



PUBLIC DISCLOSURE

May 6, 2024

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Home National Bank
Charter Number: 9815

502 Elm Street
Racine, OH 45771

Office of the Comptroller of the Currency

655 Metro Place South
Suite 625
Dublin, OH 43017

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 **Outstanding**.

The Lending Test is rated: Outstanding.

The major factors that support this rating include:

The Lending Test rating is based on the state of Ohio rating and the following overall conclusions:

- The bank's loan-to-deposit (LTD) ratio is more than reasonable, given the performance context factors discussed below.
- A substantial majority of the bank's loans are inside its assessment area (AA).
- The bank exhibits an excellent geographic distribution of loans in the AA.
- The bank originated a notable volume of community development (CD) loans that were responsive to the credit needs of businesses during the COVID-19 pandemic and had a positive effect on the bank's overall Lending Test performance.

Loan-to-Deposit Ratio

Considering the bank's size, financial condition, and credit needs of the AA, the bank's LTD ratio is more than reasonable.

Home National Bank's (HNB or bank) quarterly average LTD ratio over the 20 quarters since the previous Community Reinvestment Act (CRA) Performance Evaluation (March 31, 2019, to December 31, 2023) was 69.5 percent. The ratio ranged from a high of 84.9 percent as of March 31, 2019, to a low of 61.1 percent as of September 30, 2022. The LTD ratio was 71.4 percent as of December 31, 2023, demonstrating an upward trend over the past two years. Examiners compared the bank's LTD ratio to a peer group of 11 similarly situated financial institutions with total assets less than \$500 million and headquartered in either Meigs County or a nearby county in southeast Ohio. The quarterly average LTD ratio for similarly situated financial institutions was 65.6 percent for the same period, ranging from 44 percent to 81 percent. Asset sizes of peer banks ranged from \$57.7 million to \$425.3 million.

HNB's average LTD ratio for the evaluation period exceeded the average ratio of the peer group; additionally, HNB is the third smallest with \$83.5 million in total assets as of December 31, 2023. Examiners also considered the overall economic conditions of the AA, higher unemployment rates than the state and national averages, and higher poverty rates in the AA.

Lending in Assessment Area

A substantial majority of the bank's loans are inside its AA.

The bank originated and purchased 85 percent of its total loans inside the bank's AA during the evaluation period. This analysis is performed at the bank, rather than the AA, level.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans				Total \$
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage	48	80.0	12	20.0	60	4,030	77.1	1,199	22.9	5,229
Consumer	54	90.0	6	10.0	60	694	93.4	49	6.6	743
Total	102	85.0	18	15.0	120	4,724	79.1	1,248	20.9	5,972

*Source: 01/01/2021-12/31/2023 Bank Data, based on transaction testing.
Due to rounding, totals may not equal 100.0%.*

Description of Institution

HNB is an independent community bank headquartered in Racine, Ohio, in Meigs County. HNB is a subsidiary of a one-bank holding company, Racine HNB, Inc., also headquartered in Racine, Ohio. The holding company was established in 2023. HNB has two other branches in the Meigs County villages of Syracuse and Middleport. As of the 2020 U.S. Census, the Racine and Middleport branches are in moderate-income census tracts (CTs), and the Syracuse branch is in a middle-income CT that is designated by the Federal Financial Institution Examinations Council (FFIEC) in 2023 as a distressed non-metropolitan CT due to high levels of poverty and unemployment. In addition, the bank has an automated teller machine (ATM) at each branch and four stand-alone ATMs throughout the county, one each in Racine and Portland, and two in the county seat of Pomeroy. HNB did not open or close any branches during the evaluation period. There were no merger or acquisition activities during the review period. Examiners did not consider any affiliate lending activity during this review.

HNB is a single-state financial institution with one rating area (Ohio) and one AA. The AA is comprised of all six CTs in Meigs County, a non-metropolitan area. The entire AA (OH Non-MSA) is contiguous and does not arbitrarily exclude any low- and moderate-income areas nor reflect illegal discrimination.

The bank offers online banking and a traditional array of deposit and lending products. As of December 31, 2023, HNB had total assets of \$83.5 million with tier 1 capital of \$9.9 million. Net loans and leases equaled \$51.6 million, or 61.8 percent of total assets. As of the December 31, 2023, Consolidated Report of Condition and Income (Call Report), residential mortgage loans represented the largest percentage of total loans at 56 percent followed by commercial and commercial real estate (business), consumer, and farm at 24.6 percent, 18.1 percent, and 1.3 percent, respectively. During the three-year evaluation period and based on bank loan production reports, 76.3 percent of the number of loans originated (by unit, not dollar amount) were consumer loans followed by business, home mortgage and farm at 13.9 percent, 9.6 percent, and 0.2 percent, respectively. The bank's primary loan products are consumer and home mortgage loans.

The COVID-19 pandemic in 2020 impacted the local economy, including unemployment data. The Small Business Administration's (SBA) Paycheck Protection Program (PPP) provided loans to help businesses keep their workforces employed during the pandemic. The bank originated a notable volume of SBA PPP loans in 2021 as discussed under the Lending Test.

HNB's lending activities are consistent with its size, expertise, financial capability, and local economic conditions. There are no financial, legal, or other factors that impede the bank's ability to help meet the credit needs in the AA. The previous CRA Performance Evaluation was completed as of March 4, 2019, and resulted in a rating of "Outstanding."

Scope of the Evaluation

Evaluation Period/Products Evaluated

The Office of the Comptroller of the Currency (OCC) conducted a CRA performance evaluation to assess the bank's record of meeting the credit needs of its entire community, including low- and moderate-income areas. The OCC used small bank CRA evaluation procedures to assess the bank's performance under the Lending Test. The OCC analyzed lending activity in full-year increments during the evaluation period, January 1, 2021, to December 31, 2023.

The OCC evaluated the bank's lending performance based on its primary lending products, consumer and home mortgage lending. Based on internal loan reports, consumer loans represented 76.3 percent of the number of loans originated and purchased during the evaluation period and 34.5 percent of the dollar volume. Home mortgage loans represented 9.6 percent based on number and 33.5 percent based on dollar volume. Business loans represented 13.9 percent based on number and 30.9 percent based on dollar volume. Farm loans represented 0.2 percent based on number and 1.1 percent based on dollar volume. Business and farm loans were not considered in this evaluation as these loan types did not constitute a substantial majority of the bank's lending. Bank management did not request consideration of these loans. The OCC transaction tested home mortgage and consumer loans for each year of the evaluation period. Examiners tested 20 loans per year per loan type. A minimum of at least 20 loans were needed in a loan product and in each analysis period for a meaningful analysis.

This evaluation period included two census periods. For analysis purposes, the OCC compared the bank's lending performance with demographic data from the 2015 American Community Survey (ACS) U.S. Census for 2021 home mortgages and the 2020 U.S. Census for 2022 and 2023 home mortgages. Two sets of tables are included in Appendix D for each census period. No affiliate activity was included in this analysis. Refer to the table in appendix A, Scope of the Examination, for more information on the scope of the review.

Selection of Areas for Full-Scope Review

In each state where the bank has an office, one or more of the AAs within that state was selected for a full-scope review. For purposes of this evaluation, bank delineated AAs 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 the 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.

HNB has one AA in Ohio, as described in the “Description of Institution” and “Description of Institution’s Operations in Ohio” sections of this evaluation. The OCC completed a full-scope review of the OH Non-MSA.

Ratings

The bank’s overall rating is based on the state of Ohio rating. HNB operates three offices in a single state. Therefore, its overall rating is based on performance solely in Ohio. The state of Ohio rating is based on performance in the OH Non-MSA.

The OCC placed more weight on consumer lending than home mortgage lending. Approximately \$14.3 million in consumer loans were originated during the evaluation period compared to \$13.9 million in home mortgage loans. However, 1,430 consumer loans were originated and only 179 home mortgage loans were originated during the evaluation period. Because the number of consumer loans is much greater than the number of home mortgage loans, the OCC placed greater weight on consumer lending than home mortgage lending.

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 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.

State Rating

State of Ohio

CRA rating for the State of Ohio: Outstanding.

The Lending Test is rated: Outstanding.

The major factors that support this rating include:

- The bank's LTD ratio is more than reasonable, given the performance context factors discussed in this evaluation.
- A substantial majority of the bank's loans are inside its AA.
- HNB exhibits an excellent geographic distribution of loans in the AA.
- The bank has not received any complaints about its performance in helping to meet the AA's credit needs during the evaluation period.
- HNB's volume of CD loans had a positive effect on the bank's overall Lending Test performance.

Description of Institution's Operations in Ohio

HNB has designated one AA in Ohio, the OH Non-MSA. The bank selected the AA based on its targeted lending area and office locations. The AA is contiguous and does not reflect illegal discrimination, nor does it arbitrarily exclude low- and moderate-income areas.

During the evaluation period, the OH Non-MSA included Meigs County in its entirety. The bank has three full-service offices, the main office in Racine and branch offices in Middleport and Syracuse. As of the 2020 U.S. Census, the Racine and Middleport offices are in moderate-income CTs. The Syracuse branch is in a middle-income CT that is designated by the FFIEC in 2023 as a distressed non-metropolitan CT due to high levels of poverty and unemployment. All the offices have a drive-up facility and ATM. Additionally, there are four stand-alone ATMs, two in Pomeroy in a distressed middle-income CT, one in Racine and one in Portland, both in moderate-income CTs.

The following information regarding demographic data, affordable housing cost, job market and economic conditions, competition, and community contact/credit needs provides additional performance context for HNB's operations in Ohio. The tables below provide a summary of demographic data for the AA.

OH Non-MSA

Demographic Information of the Assessment Area						
Assessment Area: OH Non-MSA - 2021						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	6	16.7	16.7	66.7	0.0	0.0
Population by Geography	23,473	13.4	13.3	73.2	0.0	0.0
Housing Units by Geography	11,076	15.8	12.7	71.6	0.0	0.0
Owner-Occupied Units by Geography	7,317	10.6	11.7	77.7	0.0	0.0
Occupied Rental Units by Geography	2,005	27.6	17.2	55.3	0.0	0.0
Vacant Units by Geography	1,754	24.0	11.6	64.4	0.0	0.0
Businesses by Geography	982	17.2	19.5	63.3	0.0	0.0
Farms by Geography	65	1.5	10.8	87.7	0.0	0.0
Family Distribution by Income Level	6,420	28.7	19.0	18.4	33.9	0.0
Household Distribution by Income Level	9,322	30.3	17.7	17.1	34.9	0.0
Median Family Income Non-MSAs - OH		\$55,785	Median Housing Value			\$85,058
			Median Gross Rent			\$535
			Families Below Poverty Level			18.0%
<p><i>Source: 2015 ACS and 2021 Dun and Bradstreet (D&B) Data.</i></p> <p><i>Due to rounding, totals may not equal 100.0%.</i></p> <p><i>(*) The NA category consists of geographies that have not been assigned an income classification.</i></p>						

Demographic Information of the Assessment Area						
Assessment Area: OH Non-MSA 2022 and 2023						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	6	0.0	33.3	66.7	0.0	0.0
Population by Geography	22,210	0.0	28.9	71.1	0.0	0.0
Housing Units by Geography	11,223	0.0	29.7	70.3	0.0	0.0
Owner-Occupied Units by Geography	7,008	0.0	27.7	72.3	0.0	0.0
Occupied Rental Units by Geography	2,082	0.0	41.9	58.1	0.0	0.0
Vacant Units by Geography	2,133	0.0	24.6	75.4	0.0	0.0
Businesses by Geography	1,509	0.0	29.5	70.5	0.0	0.0
Farms by Geography	92	0.0	26.1	73.9	0.0	0.0
Family Distribution by Income Level	5,798	27.7	19.2	20.4	32.8	0.0
Household Distribution by Income Level	9,090	33.3	16.2	16.6	33.9	0.0
Median Family Income Non-MSAs - OH		\$66,684	Median Housing Value			\$97,219
			Median Gross Rent			\$637
			Families Below Poverty Level			14.1%
<i>Source: 2020 U.S. Census and 2023 D&B Data. Due to rounding, totals may not equal 100.0%. (*) The NA category consists of geographies that have not been assigned an income classification.</i>						

Demographic Data

As of the 2015 ACS U.S. Census data in the table above, the population of the OH Non-MSA was 23,473, with 13.4 percent of the population living in low-income CTs, 13.3 percent in moderate-income CTs, and 73.2 percent in middle-income CTs. The AA consisted of six CTs, and was comprised of one low-income, one moderate-income, and four middle-income CTs. There were four distressed middle-income nonmetropolitan tracts due to high levels of poverty and unemployment during the evaluation period (9641, 9642, 9643, and 9646). The AA included 6,420 families and 9,322 households.

As of the 2020 U.S. Census data in the table above, the population of the OH Non-MSA was 22,210, with 28.9 percent of the population living in moderate-income CTs and 71.1 percent middle-income CTs. The AA consisted of six CTs and was comprised of two moderate-income and four middle-income CTs. In 2023, the four middle-income tracts were distressed due to high levels of poverty and unemployment (9641, 9642, 9643, and 9645). The AA included 5,798 families and 9,090 households.

Affordable Housing Cost

According to 2015 ACS U.S. Census data, the median housing value in the AA was \$85,058 and the median family income for non-MSAs in Ohio was \$55,785. There were 11,076 housing units in the AA, of which 66.1 percent were owner-occupied, 18.1 percent were rental-occupied, and 15.8 percent were vacant. Low-income families made up 28.7 percent of the families in the AA and moderate-income families made up 19 percent of the families in the AA. Families living below the poverty level was 18 percent as referenced in the above table.

According to 2020 U.S. Census data, the median housing value in the AA was \$97,219 and the median family income for non-MSAs in Ohio was \$66,684. There were 11,223 housing units in the AA, of which 62.4 percent were owner-occupied, 18.6 percent were rental-occupied, and 19 percent were

vacant. Low- income families made up 27.7 percent of the families in the AA and moderate-income families made up 19.2 percent of the families in the AA. Families living below the poverty level was 14.1 percent as referenced in the above table.

Examiners evaluated the disparity between the median income of families within the AA and the cost of housing. Based on the FFIEC's weighted average updated median family income (MFI) of \$64,700 in 2021, \$74,900 in 2022, and \$79,500 in 2023, low-income families earned less than 50 percent of the MFI and moderate-income families earned less than 80 percent of the MFI. One method to determine housing affordability assumes a maximum affordable monthly principal and interest payments of no more than 30 percent of the applicant's income based on assuming a 30-year mortgage with a five percent interest rate, and not accounting for down payment, homeowners' insurance, real estate taxes, or any additional monthly expenses. Using these assumptions, a low-income borrower could afford a maximum mortgage payment of \$809 per month in 2021 and \$994 per month in 2023. A moderate-income borrower could afford a maximum payment of \$1,294 per month in 2021 and \$1,590 per month in 2023. According to 2023 data from Realtor.com, the median home value would result in a monthly payment of \$1,257. This illustrates that low-income and some moderate-income borrowers would be challenged to qualify for a mortgage loan in the AA.

Examiners considered the poverty level across the AA in the evaluation of lending performance. Families living below the poverty level are identified as having difficulty meeting basic financial needs and, as such, are less likely to have the financial wherewithal to qualify for a home loan than those with income above the poverty level. For the AA, the poverty level as of the 2015 ACS U.S. Census was high at 18 percent with slight improvement to 14.1 percent based on the 2020 U.S. Census data.

Job Market and Economic Conditions

Meigs County has faced economic challenges over the years. Economic conditions in Meigs County are overall stable; however, unemployment and poverty rates continue to outpace other areas of Ohio and the overall U.S. As of December 2023, according to the U.S. Bureau of Labor Statistics (BLS), Meigs County had an unemployment rate (not seasonally adjusted) of 5.3 percent. The unemployment rate has fluctuated during the evaluation period and is above both the Ohio and national unemployment rates of 3.6 and 3.7 percent, respectively, for the same period. The population of Meigs County has been stable, with the U.S. Census Bureau estimate for 2015 being 23,473, compared to 22,210 recorded during the 2020 U.S. Census.

According to business demographic data from Dun and Bradstreet (D&B) for 2023, the primary industries in the AA are services and retail trade. Management noted that primary employers in the AA are in the manufacturing, agriculture, and coal mining industries. Large employers in Meigs County include Holzer Health Systems, Ohio Department of Jobs and Family Services, Southern Ohio School District, and Meigs County School District.

Competition

Competition in Meigs County is limited. In terms of deposit market share, HNB ranks third out of three financial institutions with physical operations in Meigs County. As of the June 30, 2023, Federal Deposit Insurance Corporation's (FDIC) deposit market share report, HNB's deposit market share represented 22.5 percent of Meigs County's total deposits. All competitors are also community banks and include The Farmer's Bank and Savings Company with 54.2 percent deposit market share and Peoples Bank with 23.4 percent deposit market share.

Competition for home mortgage loans in the AA is strong. As stated above, HNB's primary loan products include home mortgage lending. The bank is not a Home Mortgage Disclosure Act (HMDA) reporter and is therefore not listed on the 2022 Peer Mortgage Data Report. For reference purposes, there were 74 home mortgage lenders competing in the AA (Meigs County) with the top five maintaining a combined home mortgage market share of almost 44.6 percent according to the 2022 Peer Mortgage Data Report. The top lenders included The Farmer's Bank and Savings Company, Peoples Bank, Rocket Mortgage, PennyMac Loan Services LLC, and Vanderbilt Mortgage and Finance.

Community Contacts/Credit Needs

As part of the CRA performance evaluation, the OCC reviewed information provided from one interview with a representative from a social services/CD organization. General needs in Meigs County include heat/utility, food, and rent assistance. Other needs include affordable housing, more food resources, affordable center-based childcare, better wage jobs, and affordable medical care. Affordable housing is a credit need in the AA. In general, local financial institutions are adequately meeting the credit and CD needs of the community.

Scope of Evaluation in Ohio

The OCC performed a full-scope review of the OH Non-MSA. The data in the AA was analyzed and presented as one AA for the purposes of this evaluation. Consumer and home mortgage lending are the bank's primary lending products and were evaluated under the Lending Test. Consumer loans were given more weight. By the number of loans originated, the bank makes more consumer loans than home mortgage loans, but the average consumer loan is much smaller in dollar amount than the average home mortgage loan. The OCC transaction tested 20 consumer and 20 home mortgage loans each year of the evaluation period. Refer to the "Scope of the Evaluation" section for more details.

Lending Test

The bank's performance under the Lending Test in Ohio is rated Outstanding.

Conclusions for Area Receiving a Full-Scope Review

Based on a full-scope review, the bank's performance in the OH Non-MSA is excellent.

Distribution of Loans by Income Level of the Geography

The bank exhibits excellent geographic distribution of loans in the State.

In the geographic distribution analysis, examiners considered several performance context factors. According to the FFIEC, all middle-income CTs in the AA were considered distressed due to high unemployment and/or poverty rates in 2021 and 2023. As of the 2015 ACS U.S. Census, the average age of housing stock in the low-income CT was 77 years and 55 years in the moderate-income CTs. As of the 2020 U.S. Census, the average age of housing stock in the moderate-income CTs was 55 years. The maintenance costs associated with older housing stock is a significant obstacle to homeownership, which may result in a reduction of mortgage demand. The low-income CT as of the 2015 ACS U.S. Census changed to a moderate-income CT as of the 2020 U.S. Census. As of the 2020 U.S. Census, the bank has a full service branch in two moderate-income CTs and one in a distressed middle-income CT (Syracuse).

Home Mortgage Loans

Refer to Table O in the state of Ohio 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.

The overall geographic distribution of home mortgage loans is excellent.

2021

The geographic distribution of home mortgage loans in 2021 is reasonable.

The percentage of home mortgage loans in low-income geographies was significantly below the percentage of owner-occupied housing units located in those geographies and was well below the aggregate percentage of all reporting lenders. However, the percentage of home mortgage loans in moderate-income geographies exceeded the percentage of owner-occupied housing units located in those geographies and exceeded the aggregate percentage of all reporting lenders.

2022 – 2023

The geographic distribution of home mortgage loans in 2022 and 2023 was excellent.

There were no low-income geographies in the AA during the evaluation period. The percentage of home mortgage loans in moderate-income geographies exceeded the percentage of owner-occupied housing units located in those geographies and exceeded the aggregate percentage of all reporting lenders, demonstrating excellent performance.

Consumer Loans

Refer to Table U in the state of Ohio section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's consumer loan originations and purchases.

The overall geographic distribution of consumer loans is excellent.

2021

The geographic distribution of consumer loans in 2021 is excellent.

The percentage of consumer loans in low-income geographies exceeded the percentage of households located in those geographies. The percentage of consumer loans in moderate-income geographies exceeded the percentage of households located in those geographies. Aggregate data was not available for consumer loans.

2022 – 2023

The geographic distribution of consumer loans in 2022 and 2023 is excellent.

There were no low-income geographies in the AA during the evaluation period. The percentage of consumer loans in moderate-income geographies exceeded the percentage of households located in those geographies. Aggregate data was not available for consumer loans.

Lending Gap Analysis

The OCC did not identify any unexplained, conspicuous gaps in the lending distribution during the review of bank reports and maps. The OCC noted that loans were made in all six geographies during the evaluation period.

Distribution of Loans by Income Level of the Borrower

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

In evaluating the borrower income distribution of home mortgage and consumer loans, the OCC considered the level of competition and its effect on limiting the bank's ability to lend to borrowers of different income levels, as well as the economic conditions and demographic data in the AA. Meigs County has been faced with economic challenges during the evaluation period. The county has struggled with higher unemployment rates when compared to state and national averages. According to bank management, median household income in Meigs County tends to be lower than state and national levels and can present an economic disparity for those accessing financial services, housing, and other essential needs. Additionally, examiners considered the substantial poverty rate in the AA (refer to the Description of Institution's Operations in Ohio).

Home Mortgage Loans

Refer to Table P in the state of Ohio 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.

The distribution of home mortgage loans among individuals of different income levels is reasonable.

2021

The distribution of home mortgage loans among individuals of different income levels in 2021 was reasonable.

The percentage of home mortgage loans to low-income borrowers was below the percentage of those families and exceeded the aggregate percentage of all reporting lenders. The percentage of home mortgage loans to moderate-income borrowers was below the percentage of those families and was below the aggregate percentage of all reporting lenders.

2022 – 2023

The distribution of home mortgage loans among individuals of different income levels in 2022 and 2023 was reasonable.

The percentage of home mortgage loans to low-income borrowers was below the percentage of those families and exceeded the aggregate percentage of all reporting lenders. The percentage of home

mortgage loans to moderate-income was near to the percentage of those families and was below the aggregate percentage of all reporting lenders.

Consumer Loans

Refer to Table V in the state of Ohio section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's consumer loan originations and purchases.

The distribution of consumer loans among individuals of different income levels is reasonable.

2021

The distribution of consumer loans among individuals of different income levels in 2021 was reasonable.

The percentage of consumer loans to low-income borrowers was significantly below the percentage of households. The percentage of consumer loans to moderate-income borrowers was near to the percentage of households. Aggregate data was not available for consumer loans.

2022 – 2023

The distribution of consumer loans among individuals of different income levels in 2022 and 2023 was reasonable.

The percentage of consumer loans to low-income borrowers was near to the percentage of households. The percentage of consumer loans to moderate-income borrowers was near to the percentage of households. Aggregate data was not available for consumer loans.

Community Development Lending

The bank exhibits excellent responsiveness to CD needs in the state through CD loans, considering the bank's capacity and the need and availability of such opportunities for CD in the AA. Performance related to CD activities had a positive effect on the bank's rating in the state. HNB has made a high level of CD loans. The SBA PPP loans were responsive to the credit needs of businesses during the evaluation period. Beginning in early 2020, the global economy was adversely affected by the COVID-19 pandemic, which spread worldwide and caused deteriorating economic conditions resulting from stay-at-home orders and businesses shutting down to lessen the spread and impact of the virus. HNB responded to customers facing financial hardship during the pandemic by participating in the SBA's PPP, which provided small and mid-sized businesses impacted by the pandemic with funds to cover payroll costs and other expenses. HNB originated a total of 32 PPP loans within their AA providing approximately \$1.1 million in critical funding to businesses. This PPP loan volume represented 11.1 percent of total tier 1 capital as of December 31, 2023. Additionally, the bank originated four PPP loans totaling \$447,050 outside of their AA.

Responses to Complaints

HNB has not received any complaints about its performance in helping to meet the AA's credit needs during the evaluation period.

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 MSAs and non-MSAs 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:	1/1/2021 – 12/31/2023	
Bank Products Reviewed:	Home mortgage and consumer loans	
Affiliate(s)	Affiliate Relationship	Products Reviewed
Not applicable	Not applicable	Not applicable
List of Assessment Areas and Type of Examination		
Rating and Assessment Areas	Type of Exam	Other Information
State of Ohio		
OH Non-MSA	Full-scope	The AA includes Meigs County, Ohio, in its entirety.

Appendix B: Summary of State Ratings

RATINGS: HOME NATIONAL BANK	
Overall Bank:	Lending Test Rating
Home National Bank	Outstanding
State:	
Ohio	Outstanding

Appendix C: Definitions and Common Abbreviations

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 (MSA): 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

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 30th 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.

- 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. The table also presents aggregate peer data for the years the data is available. Because aggregate 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 (loans less than or equal to \$500 thousand) originated and purchased by the bank to farms with revenues of \$1 million or less to: 1) the percentage distribution of farms with revenues of greater than \$1 million; and, 2) the percentage distribution of farms for which revenues are not available. The table also presents aggregate peer small farm 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 in those geographies.
- Table V. Assessment Area Distribution of Consumer 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 households by income level in each MMSA/assessment area.

State of Ohio

Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																			2021
Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$ (000s)	% 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
OH Non-MSA	20	1,796	100.0	442	10.6	5.0	8.4	11.7	15.0	9.3	77.7	80.0	82.4	0.0	0.0	0.0	0.0	0.0	0.0
Total	20	1,796	100.0	442	10.6	5.0	8.4	11.7	15.0	9.3	77.7	80.0	82.4	0.0	0.0	0.0	0.0	0.0	0.0

Source: 2015 ACS; 01/01/2021 - 12/31/2021 Bank Data, 2021 HMDA Aggregate Data.
Due to rounding, totals may not equal 100.0%.

Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																			2022-2023
Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$ (000s)	% 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
OH Non-MSA	40	3,413	100.0	296	0.0	0.0	0.0	27.7	55.0	26.7	72.3	45.0	73.3	0.0	0.0	0.0	0.0	0.0	0.0
Total	40	3,413	100.0	296	0.0	0.0	0.0	27.7	55.0	26.7	72.3	45.0	73.3	0.0	0.0	0.0	0.0	0.0	0.0

Source: 2020 U.S. Census; 01/01/2022 - 12/31/2023 Bank Data, 2022 HMDA Aggregate Data (2023 HMDA Aggregate 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																			2021
Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
	#	\$ (000s)	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
OH Non-MSA	20	1,796	100.0	442	28.7	20.0	7.2	19.0	15.0	18.1	18.4	30.0	22.4	33.9	35.0	38.5	0.0	0.0	13.8
Total	20	1,796	100.0	442	28.7	20.0	7.2	19.0	15.0	18.1	18.4	30.0	22.4	33.9	35.0	38.5	0.0	0.00	13.8

*Source: 2015 ACS; 01/01/2021 - 12/31/2021 Bank Data, 2021 HMDA Aggregate Data.
Due to rounding, totals may not equal 100.0%.*

Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																			2022-2023
Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
	#	\$ (000s)	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
OH Non-MSA	40	3,413	100.0	296	27.7	22.5	9.1	19.2	17.5	25.0	20.4	30.0	25.7	32.8	30.0	24.0	0.0	0.0	16.2
Total	40	3,413	100.0	296	27.7	22.5	9.1	19.2	17.5	25.0	20.4	30.0	25.7	32.8	30.0	24.0	0.0	0.0	16.2

*Source: 2020 U.S. Census; 01/01/2022 - 12/31/2023 Bank Data, 2022 HMDA Aggregate Data (2023 HMDA Aggregate 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													2021	
Assessment Area:	Total Consumer Loans			Low-Income Tracts		Moderate-Income Tracts		Middle-Income Tracts		Upper-Income Tracts		Not Available-Income Tracts		
	#	\$ (000s)	% of Total	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	
OH Non-MSA	20	313	100.0	14.2	15.0	12.9	20.0	72.9	65.0	0.0	0.0	0.0	0.0	
Total	20	313	100.0	14.2	15.0	12.9	20.0	72.9	65.0	0.0	0.0	0.0	0.0	

*Source: 2015 ACS; 01/01/2021 - 12/31/2021 Bank Data.
Due to rounding, totals may not equal 100.0%.*

Table U: Assessment Area Distribution of Consumer Loans by Income Category of the Geography													2022-2023	
Assessment Area:	Total Consumer Loans			Low-Income Tracts		Moderate-Income Tracts		Middle-Income Tracts		Upper-Income Tracts		Not Available-Income Tracts		
	#	\$ (000s)	% of Total	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	
OH Non-MSA	40	449	100.0	0.0	0.0	30.9	55.0	69.1	45.0	0.0	0.0	0.0	0.0	
Total	40	449	100.0	0.0	0.0	30.9	55.0	69.1	45.0	0.0	0.0	0.0	0.0	

*Source: 2020 U.S. Census; 01/01/2022 - 12/31/2023 Bank Data.
Due to rounding, totals may not equal 100.0%.*

Table V - Assessment Area Distribution of Consumer Loans by Income Category of the Borrower													2021	
Assessment Area:	Total Consumer Loans			Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Not Available-Income Borrowers		
	#	\$ (000s)	% of Total	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	
OH Non-MSA	20	313	100.0	30.3	10.0	17.7	15.0	17.1	35.0	34.9	40.0	0.0	0.0	
Total	20	313	100.0	30.3	10.0	17.7	15.0	17.1	35.0	34.9	40.0	0.0	0.0	

*Source: 2015 ACS; 01/01/2021 - 12/31/2021 Bank Data.
Due to rounding, totals may not equal 100.0%.*

Table V - Assessment Area Distribution of Consumer Loans by Income Category of the Borrower													2022-2023	
Assessment Area:	Total Consumer Loans			Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Not Available-Income Borrowers		
	#	\$ (000s)	% of Total	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	
OH Non-MSA	40	449	100.0	33.3	30.0	16.2	15.0	16.6	22.5	33.9	32.5	0.0	0.0	
Total	40	449	100.0	33.3	30.0	16.2	15.0	16.6	22.5	33.9	32.5	0.0	0.0	

*Source: 2020 U.S. Census; 01/01/2022 - 12/31/2023 Bank Data.
Due to rounding, totals may not equal 100.0%.*