



PUBLIC DISCLOSURE

September 14, 2015

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First National Bank of Picayune
Charter Number 14592

121 E. Canal Street
Picayune, MS 39466

Office of the Comptroller of the Currency

3838 North Causeway Blvd.
Suite 2890
Metairie, LA 70002-8105

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

INSTITUTION'S CRA RATING: This institution is rated Satisfactory

The major factors that support the rating include:

- The bank's loan-to-deposit (LTD) ratio is reasonable.
- A substantial majority of loan originations are inside the bank's assessment areas (AAs).
- The distribution of residential (home), consumer and small business loans to borrowers of different income levels exhibits a reasonable penetration.
- The geographic distribution of loans, especially in low- and moderate-income census tracts, reflects a reasonable dispersion for the calendar years of 2012 and 2013. During 2014, the bank's two AAs were combined into one area that did not include any low-income or moderate-income census tracts. Therefore, a geographic distribution of loans for calendar year 2014 was not conducted because it would have been meaningless.

SCOPE OF EXAMINATION

We evaluated First National Bank of Picayune (FNB Picayune or bank) using small bank examination procedures, which includes a lending test. The lending test evaluates the bank's record of meeting the credit needs of its AAs through its lending activities. The lending test covers the bank's performance from January 1, 2012, to December 31, 2014. This period is representative of the bank's lending strategy since the previous Community Reinvestment Act (CRA) evaluation, dated March 1, 2010. At that time, the bank received a "Satisfactory" rating.

The current CRA Evaluation included a full scope review of the bank's AAs. During 2012 and 2013, FNB Picayune had two assessment areas, Pearl River County and Stone County, both in the state of Mississippi. In 2014, both AAs were combined and the bank currently has one AA comprised of two Non-MSA areas. (See Description of Assessment Areas).

In April of 2015, we validated the integrity of the HMDA, small business loans (the bank's primary loan products) and consumer loans, originated during the years of 2012, 2013 and 2014. We concluded the data was reliable.

DESCRIPTION OF INSTITUTION

FNB Picayune is a \$205 million intrastate bank, wholly owned by First National Corporation of Picayune, a one-bank holding company. The bank's main office is headquartered in Picayune, MS, with four branch locations also in Pearl River (all five located in middle-income census tracts) and one branch in Stone County, MS (located in a moderate-income census tract). The bank has not opened any new branches since the prior CRA examination. Five of the six full-

service branches have deposit-taking ATMs. FNB Picayune’s strategic plan consists of attracting retail deposits, originating loans of various types and offering a number of different products and services through its branch network. The bank’s Poplarville and North Picayune branches are located in Distressed Non-metropolitan Middle-Income Geographies. There have not been any significant changes to FNB Picayune’s corporate structure, including merger or acquisition activities, since the prior CRA evaluation.

FNB Picayune provides many types of banking services, including residential, business, agriculture, and personal lending (consumer); as well as deposit services.

As of June 30, 2015, the bank’s primary loan products consisted of mortgage and commercial (including small business loans), and consumer loans:

Table 1 – FNB Picayune’s Loans by Type		
Loan Category	\$ (000)	%
1-4 Family Real Estate	39,978	57.23
Commercial (including Small Business Loans)	21,351	30.57
Consumer Loans	8,523	12.20
Total	69,852	100.00%

Source: Call Report data, as of 06/30/2015

Economic or Legal Constraints

FNB Picayune has no legal or regulatory impediments identified that would affect its lending activities or impede the bank’s ability to meet the credit needs within its AAs.

DESCRIPTION OF ASSESSMENT AREA(S)

At the previous CRA examination, FNB Picayune had two AAs, Pearl River County and Stone County, located in Southwest Mississippi. Pearl River County is a Non-Metropolitan Statistical Area (MSA), but Stone County was one of three, located within the Gulfport-Biloxi MSA. During 2014, Stone County became a Non-MSA area and was no longer a part of the Gulfport-Biloxi MSA. Therefore, the bank’s current assessment area includes two Non-MSAs (Pearl River and Stone Counties), which meets CRA regulatory requirements and consists of complete political subdivisions in the form of counties. The AA does not arbitrarily exclude low and/or moderate- income geographies.

PEARL RIVER COUNTY NON-MSA ASSESSMENT AREA

Pearl River County comprises the Picayune Micropolitan area, as well as a part of the New Orleans-Metairie-Hammond, Louisiana-Mississippi Combined Statistical Area. Its county seat is Poplarville, Mississippi, and Picayune is its largest city. Its population is

55,842, spanning 811 square miles. The AA is made up of nine census tracts. There are no low or moderate-income census tracts within the AA. FNB Picayune’s main office and four branches are located within the AA, of which all are located within Picayune’s middle-income census tracts. The table below represents the demographic data of Pearl River County, MS AA as of December 31, 2013:

Table 2- Demographic Information for Non-MSA Assessment Area (Pearl River)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	9	0.00%	0.00%	55.56%	44.44%	0.00%
Population by Geography	55,834	0.00%	0.00%	48.46%	51.54%	0.00%
Housing Units	23,692	0.00%	0.00%	50.44%	49.56%	0.00%
Owner-Occupied Housing by Tract	16,082	0.00%	0.00%	45.67%	54.33%	0.00%
Businesses by Geography	3,608	0.00%	0.00%	54.85%	45.15%	0.00%
Farms by Geography	121	0.00%	0.00%	52.89%	47.11%	0.00%
Family Distribution by Income Level	15,133	18.87%	14.63%	16.90%	49.60%	0.00%
Median Family Income = \$40,724 FFIEC Adj. Median Family Income for 2013 = \$42,000 Households Below the Poverty Level = 21.30%			Median Housing Value = \$122,623			

The AA’s unemployment rate as of June 30, 2014, was 8.5%, which compares favorably to the state’s average of 8.8%. This AA may be classified as rural, and considered a “bedroom” community, as residents often travel to neighboring communities for employment. NASA’s Stennis Space Center is among the major employers located in adjacent counties.

Major industries providing employment in the area include construction, educational institutions, agriculture, and other professional services. Major employers in area include Pearl River Community College, Pearl River County School District, and Huey Stockstill, LLC.

Banking competition is significant within the AA, with seven institutions located in the area. According to the June 30, 2014 FDIC Summary of Market Share Report, FNB Picayune ranks second in the market, with 27.89% market share and \$161 million in deposits. Other institutions in the area include Whitney Bank, which ranks number one (41.26% market share), BankPlus, which ranks third (13.61%), Regions Bank which ranks fourth (5.83%), and The First (4.73%).

The Federal Financial Institutions Examination Council’s (FFIEC) updated 2013 median family income for the AA was \$42,000. Low-income is defined as less than 50% of the median family income. Moderate income is defined as 50% to 80% of the median family income. Middle-income is defined as 80% to less than 119% of the median family income, and Upper-income is defined as income of 120% and over the median family income. The following table depicts Income Categories:

Table 3- Income Categories – Pearl River County AA			
Low	Moderate	Middle	Upper
<\$21,000	\$21,000 – \$33,599	\$33,600 - \$50,039	>\$50,040

Source: FFIEC, 2013

STONE COUNTY NON-MSA ASSESSMENT AREA

During the calendar years of 2012 and 2013, Stone County was located in the Gulfport-Biloxi MSA. Its total population was 17,786, spanning 445 square miles, and its county seat is Wiggins, Mississippi. The Wiggins, MS branch (located in a moderate-income census tract) is FNB Picayune’s only office in Stone County. During 2012 and 2013, the AA was made up of three census tracts: one moderate and two middle-income. The table below represents the demographic data of the Stone County AA as of December 31, 2013:

Table 4- Demographic Information for Non-MSA Assessment Area (Stone County)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	3	0.00%	33.33%	66.67%	0.00%	0.00%
Population by Geography	17,786	0.00%	0.00%	59.50%	40.50%	0.00%
Housing Units	6,881	0.00%	0.00%	58.57%	41.43%	0.00%
Owner-Occupied Housing by Tract	4,643	0.00%	0.00%	50.85%	49.15%	0.00%
Businesses by Geography	959	0.00%	0.00%	69.34%	30.66%	0.00%
Farms by Geography	55	0.00%	0.00%	45.45%	54.55%	0.00%
Family Distribution by Income Level	4,786	0.00%	0.00%	53.07%	46.93%	0.00%
Median Family Income = \$52,856 FFIEC Adj. Median Family Income for 2013 = \$54,856 Households Below the Poverty Level = 19.80%			Median Housing Value = \$109,267 Unemployment Rate (2010 US Census) = 8.8%			

The unemployment rate for Stone County as of June 30, 2014, was 8.7%, which compares favorably to the state’s average of 8.8%. Major industries providing employment in the area include manufacturing, educational institutions, and retailers. There are also several wood and paper mills in the area.

FNB Picayune has significant competition within the AA. There are four institutions within the area, and according to the June 30, 2014 FDIC Summary Market Share Report, FNB Picayune ranks third in the market, with 6.31% market share and \$13,203M in deposits. Bank of Wiggins dominates the market with 74.71% share, followed by The First with 14.27% share. The Peoples Bank ranks fourth with 4.71%.

The FFIEC updated 2013 median family income for the AA was \$54,856. Low-income is defined as less than 50% of the median family income. Moderate income is defined as 50% to 80% of the median family income. Middle-income is defined as 80% to less than 119% of the median family income, and Upper-income is defined as income of 120% and over the median family income. The following table depicts Income Categories:

Table 5- Income Categories – Stone County AA			
Low	Moderate	Middle	Upper
<\$27,428	\$27,428 – \$43,884	\$43,885 - \$65,826	>\$65,827

Source: FFIEC, 2013

PEARL RIVER and STONE COUNTIES NON-MSA ASSESSMENT AREA

The bank’s current AA is comprised of two Non-MSAs: Stone County and Pearl River County. Stone County was previously located in the Gulfport-Biloxi MSA, but became a Non-MSA in 2014. The current AA’s total population is 73,620 and includes 12 census tracts, of which seven are middle-income and five are upper-income. There are no low- and moderate-income census tracts. FNB Picayune’s main office and five branches are included within this AA. The AA does not arbitrarily exclude low and/or moderate-income geographies. The table below represents the demographic data of FNB Picayune’s current AA as of December 31, 2014:

Table 6- Demographic Information for Non-MSA Assessment Area, as of 2014 (Pearl River and Stone Counties)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	12	0.00%	0.00%	58.33%	41.67%	0.00%
Population by Geography	73,620	0.00%	0.00%	51.12%	48.88%	0.00%
Housing Units	30,573	0.00%	0.00%	52.27%	47.73%	0.00%
Owner-Occupied Housing by Tract	20,725	0.00%	0.00%	46.83%	53.17%	0.00%
Businesses by Geography	4,567	0.00%	0.00%	69.34%	30.66%	0.00%
Farms by Geography	176	0.00%	0.00%	50.57%	49.43%	0.00%
Family Distribution by Income Level	19,919	19.47%	14.24%	17.32%	48.97%	0.00%
Median Family Income = \$40,980 FFIEC Adj. Median Family Income for 2014 = \$43,800 Households Below the Poverty Level = 20.96%			Median Housing Value = \$119,617 Unemployment Rate (2010 US Census) = 8.8%			

The FFIEC updated 2014 median family income for the AA was \$43,800. Low-income is defined as less than 50% of the median family income. Moderate income is defined as 50% to 80% of the median family income. Middle-income is defined as 80% to less than 119% of the median family income, and Upper-income is defined as income of 120% and over the median family income. The following table depicts Income Categories:

Table 7- Income Categories – Pearl River and Stone Counties AA			
Low	Moderate	Middle	Upper
<\$21,900	\$21,900 – \$35,039	\$35,040 - \$52,559	>\$52,560

Source: FFIEC, 2014

We contacted an organization whose mission is to promote the recruitment and retention of businesses and tourism in Stone County. The contact identified small business loans (in Pearl River County) and small business and consumer loans (in Stone County) as pressing financial needs and primary loan products. The contact further stated that while there may be available houses in which low and/or moderate-income borrowers would qualify, much of the properties are dated and in need of repairs. Therefore, even if available houses existed, a low and/or moderate-income borrower would have to come up with more money to refurbish the affordable residence.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

As of March 31, 2015, the bank’s quarterly average LTD ratio of approximately 83.6% is reasonable relative to the bank’s size, competition, and financial condition.

Since the previous CRA Performance Evaluation, the institution’s quarterly, average LTD ratio ranged from a low of 76.6% to a high of 90.1%. The bank’s overall average LTD ratio of 83.6% is comparable to similarly situated financial institutions, which had a quarterly average LTD ratio of 76.0% during the same time-period.

FNB Picayune’s LTD ratio is reasonable when compared to similarly situated banks operating in the AAs. See Table 8 below:

Table 8- Loan-to-Deposit Ratios of Select Competitors		
Institution	Assets (000s) (as of 06/30/14)	Quarterly, Average LTD Ratio
FNB Picayune	\$205	83.6%
Bank of Wiggins	192	70.8%
First Southern Bank	196	83.6%

Source: FFIEC Uniform Bank Performance Reports

Lending in Assessment Area

A substantial majority of loans originated by FNB Picayune during the review period were inside the bank's AAs. Nearly 86.35% of the number and 82.73% of the dollar volume of loans originated from January 1, 2012, to December 31, 2014, were to borrowers located within the AAs. The Table below denotes the distribution of FNB Picayune's major loan products during the evaluation period:

Table 9 - Lending in AA										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Purchase	109	79.56	28	20.44	137	10,163	76.28	3,160	23.72	13,323
Home Improvement	42	93.33	3	6.67	45	1,704	94.98	90	5.02	1,794
Home Refinance	250	86.81	38	13.19	288	21,629	86.20	3,462	13.80	25,091
Consumer	73	92.4	6	7.6	79	371,440	89.09	45,477	10.91	416,917
Business	51	86.44	8	13.56	59	8,930,679	82.48	1,897,145	17.52	10,827,824
Totals	525	86.35	83	61.46	608	9,335,615	82.73	1,949,334	70.97	11,284,949

Source: HMDA Data 2012, 2013 and 2014 and Loan Samples of Consumer and Commercial Loans

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

Pearl River County AA

The distribution of loans to borrowers in the Pearl River County AA is reasonable.

Home Loans

The distribution of home loans to borrowers in the Pearl River County AA is reasonable. The Pearl River AA includes 15,133 families, of which 18.7% are low-income and 14.5% are moderate-income. While the bank achieved a significantly lower penetration of home loans to low-income borrowers, and a lower penetration of home loans to moderate-income families, the level of poverty is 21.3%. The high rate of poverty impedes the bank's ability to originate home loans to low- and moderate-income borrowers. The AA still suffers from high property values, which would affect low-income and moderate-income borrowers. A low-income individual and a moderate-income individual would qualify for loans of \$30,191 and \$65,074, respectively, given FNB Picayune's loan underwriting guidelines. If the current average listing price of houses, located in the AA were \$135,000 (as of January 2015, Trullia.com), a low-income or moderate-income borrower would not be able to purchase a home. The availability and very high cost of homeowners and flood insurance, further compounds the problem.

Table 10- Borrower Distribution of Home Loans in Pearl River County AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	18.73	2.50	14.53	6.25	16.86	23.75	49.87	56.25
Home Improvement	18.73	9.52	14.53	9.52	16.86	38.10	49.87	42.86
Refinancing	18.73	9.44	14.53	13.89	16.86	16.67	49.87	51.67

Source: HMDA Data, 2012 and 2013

Small Business Loans

FNB Picayune’s distribution of loans to Small Businesses reflects excellent penetration by number of loans and adequate penetration by dollar amount of loans. In the Pearl River County AA, 95.00% of businesses and 58.75% of the dollar volume of all loans are small, generating gross revenues of less than \$1 million. The bank’s performance is shown in the following table:

Table11- Borrower Distribution of Loans to Businesses in Pearl River County AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	70.64	2.32	27.05	100%
% of Bank Loans in AA by #	95.00	5.00	0.00	100%
% of Bank Loans in AA by \$	58.75	41.25	0.00	100%

Source: 2012 and 2013 CRA Reportable Loans; Dun and Bradstreet data.

Consumer Loans

The distribution of consumer loans to borrowers reflects reasonable penetration among borrowers of different income levels.

The percent of consumer loans to low-income borrowers is lower than the percent of low-income households in the AA. For moderate-income borrowers, the percent of loans to moderate-income families exceeds the percent of moderate-income households in the AA.

The following table shows the distribution of consumer loan products among borrowers of different income levels for a 24-month period, ended December 31, 2014, as compared to the percent of AA households in each income category:

Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	21.73	15.38	12.60	15.38	14.03	38.46	51.64	30.77

Source: 2012 and 2013 CRA Reportable Loans

Stone County

The borrower distribution of loans in the Stone County AA is excellent. Business and consumer loans were identified as primary needs in this AA.

Home Loans

The distribution of home loans reflects a reasonable penetration among borrowers of different income levels. Low-income families represent 26.22% of the AA. FNB Picayune's level of lending to low-income borrowers is significantly below the demographic comparator for home purchase and home improvement loans, but very near the comparator for refinanced loans. If the poverty rate of 19.8% was taken into consideration, in conjunction with discussions with a community contact, the distribution of home loans to low-income families is deemed reasonable. The contact identified small business loans and consumer loans in Stone County as pressing financial needs and primary loan products, and further stated that while there may be available houses in which low and/or moderate-income borrowers would qualify, much of the properties are dated and in need of repairs. Therefore, even if available houses existed, a low and/or moderate-income borrower would have to come up with more money to refurbish the affordable residence. Moderate-income families represent 19.26% of the AA. The bank's level of lending to moderate-income families is considered reasonable. The level of lending to moderate-income borrowers exceeds the demographic comparator for home purchase loans; is significantly lower than the comparator for home improvement loans and is very near the comparator for refinanced loans. Even though the AA is rural, property values are high and would affect low-income and moderate-income borrowers. A low-income individual and a moderate-income individual would qualify for loans of \$47,174 and \$85,389 respectively, given the bank's underwriting ratios. If the current average listing price of houses, located in the AA was \$123,200 (as of February 2015, Zillow.com), a low-income or moderate-income borrower would not be able to purchase a home. The aforementioned scenario concurs with discussions held with the community contact. The availability and very high cost of homeowners and flood insurance, further compounds the problem.

The table below illustrates the distribution of home mortgage loans in relation to the number of families in the AA by income level:

Table 13- Borrower Distribution of Home Loans in Stone County AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	26.22	0.00	19.26	20.00	19.66	40.00	34.85	40.00
Home Improvement	26.22	0.00	19.26	0.00	19.66	0.00	34.85	0.00
Refinancing	26.22	23.53	19.26	17.65	19.66	23.53	34.85	29.41

Source: HMDA Data, 2012 and 2013

Small Business Loans

The bank’s distribution of loans to Small Businesses reflects excellent penetration by number of loans, as well as penetration by dollar amount of loans. In the Stone County AA, 100.00% of businesses and 100.00% of the dollar volume of all loans are small, generating gross revenues of less than \$1 million. The bank’s performance is shown in the following table:

Table 14-Table Borrower Distribution of Loans to Businesses in Stone County AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	73.46	2.27	24.26	100%
% of Bank Loans in AA by #	100.00	0.00	0.00	100%
% of Bank Loans in AA by \$	100.00	0.00	0.00	100%

Source: 2012 and 2013 CRA Reportable Loans; Dun and Bradstreet data.

Consumer Loans

The distribution of consumer loans to borrowers reflects excellent penetration among borrowers of different income levels. The percent of consumer loans to low-income and moderate-income borrowers exceeds the percentages of low-income and moderate income-households, respectively.

The following table shows the distribution of consumer loan products among borrowers of different income levels for a 24-month period, ended December 31, 2013, as compared to the percent of AA households in each income category:

Table 15- Borrower Distribution of Consumer Loans in Stone County AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	25.54	28.57	16.51	35.71	18.47	28.57	39.48	7.14

Source: 2012 and 2013 CRA Reportable Loans

Picayune and Stone Counties (Combined for 2014)

The borrower's distribution of loans in the combined counties of Pearl River and Stone Counties for the calendar year of 2014 is reasonable. More weight was given to the distribution of business loans because this product was identified as a primary product of this AA.

Home Loans

The borrower distribution of home loans is reasonable. While the percentages of home purchase, improvement and refinanced loans for low-income loans were lower than the percentages of low-income families in the AA, the percentages of home purchase, improvement, and refinanced loans to moderate-income borrowers were near to the percentages of moderate-income families in the AA. The table below illustrates the distribution of home mortgage loans in relation to the number of families in the AA by income level:

Table 16- Borrower Distribution of Home Loans in Pearl River and Stone Counties, MS AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	19.47	8.33	14.24	12.50	17.32	16.67	48.97	54.17
Home Improvement	19.47	14.29	14.24	14.29	17.32	28.57	48.97	42.86
Refinancing	19.47	3.77	14.24	13.21	17.32	24.53	48.97	45.28

Source: HMDA Data, 2014

Small Business Loans

The bank's distribution of loans to Small Businesses reflects excellent penetration by number of loans, as well as penetration by dollar amount of loans. In the combined counties, 95.83% of businesses and 88.59% of the dollar volume of all loans are small, generating gross revenues of less than \$1 million. The bank's performance is shown in the following table:

Table 17- Borrower Distribution of Loans to Businesses in Pearl River and Stone Counties, MS AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	69.89	2.72	27.39	100%
% of Bank Loans in AA by #	95.83	4.17	0.00	100%
% of Bank Loans in AA by \$	88.59	11.41	0.00	100%

Source: 2014 CRA Reportable Loans; Dun and Bradstreet data.

Consumer Loans

The distribution of consumer loans to borrowers reflects a reasonable penetration among borrowers of different income levels.

The percent of consumer loans to low-income borrowers is lower than the percentage of low-income households in the AA. For moderate-income borrowers, the percentage of loans to moderate-income families exceeds the percentage of moderate-income households in the AA.

The following table shows the distribution of consumer loan products among borrowers of different income levels for a 12-month period, ended December 31, 2014, as compared to the percentage of AA households in each income category:

Table 18- Borrower Distribution of Consumer Loans in Pearl River and Stone, MS Counties AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	21.73	15.38	12.60	15.38	14.03	38.46	51.64	30.77

Source: 2014 CRA Reportable Loans

Geographic Distribution of Loans

The overall geographic distribution of residential loans, consumer loans, and small business loans for 2012 and 2013 reflects a reasonable dispersion when compared to AA characteristics. The Pearl River AA did not include any low-and moderate-income census tracts. Stone County included one moderate-income census tract; however, during 2014, Stone County became a Non-MSA having no low-income or moderate-income census tracts. The bank’s current AA includes two Non-MSA areas of Pearl River and Stone Counties, MS. There were no low and moderate-income census tracts with the combination; hence, only a geographic distribution of Stone County for the calendar years of 2012 and 2013 was conducted.

Stone County

The geographic distribution of home and consumer loans reflects a reasonable dispersion to borrowers of different geographies for the calendar years of 2012 and 2013. While, lending to small businesses is poor, approximately 59.1 % of owner-occupied housing is located in the one, moderate-income census tract. Opportunities to lend in this census tract are limited because out of 1,340 housing units, only 791 units are owner-occupied.

Home Loans

The bank’s geographic distribution of home loans in its one, moderate-income census tract of Stone County is reasonable. All loans were refinancing’s, (17.65 %) and above the AA characteristics (17.06 %).

Table 19- Geographic Distribution of Home Loans, Stone County AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner	% of Number of Loans
Home Purchase	0.00	0.00	17.06	0.00	82.94	100.00	0.00	0.00
Home Improvement	0.00	0.00	17.06	0.00	82.94	0.00	0.00	0.00
Refinancings	0.00	0.00	17.06	17.65	82.94	82.35	0.00	0.00

Source: HMDA Data, 2012 and 2013

Consumer Loans

The bank’s geographic distribution of consumer loans in its one moderate-income census tract of Stone County is reasonable and slightly below census characteristics:

Table 20- Geographic Distribution of Consumer Loans in Stone County AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Consumer Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	0.00	0.00	18.72	15.00	81.28	49.29	35.75	53.08

Source: 2012 and 2013 CRA Reportable Loans

Small Business Loans

The bank’s geographic distribution of business loans represented a poor dispersion. Of the 41.03% of businesses located in the moderate-income census tract, FNB Picayune only originated 6.67% of business loans to this group.

Table 21- Geographic Distribution of Loans to Businesses in Stone County AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Businesses	0.00	0.00	41.03	6.67	58.97	73.33	0.00	20.00

Source: 2012 and 2013 CRA Reportable Loans; Dun & Bradstreet Data

Responses to Complaints

FNB Picayune has not received any complaints regarding its CRA performance during the evaluation period.

Fair Lending or Other Illegal Credit Practices Review

Pursuant to 12 C.F.R. 25.28(c), in determining a national bank's 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.

The OCC found no evidence of discrimination or other illegal practices inconsistent with helping to meet community credit needs.