labor market. However, accelerating incomes and limited exposure mitigate downside risks. Rising interest rates will cool growth in key finance and manufacturing.* The top five employment sectors in Missouri are education and health services, government, professional and business services, leisure and hospitality services, and retail trade. The top five employers in Missouri are Wal-Mart Stores Inc., BJC Healthcare, SSM Health Care System, Washington University in St. Louis, and Boeing Defense, Space and Security.

Housing

The 2010 US Census reported total housing units of 33,784 for the Non-MSA AA. Of the total number of housing units, 20,839 or 61.7 percent of the total housing units in the AA are owner occupied, 7,910 or 23.4 percent are renter occupied, and 5,035 or 14.9 percent are vacant. Of all owner occupied units, 951 or 4.6 percent were located in moderate-income census tracts. Of all occupied rental units, 619 or 7.8 percent were located in moderate-income census tracts. Of all vacant units, 289 or 5.7 percent were located in moderate-income census tracts. Additionally, 1,557 or 5.5 percent of all single-family homes and 101 or 6.1 percent of multifamily housing units were located in moderate-income census tracts. The 2010 U.S. Census indicates that the weighted average median housing value was \$95,014, and the weighted average monthly gross rent was \$506.

The 2015 ACS Census reported total housing units of 33,866 for the Non-MSA AA. Of the total number of housing units, 19,877 or 58.7 percent of the total housing units in the AA were owner occupied, 8,185 or 24.2 percent were renter occupied, and 5,804 or 17.1 percent were vacant. Of all owner occupied units, 612 or 3.1 percent were located in moderate-income census tracts. Of all occupied rental units, 483 or 5.9 percent were located in moderate-income census tracts. Of all vacant units, 348 or 6 percent were located in moderate-income census tracts. Additionally, 1,348 or 4.7 percent of all single family (1-4 units) homes and 55 or 3.5 percent of multifamily (5 plus units) housing were located in moderate-income census tracts. The 2015 ACS Census indicates that the weighted average median housing value was \$100,133, and the weighted average monthly gross rent was \$605.

Affordability

We conducted an affordability analysis in this AA to determine if the overall affordability of housing for LMI borrowers was an impediment to HNB's home mortgage lending to LMI borrowers within this AA. To determine affordability, we assumed a 30-year mortgage based on the median list price of homes for sale at an interest rate of 5 percent and determined a monthly payment amount (no down payment and no accounting for homeowner's insurance, real estate taxes, or any additional monthly expenses). We compared this with a payment based on an LMI family utilizing no more than 30 percent of their income for the same term of 30-years at 5 percent.

According to Realtor.com data, the median list price in the AA in 2017 was \$135,000. Borrowing \$135,000 for 30 years at an interest rate of 5 percent yields a monthly payment amount of \$723. A low-income family making \$25,399 per year (or less than 50 percent of the 2017 FFIEC adjusted median family income in the AA) could afford a \$118,285 mortgage with a payment of \$635 per month. A moderate-income borrower making \$40,639 per year (or less than 80 percent of the 2017 FFIEC adjusted median family income in the AA) could afford an \$189,257 mortgage with a payment of \$1,016 per month. Based on these results, it would appear difficult for a low-income family to afford a home in this area; however, it would be well within reach for a moderate-income family.

Table A – Demographic Information of the Assessment Area
Assessment Area: HNB NB St Joseph MO-KS MSA AA - 2016

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	29	0.0	17.2	65.5	17.2	0.0
Population by Geography	106,492	0.0	14.5	64.3	21.2	0.0
Housing Units by Geography	45,531	0.0	15.7	65.2	19.2	0.0
Owner-Occupied Units by Geography	28,240	0.0	10.7	65.9	23.5	0.0
Occupied Rental Units by Geography	12,306	0.0	20.2	65.9	13.9	0.0
Vacant Units by Geography	4,985	0.0	32.8	59.3	7.8	0.0
Businesses by Geography	5,153	0.0	16.5	62.8	20.7	0.0
Farms by Geography	351	0.0	2.6	78.6	18.8	0.0
Family Distribution by Income Level	26,614	18.9	18.3	22.8	39.9	0.0
Household Distribution by Income Level	40,546	22.8	16.9	18.8	41.5	0.0
Median Family Income		\$54,339	Median Housing Value			\$113,275
FFIEC Adjusted Median Family Income		\$60,100	Median Gross Rent			\$621
Unemployment Rate (2010 U.S. Census)		4.56%	Families Below Poverty Level			9.1%

Source: 2010 U.S. Census and 2016 D&B Data

Due to rounding, totals may not equal 100.0

(*) The NA category consists of geographies that do not have an assigned income classification.

Table A – Demographic Information of the Assessment Area
Assessment Area: HNB NB St Joseph MO-KS MSA AA – 2017

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	29	3.4	24.1	51.7	20.7	0.0
Population by Geography	106,889	1.6	22.4	49.3	26.7	0.0
Housing Units by Geography	45,790	2.4	23.8	50.9	22.9	0.0
Owner-Occupied Units by Geography	26,424	0.7	18.2	52.7	28.4	0.0
Occupied Rental Units by Geography	13,560	4.8	27.2	50.5	17.5	0.0
Vacant Units by Geography	5,806	4.3	41.4	43.8	10.5	0.0
Businesses by Geography	5,230	6.3	16.2	46.3	31.2	0.0
Farms by Geography	340	0.6	2.9	68.5	27.9	0.0
Family Distribution by Income Level	25,752	21.0	17.6	22.8	38.5	0.0
Household Distribution by Income Level	39,984	24.8	15.8	17.3	42.1	0.0
Median Family Income		\$59,820	Median Housing Value			\$117,642
FFIEC Adjusted Median Family Income		\$61,500	Median Gross Rent			\$704
Unemployment Rate (2015 ACS U.S. Census)		4.55%	Families Below Poverty Level			12.5%

Source: 2015 ACS Census and 2017 D&B Data

Due to rounding, totals may not equal 100.0

(*) The NA category consists of geographies that do not have an assigned income classification.

HNB has designated the counties of Andrew and Buchanan as its St. Joseph MSA AA. The AA meets the requirements of the regulation and does not arbitrarily exclude LMI geographies. The 2010 U.S. Census recorded 29 census tracts in the AA, consisting of five (17.2 percent) moderate-income tracts, 19 (65.5 percent) middle-income tracts, and 5 (17.2 percent) upper-income tracts. According to the 2010 census data, the area population was 106,492 with 15,441 or 14.5 percent residing in the moderate-income census tracts.

According to the 2015 ACS, the total number of census tracts remained the same. The 2015 ACS Census recorded 29 census tracts in the AA, consisting of one (3.4 percent) low-income-tract, seven (24.1 percent) moderate-income tracts, 15 (51.7 percent) middle-income tracts, and six (20.7 percent) upper-income tracts. Population was slightly up from the 2010 census at 106,889 with 3,127 or 22.4 percent residing in moderate-income census tracts.

According to 2015 ACS Census data, the median income for a household in the MSA was \$49,101 and for a family was \$59,820. According to the U.S. Department of Labor, Bureau of Labor Statistics (BLS) report, the annual unemployment rates for this area ranged from a low of 2.2 percent to a high of 4.8 percent.

Table B – Median Family Income Ranges 2015-17

Assessment Area: St. Joseph MSA AA

Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2015 (\$61,500)	<\$30,750	\$30,750 to <\$49,200	\$49,200 to <\$73,800	≥\$73,800
2016 (\$60,100)	<\$30,050	\$30,050 to <\$48,080	\$48,080 to <\$72,120	≥\$72,120
2017 (\$61,500)	<\$30,750	\$30,750 to <\$49,200	\$49,200 to <\$73,800	≥\$73,800

Source: FFIEC

The distribution of families by income level was 21 percent low-income, 18 percent moderate-income, 23 percent middle-income, and 39 percent upper-income. The percentage of households in the AA living below the poverty level was 16 percent. The 2017 FFIEC adjusted median family income for the AA was \$61,500. Low-income families earned annual income of \$30,750 or less, and moderate-income families earned annual income of \$30,750 to \$49,200.

As of June 30, 2017, there were 15 total depository institutions in the AA operating 34 branches. HNB has three branches in the AA. According to the June 30, 2017 FDIC Summary of Deposits Report, HNB's deposits in the AA totaled \$47 million, representing 2.63 percent of the market. HNB ranks ninth in the AA. The top five depository institutions with market shares greater than HNB in the AA are Nodaway Valley Bank (25.58 percent), Commerce Bank (21.55 percent), U.S. Bank (12.84 percent), North American Savings Bank (7.54 percent), and NBH Bank (7.32 percent). These institutions accounted for a combined 74.83 percent of total deposits.

Andrew County, Missouri

Andrew County has a population of 17,347 as of the 2010 census. Agriculture, forestry, fishing, and hunting is the largest employment sector followed by utilities, and manufacturing.

Buchanan County, Missouri

Buchanan County has a population of 89,415 as of the 2010 census. Manufacturing is the largest employment sector followed by healthcare and social assistance, and accommodation and food service. Buchanan County offers higher education opportunities at three major institutions: Missouri Western State University, American Business and Technology University, and Hillyard Technical Center.

Employment and Economic Factors

Unemployment Rates 2015-17			
Assessment Area: St. Joseph MSA AA			
	2015	2016	2017
Andrew County	4.2%	3.7%	3.1%
Buchanan County	4.6%	4.1%	3.5%
State of Missouri	5.0%	4.6%	3.8%
National	5.3%	4.9%	4.4%

Source: U.S. Department of Labor; Bureau of Labor Statistics

According to the BLS report, the unemployment rate for the state of Missouri as of December 2015 and December 2017 was 5 percent and 3.8 percent, respectively. The national unemployment rate as of the same dates was 5.3 percent (December 2015) and 4.4 percent (December 2017).

According to Moody's Analytics, St. Joseph will lag Missouri in 2018 as manufacturing and the public sector struggle to make headway. Housing will be a bright spot, but private services will lag. In the longer term, St. Joseph will trail the U.S. because of a low-skill work force and a lack of strong secondary drivers. The top five employers in the St. Joseph MSA AA are Mosaic Life Care, Triumph Foods Inc., 139th Airlift Wing, MO Air National Guard, Boehringer Ingelheim Corp., and System Services Technologies Inc.

Housing

The 2010 US Census reported total housing units of 45,531 for the St. Joseph MSA AA. Of the total number of housing units, 28,240 or 62 percent of the total housing units in the AA are owner occupied, 12,306 or 27 percent are renter occupied, and 4,985 or 11 percent are vacant. Of all owner occupied units, 3,022 or 10.7 percent were located in moderate-income census tracts. Of all occupied rental units, 2,486 or 20.2 percent were located in moderate-

income census tracts. Of all vacant units, 1,635 or 32.8 percent were located in moderate-income census tracts. Additionally, 6,053 or 5.5 percent of all single-family homes and 852 or 20 percent of multifamily housing units were located in moderate-income census tracts. The 2010 U.S. Census indicates that the weighted average median housing value was \$113,275, and the weighted average monthly gross rent was \$621.

The 2015 ACS Census reported total housing units of 45,790 for the St. Joseph MSA AA. Of the total number of housing units, 26,424 or 58 percent of the total housing units in the AA were owner occupied, 13,560 or 30 percent were renter occupied, and 5,806 or 13 percent were vacant. Of all owner occupied units, 185 or 0.7 percent were located in low-income census tracts and 4,809 or 18.2 percent were located in moderate-income census tracts. Of all occupied rental units, 651 or 4.8 percent were located in low-income census tracts and 3,688 or 27.2 percent were located in moderate-income census tracts. Of all vacant units, 250 or 4.3 percent were located in low-income census tracts and 2,404 or 41.4 percent were located in moderate-income census tracts. Additionally, 538 or 1 percent of all single family (1-4 units) homes and 509 or 11 percent of multifamily (5 plus units) housing were located in low-income census tracts, followed by 9,485 or 25 percent and 1,014 or 21 percent, of single family (1-4 units) and multifamily (5 plus units), respectively. The 2015 ACS Census indicates that the weighted average median housing value was \$117,642, and the weighted average monthly gross rent was \$704.

Affordability

We conducted an affordability analysis in this AA to determine if the overall affordability of housing for LMI borrowers was an impediment to HNB's home mortgage lending to LMI borrowers within this AA. To determine affordability, we assumed a 30-year mortgage based on the median list price of homes for sale at an interest rate of 5 percent and determined a monthly payment amount (no down payment and no accounting for homeowner's insurance, real estate taxes, or any additional monthly expenses). We compared this with a payment based on an LMI family utilizing no more than 30 percent of their income for the same term of 30-years at 5 percent.

According to Realtor.com data, the median list price in the AA in 2017 was \$149,950. Borrowing \$149,950 for 30 years at an interest rate of 5 percent yields a monthly payment amount of \$805. A low-income family making less than 30,750 per year (or less than 50 percent of the 2017 FFIEC adjusted median family income in the AA) could afford a \$118,285 mortgage with a payment of \$635 per month. A moderate-income family making \$49,200 per year (or less than 80 percent of the 2017 FFIEC adjusted median family income in the AA) could afford a \$229,126 mortgage with a payment of \$1,230 per month. Based on these results, it would appear difficult for a low-income family to afford a home in this area; however, it would be well within reach for a moderate-income family.

Appendix C: Tables of Performance Data

Content of Standardized Tables

Each state evaluated will have a separate set of tables. One set of tables will present all multistate metropolitan areas (MMA) combined. 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 loans are the same as originations/purchases, (2) “aggregate” is the percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/assessment area. The Federal Deposit Insurance Corporation (FDIC) compiles and makes all deposit data available as of June 30 each year. Standardized tables used in this appendix, generate from supervisory analytical systems, which determines the letters and/or numbers used for identification. 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 MA/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** - Compares the percentage distribution of the number of small loans to businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. For purposes of this table, a small loan is one that is less than or equal to \$1 million in size. Because 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 (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. The table also presents aggregate peer data for the years the data is available.
- Table S. Assessment Area Distribution of Loans to Farms by Income Category of the Geography** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table T. Assessment Area Distribution of Loans to Farms by Gross Annual Revenues** - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm. The table also presents aggregate peer data for the years the data is available.
- Table U. Assessment Area Distribution of Consumer 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 households throughout those geographies.
- Table V. Assessment Area Distribution of Consumer Loans by Income Category of the Geography** - 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 households by income level in each MA/assessment area.

Table O : Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography

2015-16

Assessment Area:	Total Home Mortgage Loans				Low Income Tracts			Moderate-Income Tracts			Middle Income Tracts			Upper Income Tracts			Not Available-Income Tracts		
	#	\$ (000)	% 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 AA	514	61,804	59.8	1,391	0.0	0.0	0.0	4.6	0.2	2.3	62.7	52.5	56.9	32.7	47.3	40.8	0.0	0.0	0.0
St. Joseph MSA AA	218	28,635	25.4	2,729	0.0	0.0	0.0	10.7	5.0	5.9	65.9	71.1	63.2	23.5	23.9	30.8	0.0	0.0	0.0
St. Louis MSA AA	127	22,838	14.8	28,210	0.5	1.6	0.5	1.9	0.8	0.7	44.0	51.2	40.0	53.6	46.5	58.7	0.0	0.0	0.0
Total	859	113,277	100.0	32,330	0.4	0.2	0.4	3.6	1.5	1.2	49.9	57.0	42.7	46.1	41.2	55.6	0.0	0.0	0.0

Source: 2010 U.S Census; 01/01/2015 - 12/31/2016 Bank Data, 2016 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0

Table O : Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography

2017

Assessment Area:	Total Home Mortgage Loans				Low Income Tracts			Moderate-Income Tracts			Middle Income Tracts			Upper Income Tracts			Not Available-Income Tracts		
	#	\$ (000)	% 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 AA	229	26,715	58.4	1,172	0.0	0.0	0.0	3.1	1.7	1.5	73.3	65.1	73.0	23.6	33.2	25.5	0.0	0.0	0.0
St. Joseph MSA AA	111	14,651	28.3	2,702	0.7	0.0	1.0	18.2	12.6	16.1	52.7	58.6	52.1	28.4	28.8	30.8	0.0	0.0	0.0
St. Louis MSA AA	52	9,190	13.3	23,586	0.4	0.0	0.4	8.9	11.5	8.2	38.0	61.5	38.5	52.8	26.9	52.9	0.0	0.0	0.0
Total	392	50,556	100.0	27,460	0.4	0.0	0.4	9.6	6.1	8.7	44.4	62.8	41.3	45.6	31.1	49.5	0.0	0.0	0.0

Source: 2015 ACS Census; 01/01/2017 - 12/31/2017 Bank Data, 2017 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0

Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower

2015-16

Assessment Area:	Total Home Mortgage Loans				Low Income Borrowers			Moderate-Income Borrowers			Middle Income Borrowers			Upper Income Borrowers			Not Available-Income Borrowers		
	#	\$ (000)	% 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 AA	514	61,804	59.8	1,391	16.1	4.1	3.9	15.8	12.1	13.5	22.2	21.2	17.6	46.0	55.3	48.5	0.0	7.4	16.5
St. Joseph MSA AA	218	28,635	25.4	2,729	18.9	5.0	7.3	18.3	18.3	18.9	22.8	19.7	21.1	39.9	48.2	34.3	0.0	8.7	18.4
St. Louis MSA AA	127	22,838	14.8	28,210	12.0	4.7	4.2	15.7	10.2	15.2	22.6	19.7	20.5	49.8	52.0	36.8	0.0	13.4	23.3
Total	859	113,277	100.0	32,330	13.7	4.4	4.4	16.1	13.4	15.5	22.6	20.6	20.4	47.6	53.0	37.1	0.0	8.6	22.6

Source: 2010 U.S Census; 01/01/2015 - 12/31/2016 Bank Data, 2016 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0

Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower

2017

Assessment Area:	Total Home Mortgage Loans				Low Income Borrowers			Moderate-Income Borrowers			Middle Income Borrowers			Upper Income Borrowers			Not Available-Income Borrowers		
	#	\$ (000)	% 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 AA	229	26,715	58.4	1,172	17.0	5.2	4.9	17.6	10.9	14.2	21.3	18.3	19.2	44.1	56.3	42.7	0.0	9.2	19.0
St. Joseph MSA AA	111	14,651	28.3	2,702	21.0	10.8	8.3	17.6	16.2	23.1	22.8	18.0	19.9	38.5	47.7	32.7	0.0	7.2	16.1
St. Louis MSA AA	52	9,190	13.3	23,586	13.9	1.9	5.9	15.5	13.5	17.1	21.8	28.8	22.7	48.8	38.5	34.6	0.0	17.3	19.7
Total	392	50,556	100.0	27,460	15.4	6.4	6.1	16.1	12.8	17.5	21.9	19.6	22.2	46.6	51.5	34.8	0.0	9.7	19.3

Source: 2015 ACS Census; 01/01/2017 - 12/31/2017 Bank Data, 2017 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0

Table U: Assessment Area Distribution of Consumer Loans by Income Category of the Geography

2015-16

Assessment Area:	Low Income Tracts		Moderate-Income Tracts		Middle Income Tracts		Upper Income Tracts		Not Available-Income Tracts	
	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans
Non-MSA AA	0.0	0.0	6.0	2.5	61.6	62.5	32.4	35.0	0.0	0.0
St. Joseph MSA AA	0.0	0.0	13.6	2.5	65.9	95.0	20.6	2.5	0.0	0.0
St. Louis MSA AA	1.2	0.0	2.4	2.5	45.3	85.0	51.2	12.5	0.0	0.0
Total	0.8	0.0	4.9	2.5	51.7	80.8	42.6	16.7	0.0	0.0

Source: 2010 U.S Census; 01/01/2015 - 12/31/2016 Bank Data; Sample of 40 consumer loans per AA.
Due to rounding, totals may not equal 100.0

Table U: Assessment Area Distribution of Consumer Loans by Income Category of the Geography

2017

Assessment Area:	Low Income Tracts		Moderate-Income Tracts		Middle Income Tracts		Upper Income Tracts		Not Available-Income Tracts	
	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans
Non-MSA AA	0.0	0.0	3.9	5.0	74.3	65.0	21.8	30.0	0.0	0.0
St. Joseph MSA AA	2.1	0.0	21.3	0.0	51.9	90.0	24.7	10.0	0.0	0.0
St. Louis MSA AA	1.0	0.0	10.8	15.0	39.3	80.0	48.9	5.0	0.0	0.0
Total	1.1	0.0	11.8	6.7	45.9	78.3	41.2	15.0	0.0	0.0

Source: 2015 ACS Census; 01/01/2017 - 12/31/2017 Bank Data, Sample of 20 consumer loans per AA.
Due to rounding, totals may not equal 100.0

**Table V - Assessment Area Distribution of Consumer Loans by Income Category of the Borrower
2015-16**

Assessment Area:	Low Income Borrowers		Moderate-Income Borrowers		Middle Income Borrowers		Upper Income Borrowers		Not Available-Income Borrowers	
	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans
Non-MSA AA	20.7	20.0	14.5	17.5	18.3	17.5	46.6	45.0	0.0	0.0
St. Joseph MSA AA	22.8	27.5	16.9	32.5	18.8	15.0	41.5	25.0	0.0	0.0
St. Louis MSA AA	14.5	22.5	13.8	17.5	18.7	25.0	53.0	35.0	0.0	0.0
Total	16.8	23.3	14.5	22.5	18.7	19.2	50.0	35.0	0.0	0.0

*Source: 2010 U.S Census; 01/01/2015 - 12/31/2016 Bank Data; Sample of 40 consumer loans per AA.
Due to rounding, totals may not equal 100.0*

**Table V - Assessment Area Distribution of Consumer Loans by Income Category of the Borrower
2017**

Assessment Area:	Low Income Borrowers		Moderate-Income Borrowers		Middle Income Borrowers		Upper Income Borrowers		Not Available-Income Borrowers	
	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans
Non-MSA AA	19.8	20.0	15.4	25.0	19.2	20.0	45.7	35.0	0.0	0.0
St. Joseph MSA AA	24.8	25.0	15.8	20.0	17.3	5.0	42.1	50.0	0.0	0.0
St. Louis MSA AA	15.2	20.0	13.4	30.0	18.1	10.0	53.3	40.0	0.0	0.0
Total	17.5	21.7	14.1	25.0	18.1	11.7	50.3	41.7	0.0	0.0

*Source: 2015 ACS Census; 01/01/2017 - 12/31/2017 Bank Data; Sample of 20 consumer loans per AA.
Due to rounding, totals may not equal 100.0*