



**PUBLIC DISCLOSURE**

August 3, 2020

**COMMUNITY REINVESTMENT ACT  
PERFORMANCE EVALUATION**

Texas National Bank of Jacksonville  
Charter Number 18594

300 Neches Street,  
Jacksonville, TX 75766

Office of the Comptroller of the Currency

Longview Field Office  
1800 W Loop 281, Suite 306,  
Longview, TX 75604

**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.

# Table of Contents

Overall CRA Rating.....2  
Description of Institution .....2  
Scope of the Evaluation .....3  
Discriminatory or Other Illegal Credit Practices Review .....5  
State Rating.....6  
    State of Texas.....6  
Community Development Test.....12  
Appendix A: Scope of Examination ..... A-1  
Appendix B: Summary of MMSA and State Ratings.....B-1  
Appendix C: Definitions and Common Abbreviations.....C-1  
Appendix D: Tables of Performance Data..... D-1

## Overall Community Reinvestment Act (CRA) Rating

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

**The lending test is rated: Satisfactory.**

**The community development test is rated: Satisfactory**

The major factors that support this rating include:

- The lending test rating is based on reasonable distribution of loans in low- and moderate-income (LMI) geographies, a reasonable distribution of lending among businesses of different sizes, a substantial majority of loans purchased or originated in the assessment areas (AAs), and a loan-to-deposit (LTD) ratio that is more than reasonable.
- The community development test rating is based on adequate responsiveness to community development needs in the AAs through community development lending, qualified investments, and community development services in the AA.

### Loan-to-Deposit Ratio

Considering the institution's size, financial condition, and credit needs of the AAs, the institution's LTD ratio is more than reasonable. The LTD ratio is calculated on an institution-wide basis. The average quarterly LTD ratio for the institution during the evaluation period was 105.3 percent. The quarterly average LTD ratio for similarly situated financial institutions was 71.0 percent.

### Lending in Assessment Area

A substantial majority of the institution's loans are inside its AAs.

The institution originated and purchased 77.5 percent of its total loans inside its AAs during the evaluation period. This analysis is performed at the institution level, rather than the AA level. This percentage does not include extensions of credit by affiliates that may be considered under the other performance criteria.

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		
	#	%	#	%		\$	%	\$	%	
Small Business	14	70	6	30	20	7,320	89.6	853	10.4	8,173
Consumer	17	85	3	15	20	263	79.3	69	20.7	332
<b>Total</b>	<b>31</b>	<b>77.5</b>	<b>9</b>	<b>22.5</b>	<b>40</b>	<b>7,583</b>	<b>89.2</b>	<b>922</b>	<b>10.8</b>	<b>8,505</b>

### Description of Institution

Texas National Bank of Jacksonville (TNB or institution) is a community bank chartered in 1985 serving the east Texas region. Its main office is located at 300 Neches Street, Jacksonville, Texas. The institution is a wholly owned subsidiary of Texas National Bancorporation, a one institution holding company. In

addition to the main institution location in Jacksonville, the institution operates six branches located in Rusk, Marshall, Bullard, Longview, and Tyler, Texas (two offices), and maintains drive-through facilities and automated teller machines (ATMs) at all locations.

The institution is a full-service financial institution and offers a variety of traditional loan and deposit products and financial services to retail and commercial customers. Deposit products and services include deposit accounts with no minimum balance or monthly fee, direct deposit, as well as on-line and mobile banking. Commercial and residential real estate loans are the institution's primary business focus, with consumer and agricultural loans comprising a small portion of the loan portfolio.

As of December 31, 2019, TNB had total assets of \$562 million, total loans of \$501 million, total deposits of \$470 million, and tier 1 capital of \$58 million. Total loans represent approximately 89.15 percent of total assets. TNB's loan portfolio is comprised of commercial real estate loans totaling \$229 million (45.65 percent of loans); residential real estate \$169 million (33.71 percent); commercial loans \$70 million (14.03 percent); consumer loans \$18 million (3.55 percent); agricultural loans \$13.5 million (2.69 percent); and all other loans \$1.8 million (0.35 percent).

The institution has three AAs within the state of Texas, all which are rating areas. The AAs are the Longview metropolitan statistical area (MSA) AA, Tyler MSA AA, and the non-MSA AA.

There are no legal factors impeding the institution's ability to meet its credit needs. The institution's CRA performance was most recently evaluated as of August 7, 2017, and the institution received an overall rating of "Satisfactory" under the Intermediate Small Bank examination procedures.

## **Scope of the Evaluation**

### **Evaluation Period/Products Evaluated**

We evaluated the CRA performance of TNB using Intermediate Small Bank performance criteria. The evaluation period for lending is from January 1, 2017, through December 31, 2019. For community development activities, the evaluation period is from August 7, 2017, through December 31, 2019. The products reviewed were small business loans and consumer loans.

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

### **Selection of Areas for Full-Scope Review**

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

## **Ratings**

The institution's overall rating is based on the state ratings, and where applicable, multistate ratings. TNB has three AAs and two primary products that received consideration.

The state rating is based on performance in all institution AAs. Refer to the "Scope" section under each State Rating section for details regarding how the areas were weighted in arriving at the respective ratings.

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

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

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

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

## State Rating

### State of Texas

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

**The Lending Test is rated:** Satisfactory

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

The major factors that support this rating include:

- The geographic distribution of loans exhibits a reasonable distribution of loans in LMI geographies,
- The distribution of loans among businesses of different sizes and income level of the borrower represents reasonable distribution,
- A substantial majority of loan originations were within the institution's AA,
- The institution's LTD ratio was more than reasonable over the evaluation period, and
- The responsiveness to community development needs in the AAs is adequate.

### Description of Institution's Operations in Texas

The institution operates only in the state of Texas. AAs include the Longview MSA AA, Tyler MSA AA, and a non-MSA AA as described in the "Description of Institution". All three areas will receive full-scope reviews. While the institution's primary focus is commercial and residential real estate, the institution offers a variety of loan and deposit products to meet the needs of the community.

Of the institution's three AAs, the Longview MSA AA had 36.37 percent of the institution's deposits, the non-MSA AA had 32.69 percent of deposits, and the Tyler MSA AA had 30.94 percent of deposits compared to total institution deposits of \$462 million as of June 30, 2019. In the non-MSA AA, the institution accounts for 20.08 percent of the included counties' deposit market share which is the second highest percentage of deposits out of 10 institutions. Meanwhile, in the Longview MSA AA, TNB only had 3.34 percent of the included deposit market share, ranking 15th out of 35 total financial institutions. Finally, the Tyler MSA AA had 2.18 percent of the included counties' deposit market share, ranking seventh out of 32 total institutions. The institution's competitors amongst all AAs consists of a combination of large community institutions, regional institutions, and state-chartered institutions, with several national institutions within the Longview MSA AA and the Tyler MSA AA.

Community contact information was obtained for Cherokee County (non-MSA), Longview MSA AA, and the Tyler MSA AA. Comments from community contacts indicate financial institutions in the AA are aware of community credit needs and are actively involved. Comments for Cherokee County indicated limited job opportunities in Jacksonville and the limited opportunity for financial institution involvement.

---

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

Contacts from the Tyler MSA mentioned affordable housing and small business loans as a credit need. Housing, specifically middle-class housing, represents the primary credit need in Kilgore.

The following tables depict the demographic information for the full-scope AAs.

## Tyler MSA AA

<b>Table A – Demographic Information of the Assessment Area</b>						
<b>Assessment Area: Tyler MSA AA 2019</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	41	4.9	26.8	36.6	29.3	2.4
Population by Geography	217,552	2.4	25.7	39.9	32.0	0.0
Housing Units by Geography	88,145	1.9	24.7	40.8	32.6	0.0
Owner-Occupied Units by Geography	51,618	0.9	19.9	40.9	38.3	0.0
Occupied Rental Units by Geography	27,160	3.4	32.6	39.6	24.5	0.0
Vacant Units by Geography	9,367	3.4	27.9	43.7	24.9	0.0
Businesses by Geography	18,324	6.1	17.9	35.0	40.8	0.2
Farms by Geography	593	1.7	16.9	42.7	38.8	0.0
Family Distribution by Income Level	53,709	21.9	17.7	18.7	41.7	0.0
Household Distribution by Income Level	78,778	23.8	16.6	17.2	42.4	0.0
Median Family Income MSA - 46340 Tyler, TX MSA		\$57,823	Median Housing Value			\$130,763
			Median Gross Rent			\$852
			Families Below Poverty Level			12.1%
<i>Source: 2015 ACS and 2019 D&amp;B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						



## Longview MSA AA

<b>Table A – Demographic Information of the Assessment Area</b>						
<b>Assessment Area: Longview MSA AA 2019</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	39	2.6	23.1	48.7	23.1	2.6
Population by Geography	189,595	2.2	20.1	51.4	26.3	0.0
Housing Units by Geography	78,739	1.8	18.9	52.7	26.6	0.0
Owner-Occupied Units by Geography	45,073	0.9	16.9	51.8	30.4	0.0
Occupied Rental Units by Geography	24,091	4.0	19.1	54.0	22.9	0.0
Vacant Units by Geography	9,575	0.9	27.6	53.2	18.3	0.0
Businesses by Geography	15,357	6.3	15.4	49.9	28.2	0.2
Farms by Geography	370	2.2	13.2	54.9	29.5	0.3
Family Distribution by Income Level	47,791	22.0	16.3	18.7	43.0	0.0
Household Distribution by Income Level	69,164	24.5	15.4	17.1	43.0	0.0
Median Family Income MSA - 30980 Longview, TX MSA		\$56,456	Median Housing Value			\$120,525
			Median Gross Rent			\$757
			Families Below Poverty Level			14.2%
<p><i>Source: 2015 ACS and 2019 D&amp;B Data</i>  <i>Due to rounding, totals may not equal 100.0%</i>  <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i></p>						

**Non-MSA AA**

<b>Table A – Demographic Information of the Assessment Area</b>						
<b>Assessment Area: Non-MSA AA 2019</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	12	8.3	25.0	66.7	0.0	0.0
Population by Geography	51,167	8.5	14.5	77.0	0.0	0.0
Housing Units by Geography	20,956	7.9	13.8	78.4	0.0	0.0
Owner-Occupied Units by Geography	12,712	5.9	11.2	82.9	0.0	0.0
Occupied Rental Units by Geography	5,017	12.0	20.1	67.9	0.0	0.0
Vacant Units by Geography	3,227	9.1	14.1	76.8	0.0	0.0
Businesses by Geography	2,499	10.1	19.5	70.4	0.0	0.0
Farms by Geography	130	3.1	3.8	93.1	0.0	0.0
Family Distribution by Income Level	12,935	27.0	17.1	18.8	37.2	0.0
Household Distribution by Income Level	17,729	27.5	16.0	18.6	37.9	0.0
Median Family Income Non- MSAs – TX		\$52,198	Median Housing Value			\$86,750
			Median Gross Rent			\$654
			Families Below Poverty Level			18.0%
<i>Source: 2015 ACS and 2019 D&amp;B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

**Scope of Evaluation in Texas**

The evaluation period for our review of small business and consumer loans is January 1, 2017, through December 31, 2019. The evaluation period for community development activities is August 7, 2017, through December 31, 2019. The institution's deposits were almost equally distributed across the three AAs; therefore, we performed a full-scope review on all three AAs.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN TEXAS****LENDING TEST**

The institution's performance under the lending test in Texas is rated Satisfactory.

## **Conclusions for Areas Receiving Full-Scope Reviews**

Based on full-scope reviews, the institution's lending performance in the state of Texas is reasonable.

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

The institution exhibits reasonable geographic distribution of loans in the state.

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

Refer to Table Q in the state of Texas section of Appendix D for the facts and data used to evaluate the geographic distribution of the institution's originations and purchases of small loans to businesses.

##### *Longview MSA*

The geographic distribution of business loans in the AA is reasonable. The institution did not originate any loans in low-income census tracts; however, there is only one low-income census tract in the AA. The institution's small business lending in moderate-income census tracts was very near to the percentage of businesses located in moderate-income census tracts and exceeded the aggregate lending in moderate-income geographies.

##### *Non-MSA AA*

The geographic distribution of business loans in the AA is reasonable. The institution's small business lending in low-income geographies exceeded both the percentage of businesses in the area as well as the aggregate lending in the low-income geographies. The institution's small business lending in moderate-income census tracts is lower than both the percentage of businesses located in moderate-income census tracts and the aggregate lending.

##### *Tyler MSA*

The geographic distribution of business loans in the AA is reasonable. The institution's lending in the LMI census tracts exceeded both the percentage of businesses located in those geographies as well as the aggregate lending in the LMI geographies.

#### ***Consumer Loans***

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

##### *Longview MSA*

The geographic distribution of consumer loans in the AA is reasonable. The institution did not originate any loans in low-income census tracts; however, there is only one low-income census tract in the AA with only 2 percent of the AA households. The institution's consumer lending in moderate-income census tracts exceeded the percentage of households in the moderate-income census tracts.

Non-MSA AA

The geographic distribution of consumer loans in the AA is reasonable. The institution's lending in the AA exceeded the percentage of households in low-income census tracts and was near to percentage of households in moderate-income census tracts.

Tyler MSA

The geographic distribution of consumer loans in the AA is reasonable. The institution's lending in the AA exceeded the percentage of households in low-income census tracts and was near to percentage of households in moderate-income census tracts.

**Lending Gap Analysis**

We performed sampling of small business and consumer loan originations during the evaluation period. Sampling did not reflect any unexplainable conspicuous lending gaps in LMI geographies.

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

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

***Small Loans to Businesses***

Refer to Table R in the state of Texas section of Appendix D for the facts and data used to evaluate the borrower distribution of the institution's originations and purchases of small loans to businesses.

Longview MSA

The institution exhibits a reasonable distribution of loans to businesses of different sizes in the AA. The institution's lending to businesses with revenues less than or equal to \$1 million was near to the percentage of businesses identified as having revenues less than or equal to \$1 million but significantly exceeded the aggregate lending for these businesses.

Non-MSA

The institution exhibits an excellent distribution of loans to businesses of different sizes in the AA. The institution's lending to businesses with revenues less than or equal to \$1 million exceeded both the percentage of businesses identified as having revenues less than or equal to \$1 million as well as the aggregate lending for these businesses.

Tyler MSA

The institution exhibits a reasonable distribution of loans to businesses of different sizes in the AA. The institution's lending to businesses with revenues less than or equal to \$1 million was lower than the percentage of businesses identified as having revenues less than or equal to \$1 million but significantly exceeded the aggregate lending for these businesses.

***Consumer Loans***

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

***Longview MSA***

The institution exhibits a reasonable distribution of loans to individuals of different income levels in the AA. The institution's lending to LMI borrowers is near to the percentage of LMI households in the AA.

***Non-MSA***

The institution exhibits a reasonable distribution of loans to individuals of different income levels in the AA. The institution's lending to low-income borrowers is lower than the percentage of low-income households in the AA. Lending to moderate-income borrowers is near to the percentage of moderate-income households in the AA.

***Tyler MSA***

The institution exhibits a reasonable distribution of loans to individuals of different income levels in the AA. The institution's lending to low-income borrowers is near to the percentage of low-income households in the AA. Lending to moderate-income borrowers significantly exceeded the percentage of moderate-income borrowers in the AA.

**Responses to Complaints**

The institution did not receive any CRA-related complaints during the evaluation period.

**COMMUNITY DEVELOPMENT TEST**

The institution's performance under the community development test in the state of Texas is rated Satisfactory.

**Conclusions for Areas Receiving Full-Scope Reviews**

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

**Number and Amount of Community Development Loans**

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

<b>Community Development Loans</b>				
<b>Assessment Area</b>	<b>Total</b>			
	<b>#</b>	<b>% of Total #</b>	<b>\$(000's)</b>	<b>% of Total \$</b>
Longview MSA	10	43.48%	7,045	30.55
Non-MSA	3	13.04%	1,669	7.24
Tyler MSA	10	43.48%	14,349	62.21

The institution originated an adequate level of community development loans. During the evaluation period, TNB originated or refinanced 23 loans with initial loan amounts totaling \$23 million.

#### Longview MSA

Ten loans were made in Longview MSA with original balances totaling \$7 million. Nine loans were originated for affordable housing and one loan was for community services.

#### Non-MSA

Three loans with original balances totaling \$1.6 million were made in the AA. The loans included two loans for community services and one affordable housing loan.

#### Tyler MSA

Ten loans were made in the AA with original balances totaling \$14.3 million. Loans included four affordable housing loans, one loan that provides both affordable housing and community services, four revitalize and stabilize loans, and one community services loan.

### **Number and Amount of Qualified Investments**

<b>Qualified Investments</b>										
<b>Assessment Area</b>	<b>Prior Period*</b>		<b>Current Period</b>		<b>Total</b>				<b>Unfunded Commitments**</b>	
	<b>#</b>	<b>\$(000's)</b>	<b>#</b>	<b>\$(000's)</b>	<b>#</b>	<b>% of Total #</b>	<b>\$(000's)</b>	<b>% of Total \$</b>	<b>#</b>	<b>\$(000's)</b>
Longview MSA	0	0	9	3	9	13.43	3	1.15	0	0
Non-MSA	0	0	36	10	36	53.73	10	3.85	0	0
Tyler MSA	0	0	18	20	18	26.87	20	7.69	0	0
Broader Statewide and Regional	0	0	4	227	4	5.97	227	87.31	0	0

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

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

Qualified community development investments include 66 donations, totaling \$34,580, that were made to 37 organizations or events that benefit LMI areas or individuals. In addition, the institution has an investment of \$226.9 million in a minority-owned financial institution that services east Texas.

#### Longview MSA

The institution made nine donations totaling \$3,505 in the AA. Donation proceeds were used to provide community services in LMI geographies, aid individuals in need, and facilitate health care to individuals with limited income. Donations were also made to events that provided school supplies and fire safety education to economically disadvantaged students.

#### Non-MSA

The institution made 36 donations totaling \$10,000 to benefit Cherokee County. Donation proceeds were used to provide food and clothing to LMI individuals, provide community services to LMI areas, and facilitate health care access. Additionally, donations were made to scholarship funds for minority students and to schools that have a majority of economically disadvantaged students.

#### Tyler MSA

The institution made 18 donations totaling \$20,695 in the AA. Donation proceeds were used to assist individuals in need, provide school supplies to economically disadvantaged students, and to fund non-profit organizations that aid LMI individuals and geographies.

#### Broader Statewide and Regional

The institution has one community development investment in a minority-owned financial institution in Texarkana, Texas with initial investment amount of \$226.9 million, recently renewed in 2019. Investment opportunities in the area are limited. One donation to Hurricane Harvey relief efforts, one donation of \$200 in Nacogdoches that provides benefits to the east Texas region, and one donation of \$150 benefiting the overall AA.

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

Fifteen officers and employees of the institution provided 1,385.5 hours of services, which included services to 12 organizations and support provided in a designated disaster area. Services include providing financial expertise to various organizations that assist LMI individuals or geographies. In addition, the institution has one branch located in the non-MSA AA and two branches located in distressed or underserved geographies, in which institution staff assists with promoting financial literacy and facilitating access to banking services. Additionally, two employees provided 96 hours assisting in Hurricane Harvey relief efforts.

#### Longview MSA

Services impacting Longview MSA includes three entries with 168 hours. Services provided included educating local investors on conventional financing in an effort to promote affordable housing and providing financial expertise to non-profit organizations.

Tyler MSA

Services benefiting Tyler MSA includes two entries with 384 dedicated hours. Services included providing financial expertise to local organizations and assisting with fundraising efforts.

Non-MSA

Hours spend in community development services benefiting Cherokee County total 641.5 hours in 11 entries. Services provided include promoting financial literacy, offering financial expertise to non-profit organizations that assist LMI individuals, and assisting with coordinating school fundraisers that benefit economically disadvantaged students.

Broader Statewide and Regional

Services also include one event in Nacogdoches that benefits the east Texas region (Women Shelter of East Texas and dedicated hours total 96.



# 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”.

<b>Time Period Reviewed:</b>	(01/01/17 to 12/31/19)	
<b>Institution Products Reviewed:</b>	Small business and consumer loans Community development loans, qualified investments, community development services	
<b>Affiliate</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
None		
<b>List of Assessment Areas and Type of Examination</b>		
<b>Rating and Assessment Areas</b>	<b>Type of Exam</b>	<b>Other Information</b>
<b>MMSA: None</b>		
<b>State: Texas</b>		
Longview MSA AA	Full-scope	Gregg and Harrison Counties
Non-MSA AA	Full-scope	Cherokee County
Tyler MSA AA	Full-scope	Smith County

## Appendix B: Summary of MMSA and State Ratings

---

RATINGS (BANK NAME)			
Overall Institution:	Lending Test Rating*	CD Test Rating	Overall Bank/State/Multistate Rating
TNB	Satisfactory	Satisfactory	Satisfactory
MMSA or State:			
Texas	Satisfactory	Satisfactory	Satisfactory

(\*) The Lending Test and Community Development Test carry equal weight in the overall rating.

## 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, an institution subsidiary is controlled by the institution and is, therefore, an affiliate.

**Aggregate Lending:** The number of loans originated and purchased by all reporting lenders (Home Mortgage Disclosure Act 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/AA.

**Census Tract:** 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:** Affordable housing (including multifamily rental housing) for LMI individuals; community services targeted to LMI 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 LMI geographies, distressed or underserved non-metropolitan middle-income geographies, or designated disaster areas.

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

**Consumer Loan:** A loan 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 MSA 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/AA.

**Median Family Income:** 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 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 MSA 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 MMSA. For a financial institution with domestic branches in only one state, the financial institution's CRA rating would be the state rating. If a financial institution maintains domestic branches in more than one state, the financial institution will receive a rating for each state in which those branches are located. If a financial institution maintains domestic branches in two or more states within a MMSA, the financial institution will receive a rating for the MMSA.

**Small Loan to Business:** 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 to Farm:** A loan included in 'loans to small farms' as defined in the instructions for preparation of the 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 MMSA, if applicable, are presented in one set of tables. References to the “institution” include activities of any affiliates that the institution 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/AA. Deposit data are compiled by the Federal Deposit Insurance Corporation and are available as of June 30<sup>th</sup> of each year. Tables without data are not included in this Performance Evaluation.

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 institution 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 institution to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MMSA/AA. 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 institution 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 institution loan data to aggregate data from geographic areas larger than the institution’s AA.

**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 institution 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 institution 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 institution's AA.

- 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 \$500,000) originated and purchased by the institution 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 institution 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 institution to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of households by income level in each MMSA/AA.

<b>Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography</b>																<b>2017-2019</b>		
Assessment Area:	Total Loans to Small Businesses			Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available- Income Tracts		
	#	\$ (000's)	% of Total	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate
Longview MSA	20	7,436	52.2	6.3	0.0	6.6	15.4	15.0	11.3	49.9	70.0	53.3	28.2	15.0	28.6	0.2	0.0	0.2
Non-MSA	20	1,605	11.3	10.1	15.0	8.9	19.5	5.0	20.7	70.4	80.0	70.4	0.0	0.0	0.0	0.0	0.0	0.0
Tyler MSA	20	5,198	36.5	6.1	10.0	7.3	17.9	25.0	18.2	35.0	30.0	32.8	40.8	35.0	41.4	0.2	0.0	0.3
<b>Total</b>	60	14,239	100.0	6.5	8.33	7.1	17.0	15.0	15.4	43.8	60.0	44.8	32.6	16.7	32.4	0.2	0.0	0.2

*Source: 2019 D&B Data; 01/01/2017 - 12/31/2019 Bank Data; "--" data not available.  
Due to rounding, totals may not equal 100.0*

<b>Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues</b>											<b>2017-2019</b>	
Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available		
	#	\$ (000's)	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans	
Longview MSA	20	7,436	52.2	4,770	80.6	75.0	42.4	5.4	20.0	14.0	0.0	
Non-MSA	20	1,605	11.3	928	81.4	85.0	55.2	5.5	15.0	13.1	0.0	
Tyler MSA	20	5,198	36.5	5,342	84.9	70.0	40.8	4.7	30.0	10.4	0.0	
<b>Total</b>	60	14,239	100.0	11,040	82.8	76.6	42.7	5.1	21.7	12.1	0.0	

*Source: 2019 D&B Data; 01/01/2017 - 12/31/2019 Bank Data; "--" data not available.  
Due to rounding, totals may not equal 100.0*



<b>Table U: Assessment Area Distribution of Consumer Loans by Income Category of the Geography</b>													<b>2017-2019</b>	
Assessment Area:	Total Consumer Loans			Low-Income Tracts		Moderate-Income Tracts		Middle-Income Tracts		Upper-Income Tracts		Not Available-Income Tracts		
	#	\$ (000's)	% of Total	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	
Longview MSA	20	343	33.33	2.0	0.0	17.6	20.0	52.6	50.0	27.8	30.0	0.0	0.0	
Non-MSA	20	298	33.33	7.6	10.0	13.7	10.0	78.6	80.0	0.0	0.0	0.0	0.0	
Tyler MSA	20	923	33.33	1.8	5.0	24.3	20.0	40.4	20.0	33.6	55.0	0.0	0.0	
<b>Total</b>	<b>60</b>	<b>1,564</b>	<b>100.0</b>	<b>2.5</b>	<b>5.0</b>	<b>20.4</b>	<b>16.7</b>	<b>49.6</b>	<b>50.0</b>	<b>27.6</b>	<b>28.3</b>	<b>0.0</b>	<b>0.0</b>	

*Source: 2015 ACS Census; 01/01/2017 - 12/31/2019 Bank Data.  
Due to rounding, totals may not equal 100.0*

<b>Table V: Assessment Area Distribution of Consumer Loans by Income Category of the Borrower</b>													<b>2017-2019</b>	
Assessment Area:	Total Consumer Loans			Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Not Available-Income Borrowers		
	#	\$ (000's)	% of Total	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	
Longview MSA	20	343	33.33	24.5	20.0	15.4	10.0	17.1	20.0	43.0	50.0	0.0	0.0	
Non-MSA	20	298	33.33	27.5	15.0	16.0	15.0	18.6	20.0	37.9	50.0	0.0	0.0	
Tyler MSA	20	923	33.33	23.8	20.0	16.6	30.0	17.2	10.0	42.4	40.0	0.0	0.0	
<b>Total</b>	<b>60</b>	<b>1,564</b>	<b>100.0</b>	<b>24.5</b>	<b>18.3</b>	<b>16.0</b>	<b>18.3</b>	<b>17.3</b>	<b>16.7</b>	<b>42.2</b>	<b>46.7</b>	<b>0.0</b>	<b>0.0</b>	

*Source: 2015 ACS Census; 01/01/2017 - 12/31/2019 Bank Data.  
Due to rounding, totals may not equal 100.0*