



**LARGE BANK**

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## **PUBLIC DISCLOSURE**

April 04, 2011

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Citizens National Bank  
Charter Number: 13443

201 West Main Street  
Henderson, TX 75653-1009

Office of the Comptroller of the Currency

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**NOTE:** This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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## Overall CRA Rating

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

The following table indicates the performance level of Citizens National Bank (CNB) with respect to the Lending, Investment, and Service Tests:

Performance Levels	(Name of Depository Institution) Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding		X	
High Satisfactory	X		X
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			

\* The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

The major factors that support this rating include:

- A majority of residential real estate loans, loans to small businesses, and loans to small farms are originated within CNB’s assessment areas (AAs).
- CNB has a good level of lending with strong market shares in the full-scope areas for residential real estate loans and loans to small businesses.
- The distribution of loans to borrowers of different incomes is good, based on good performance for residential real estate lending and excellent performance for loans to small businesses.
- Overall the geographic distribution of loans is adequate. Residential real estate loans demonstrate an adequate distribution in the Rusk/Gregg Counties AA and good performance in the Harrison/Marion Counties AA. Loans to small business demonstrate good performance with good performance in the Rusk/Gregg Counties AA and adequate performance in the Harrison/Marion Counties AA.
- The level of qualified community development investments, grants and donations represents an excellent responsiveness to identified community development needs. The bank’s qualified investments for the current evaluation period along with continuing prior period investments totaled \$5.3 million representing approximately 6.4% of Tier 1 Capital.

- CNB's delivery systems are accessible to all geographies and individuals of different income levels in its assessment areas. A wide array of products and services have been developed to provide convenient and affordable banking to all income levels. These products and services are consistent throughout each branch within the bank's system with convenient delivery systems tailored to accommodate customers' needs.
- CNB has an excellent record of providing community development services. The bank offers and participates in a broad range of activities designed to assist low and moderate income families including housing, small business and various educational programs.

## Definitions and Common Abbreviations

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

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

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

**Census Tract (CT):** A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Community Development:** Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize-

- (i) Low-or moderate-income geographies;
- (ii) Designated disaster areas; or
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on-
  - a. Rates of poverty, unemployment, and population loss; or
  - b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

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

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

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

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

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

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that do 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 applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn). Beginning in 2004, the reports also include additional data on loan pricing, the lien status of the collateral, any requests for preapproval and loans for manufactured housing.

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

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

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

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

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

**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## Description of Institution

Citizens National Bank (CNB), headquartered in Henderson, Texas, is an intrastate financial institution with \$867 million in assets. The bank and its subsidiaries, Citizens National Bank Community Development Corporation (CNB CDC) and HCB Insurance Agency, Inc., are wholly owned by Henderson Citizens Delaware Bancshares, Inc., a one bank holding company located in Dover, Delaware. Henderson Citizens Delaware Bancshares, Inc. is wholly owned by Henderson Citizens Bancshares, Inc. located in Henderson, Texas. HCB, Inc., and HCB OG, Inc. are affiliates of the bank. CNB CDC is a community development corporation dedicated to providing affordable housing loans to low- and moderate-income persons and the start up or expansion of small and minority owned businesses. CNB CDC has also purchased real estate and homes in low-income areas to be improved or renovated and sold to low income individuals through the CDC program.

CNB has eighteen full service locations and twenty-three automated teller machines (ATMs). The bank has offices located in the non-metropolitan counties of Harrison, Marion, Henderson, and Navarro. Banking offices are also located in Gregg and Rusk Counties which are included in the Longview MSA and in Smith County which makes up the Tyler MSA. Since the previous CRA examination, CNB has opened two new branches and closed one branch all in the Tyler market.

CNB's philosophy is to be a full service institution by providing a wide array of financial services to consumers and small businesses. CNB is retail oriented and offers a wide range of deposit and loan products as well as trust, investment and insurance services. As of December 31, 2010, the bank's net loans represented 52% of total assets. The loan portfolio is comprised of 44% residential real estate, 25% commercial real estate, 16% commercial, 9% consumer, and 6% agriculture.

There are no legal, financial or other factors impeding the bank's ability to meet the credit needs in its assessment areas. CNB's Tier 1 Capital level is \$83.4 million representing 9.62% of adjusted average assets as of December 31, 2010. The bank's CRA performance was last evaluated as of February 27, 2008, with the overall level of performance rated "Satisfactory."

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

Conclusions regarding the bank's lending performance are based on residential mortgage and small business loans for the years 2008, 2009 and 2010. For community development loans and the Service and Investment Tests, the evaluation period runs from the ending date of the last CRA evaluation period to the start date of the current CRA examination. This evaluation period runs from February 27, 2008 to April 4, 2011. The investment test included a review of investments, grants and donations made in the bank's assessment area (AA) that meet the definition of community development investments. The Service Test included a review of retail and community development services provided in the bank's AA.

Residential real estate lending carries the most weight in assessing lending performance since residential real estate lending is a primary focus for CNB and represents a significant portion of the loan portfolio. For this evaluation residential real estate lending represents approximately 57 percent of loans evaluated by number and 69 percent by dollar volume. Small loans to businesses is a significant product and accounts for 31 percent of evaluated loans by number and 28 percent by dollar volume. Small loans to farms represent a small portion of CNB's lending and are not significant to the overall lending test. Multifamily loans were not analyzed due to the low volume.

Performance in the Rusk/Gregg AA carries more weight in the evaluation since the largest portion of reported loans are made in this AA and it accounts for the largest percentage of bank deposits in CNB's assessment areas.

### Data Integrity

We verified the accuracy of data used in the evaluation of the bank's performance by reviewing samples of the loan products reported during the evaluation period. Our review revealed the integrity of the bank's data is sound and considered to be a reliable source of information when reviewing CRA performance. We found no significant exceptions or weaknesses that would affect the bank's performance or ratings. Publicly reported data relating to these loans is considered accurate.

Community development loans, investments, and services submitted by CNB's management were verified to ensure they met the regulatory definition for community development.

### Selection of Areas for Full-Scope Review

The bank has designated four separate assessment areas for CRA purposes. These areas include the non-metropolitan counties of Harrison, Marion, Henderson, and Navarro. Additionally, the assessment areas include Gregg and Rusk Counties which are included in the Longview MSA and specific census tracts in Smith County which are part of the Tyler MSA. The bank's primary assessment area is the Rusk/Gregg AA which includes the cities of Longview, Kilgore and Henderson. The bank has 8 offices located in this area, which account for 60% of the bank's total deposits and approximately 45% of the loans made during this

assessment period. The bank's assessment area also includes the adjacent non-metropolitan counties of Harrison and Marion. Due to the percentage of the bank's deposits located in Harrison and Marion Counties, a full scope review was performed in this area also. The bank has 3 office locations in this area which accounts for 17 percent of the bank's total deposits and approximately 15 percent of the loans made during this assessment period. The Henderson/Navarro AA is also a non-metropolitan area and consists of 20 percent of the bank's deposits. Limited scope procedures were used to review this area due to its inclusion in the prior CRA examination. Limited scope procedures were also performed in the Tyler AA due to the small percentage of loans and deposits originating in this AA. Refer to the table in Appendix A: Scope of the Examination for additional information.

## **Ratings**

The bank's overall rating is based primarily on those areas that received full-scope reviews. To determine a rating for the bank's lending performance, we reviewed home mortgages and small loans to businesses. No consideration was given to farm products or multi-family products due to the low volume of these type products.

## **Other**

We conducted two community contacts for the purpose of determining a community profile, identifying opportunities for participation by local financial institutions and determining their performance within the community. These contacts were local community organizations. The contacts identified affordable single family housing as a primary need in the community. Opportunities for banks to participate in community development activities, outside of loan products are considered very limited.

## **Fair Lending or Other Illegal Credit Practices Review**

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.

## Conclusions with Respect to Performance Tests

### LENDING TEST

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

The bank's performance under the lending test is rated "High Satisfactory". Based on full-scope reviews, the bank's performance is good in the metropolitan Rusk/Gregg AA and in the non-metropolitan Harrison/Marion AA.

The level of lending for HMDA loans and loans to small businesses is good in both AAs. Performance for lending to borrowers of different incomes is also good. A majority of loans are made within CNB's AAs. The geographic distribution of loans is adequate with some areas of weakness as described below in the geographic distribution portion of this report. Geographic distribution is not weighed as heavily as other factors since there are no low-income geographies in the full-scope AAs.

#### Lending Activity

Refer to Tables 1 Lending Volume and 1 Other in Appendix C for the facts and data used to evaluate the bank's lending activity.

Lending activity is good based on the level of HMDA loans and small business loans extended in the full-scope AAs. Lending activity analysis is based primarily on loans directly originated or purchased by CNB. The level of CDC loans does not significantly increase lending volumes in any AA.

Residential real estate lending represents approximately 57 percent of loans evaluated by number of loans, and small business loans represents approximately 30 percent. Residential real estate loans carry more weight in overall conclusions since it is a primary lending focus for CNB.

#### *Rusk/Gregg AA*

The level of lending in the Rusk/Gregg AA is good. Approximately 45 percent of loans evaluated were originated in this AA, and performance for the Rusk/Gregg AA carries the most weight in overall lending conclusions.

CNB has a good level of residential real estate lending ranking first for home improvement loans, third for home purchase loans, and seventh for home refinance loans in the MSA for all 2008 HMDA reported loans. Numerous lenders report HMDA loans in the market, so the market rankings are very favorable. Residential real estate lending levels reflect strong performance given CNB's capacity, as the bank ranks second in deposit market share in the market of 33 financial institutions with 13 percent market share based on June 2010 data. The

CDC extended 26 residential real estate loans in this AA during the evaluation period and that shows additional efforts to meet AA credit needs.

The level of small business loans is good. CNB ranks sixth out of forty-two lenders based on 2008 CRA data. CNB ranks first for small farm loans, however, this is not as meaningful since the overall level of small farm loans is small in this market.

#### *Harrison/Marion AA*

The level of lending in Harrison/Marion AA is good. CNB's levels of residential real estate lending and small business lending are both good. Approximately 15 percent of loans evaluated were originated in the Harrison/Marion AA.

CNB ranks first for home improvement loans, sixth for home refinance loans, and tenth for home purchase loans in the AA for all 2008 HMDA reporters. This reflects a good level of lending since numerous lenders report HMDA loans in this market. CNB has 15% of the deposit market share and ranks third of thirteen financial institutions for deposit share based on June 2010 data.

The CDC originated two home mortgage loans in this AA during the evaluation period.

CNB ranks sixth of twenty-six reporters for loans to small businesses in the Harrison/Marion AA and this level of lending is reasonable.

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

The geographic distribution of loans is adequate. Performance for residential real estate loans is adequate with some areas showing weak performance. Residential real estate loans demonstrate an adequate distribution in the Rusk/Gregg AA and good performance in the Harrison/Marion AA. Loans to small businesses demonstrate good performance with good performance in the Rusk/Gregg AA and adequate performance in the Harrison/Marion AA.

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

Refer to Tables 2, 3, 4 and 5 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases. Neither full-scope area has low-income geographies so the analysis is based on lending in the moderate-income portions of each AA.

The geographic distribution of loans is adequate. A majority of loans are within CNB's AAs. Performance for residential real estate loans is adequate overall, although performance is weak for home improvement and refinance loans in the Rusk/Gregg AA, and for home refinance loans in the Harrison/Marion AA. Performance is weighed heavier for the Rusk/Gregg AA which demonstrates adequate lending, and the Harrison/Marion AA demonstrates good performance.

*Rusk/Gregg AA*

The penetration of home purchase loans in moderate-income geographies is good. While the percentage of loans in moderate-income geographies is lower than the percentage of owner occupied units the market share indicates strong performance in the moderate-income geographies.

Performance for home improvement loans is weak as the bank penetration of loans in moderate-income geographies is much lower than the percentage of owner-occupied units and CNB's market share in moderate-income geographies is slightly lower than its overall market share for home improvement loans.

Performance for home refinance loans is also weak with a low penetration of loans in the moderate-income geographies. The market share for refinance loans in moderate-income geographies exceeds CNB's overall market share for this product in the AA offsetting the poor penetration to some extent.

*Harrison/Marion AA*

The geographic distribution of mortgage loans in the Harrison/Marion AA is good.

Performance for home purchase loans is good. The penetration of home purchase loans in moderate-income geographies is somewhat lower than the percentage of owner-occupied units in those geographies, but the market share for moderate-income geographies exceeds CNB's overall market share for home purchase loans. CNB also extended six home purchase loans in the distressed and underserved middle-income census tracts within this AA and that reflects positively on the geographic distribution.

Performance for home improvement loans is good as the penetration of loans in the moderate-income areas is near to the percentage of owner-occupied units in moderate-income geographies within the Harrison/Marion AA. In addition, CNB extended 19 home improvement loans in the middle-income distressed and underserved census tracts in this AA and that reflects positively on the geographic distribution of home improvement loans.

Performance for home refinance loans is weak with CNB's penetration of loans in moderate-income geographies much lower than the percentage of owner-occupied units in the Harrison/Marion AA. This performance is improved slightly since 12 home refinance loans are extended in the middle-income distressed and underserved census tracts in Marion County.

***Small Loans to Businesses***

Refer to Table 6 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

Small loans to businesses demonstrate good performance for geographic distribution. The distribution is good in the Rusk/Gregg AA and is adequate in the Harrison/Marion AA.

*Rusk/Gregg AA*

The geographic dispersion of small business loans is good in the Rusk/Gregg AA. CNB's penetration of small business loans in the moderate-income geographies is slightly lower than the percentage of AA businesses in those geographies, and CNB demonstrates a good market share of small loans to businesses in the moderate-income geographies.

*Harrison/Marion AA*

The geographic distribution of small business loans in the Harrison/Marion AA is adequate. The penetration of small business loans in the moderate-income geographies is only slightly over half of the percentage of AA small businesses in those geographies. The market share is lower for small business loans in moderate-income geographies than CNB's overall market share for small business loans. Lending in the distressed and underserved middle-income census tracts in Marion County offsets the weak penetration. CNB extended 50 small business loans in these census tracts that represent a significant volume of lending and demonstrate responsiveness to credit needs in these geographies.

***Small Loans to Farms***

Refer to Table 7 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to farms.

The geographic distribution of small loans to farms is good primarily due to excellent performance in the Rusk/Gregg AA.

*Rusk/Gregg AA*

The geographic distribution of small loans to farms is excellent in Rusk/Gregg AA. CNB's penetration significantly exceeds the percentage of AA farms in moderate-income geographies.

*Harrison/Marion AA*

No small loans to farms were originated in the moderate-income geographies within the Harrison/Marion AA. This represents weak performance since some opportunity is available with 8.6 percent of AA farms in these geographies. Since loans to small farms are not a primary product for CNB and the number of farms in this AA is low overall, this performance does not significantly impact overall conclusions.

***Lending Gap Analysis***

No unexplained conspicuous lending gaps were identified.

### ***Inside/Outside Ratio***

Lending inside the AA is good since a majority of loans have been extended within all of CNB's AAs. Lending inside the assessment area is analyzed bank-wide and not by individual AAs. The analysis includes loans originated and purchased over the evaluation for home purchase, home improvement, home refinance, loans to small businesses and loans to small farms. This performance has a positive impact on the geographic distribution of lending conclusions.

Overall, 79 percent of loans by number and 71 percent of loans by dollar amount were made within the AAs. When broken down by type of loan, performance generally mirrors the overall performance with a majority of residential real estate loans, loans to small businesses and loans to small farms generated within the AAs.

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

Lending to borrowers of different income levels demonstrates good performance. Overall performance is good for residential real estate lending based on the good performance in the Rusk/Gregg AA and adequate performance in the Harrison/Marion AA. The borrower distribution for lending to small businesses is excellent based on strong performance in both full-scope AAs.

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

Refer to Tables 8, 9, and 10 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

Performance is good with Rusk/Gregg AA weighed more heavily in the overall conclusion. Performance in Rusk/Gregg AA is good for residential real estate lending, with noteworthy excellent performance for home purchase loans. Performance in Harrison/Marion AA is adequate based on adequate home purchase lending and excellent home improvement lending; although weak lending for home refinance detracts from overall borrower distribution performance in the Harrison/Marion AA.

### ***Rusk/Gregg AA***

The distribution of home purchase loans reflects excellent performance among borrowers of different income levels. The penetration to low-income borrowers is good. While the percentage of home purchase loans to low-income borrowers, at 7.55 percent, is lower than the 20.48 percent of low-income AA families, many of the low-income families do not present legitimate opportunities for CNB to make residential real estate loans. In the Rusk/Gregg AA 15 percent of households are reported with an income below poverty and are not likely to qualify for a residential mortgage. The median housing value of over \$67 thousand also prevents many families in the low-income category from being able to afford home purchases since the high-end of median family income is \$20,485. The penetration to moderate-income borrowers is excellent as CNB's penetration exceeds the percentage of moderate-income families in the AA. The market share dispersion is excellent for lending to moderate-income borrowers and adequate for lending to low-income borrowers for home purchase.

The distribution of home improvement loans is good. The penetration to low-income borrowers is good. Similar to home purchase lending, the penetration of bank loans at 12.57 percent, is somewhat lower than the 20.48 percent of low-income AA families. Given housing affordability issues for low-income borrowers and the percentage of households living below poverty this performance is good. Lending to moderate-income borrowers for home improvement is good as the penetration of loans is near to the percentage of moderate-income AA families. Market share for low-income borrowers is excellent since the market share for low-income borrowers exceeds CNB's overall home improvement loan market share and for moderate-income borrowers the market share is good and is near to the overall market share.

The distribution of home refinance loans is adequate. The penetration for low-income borrowers is slightly lower than the percentage of low-income families in the AA and is considered good given housing affordability challenges for low-income borrowers. Performance for moderate-income borrowers is adequate with the penetration of refinance loans to moderate-income families lower than the percentage of moderate-income families in the Rusk/Gregg AA, although the market share penetration for moderate-income is excellent and therefore has a positive impact on the lending performance conclusion.

#### *Harrison/Marion AA*

The distribution of home purchase loans represents adequate performance. The penetration to low-income borrowers is adequate. Although the percentage of bank loans, at 4.11 percent, is lower than the 19.46 percent of low-income AA families many of the low-income families may not present home mortgage lending opportunities. In the Harrison/Marion AA approximately 17 percent of households live below poverty and are not likely to qualify for home mortgage products. In this AA the median housing value is \$56,347 and the highest income in the low-income category is \$18,190. Based on the limited income and median housing costs, purchasing a home is likely not affordable for a significant portion of low-income families. The penetration of home purchase loans to moderate-income borrowers is weak, but the market share is adequate and reflects positively in overall conclusions.

The distribution of home improvement loans represents excellent performance. Performance for lending to low-income borrowers is good with a good penetration of loans to low-income borrowers and an excellent market share performance. The percentage of loans to moderate-income borrowers exceeds the percentage of moderate-income families and the market share performance is good.

The distribution of home refinance loans represents weak performance. The penetrations to both low-income and moderate-income borrowers are lower than the percentage of AA families. The market share for lending to low-income borrowers is strong, but for lending to moderate-income borrowers the market share is poor.

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

Refer to Table 11 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

The borrower distribution for extending small loans to businesses is excellent based on strong performance in both full-scope AAs.

#### *Rusk/Gregg AA*

The borrower distribution of small loans to businesses is excellent and the percentage of bank loans to businesses with revenues of \$1 million or less exceeds the percentage of AA businesses with revenues of \$1 million or less. CNB's market share is also excellent for loans to businesses in the Rusk/Gregg AA with revenues of \$1 million or less.

#### *Harrison/Marion AA*

The borrower distribution of small loans to businesses is excellent and the percentage of bank loans exceeds the percentage of AA businesses with revenues of \$1 million or less. The market share for CNB loans to businesses with revenues of \$1 million or less is also excellent.

### **Small Loans to Farms**

Refer to Table 12 in the Appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

The borrower distribution of small loans to farms is good. For both full-scope assessment areas, the vast majority of AA farms report revenues of \$1 million or less and all small loans to farms reported were made to farms with revenues of \$1 million or less. Since this is not a primary bank product performance does not weigh heavily in the overall borrower distribution conclusions.

### **Community Development Lending**

Refer to Table 1 Lending Volume in Appendix C for the facts and data used to evaluate the bank's level of community development (CD) lending. This table includes all CD loans, including multifamily loans that also qualify. In addition, Table 5 includes geographic lending data on all multi-family loans, including those that also qualify. Table 5 does not separately list CD loans, however.

Community development lending has a neutral impact on the overall lending test. During the evaluation period CNB extended two community development loans in the Rusk/Gregg AA and did not extend any community development loans in the other AAs.

The majority of the community development lending represents one \$200 thousand loan that funded a community health clinic located in a moderate-income geography. This helps provide basic health care needs focusing on the low- and moderate-income population.

## **Product Innovation and Flexibility**

CNB offers some flexible lending products, but has limited lending activity in this evaluation period for flexible loan products therefore the performance has minimal impact on the overall lending test. CNB offers loans through its solely owned CDC. The CDC offers flexible underwriting guidelines to help meet credit needs for those who may not otherwise qualify for conventional housing and the CDC originated 33 loans throughout the bank assessment areas during the evaluation period and these loans are included in the lending test data. Two home loans totaling \$143 thousand were funded through a joint venture with a housing authority to provide two new single family homes for low- to moderate-income families in Marshall, Texas that is part of the Harrison/Marion AA.

Recently the CDC created two small business loan programs called the “Unique Business Loan Program” and “Micro Loan Program” to assist small business owners by providing small loans ranging from \$500 to \$5,000 and basic banking services which are combined with an education program. This program provides a flexible product, although the program has not funded any loans to date.

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

Based on limited-scope reviews, the bank’s performance under the lending test in the Henderson/Navarro AA and the Smith County AA is weaker than the bank’s overall performance. Refer to Tables 1 through 13 in Appendix C for the facts and data that support these conclusions.

The borrower distribution for residential real estate loans is weaker for both limited-scope AAs, with weak performance in the Smith County AA and adequate performance in the Henderson/Navarro AA. This results in overall weaker performance than the full-scope areas. Lending to small businesses and small farms is consistent with findings for full-scope areas. The geographic dispersion is less meaningful for both limited-scope AAs since neither has any low- or moderate-income census tracts. While the lending is weaker in the limited-scope areas based primarily on the residential real estate borrower distribution, performance does not impact the overall lending test findings based on full-scope reviews.

## **INVESTMENT TEST**

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

The bank’s performance under the investment test is rated “Outstanding.” The bank has an excellent level of qualified community development investments, including some not provided by other institutions. Based on full-scope reviews, the bank’s performance in the Rusk/Gregg area and in the Harrison/Marion area is good. CNB has responded to the need for low income financing by establishing a wholly owned CDC (CNB CDC) and continuing to support its growth with additional funds as needed. CNB recently invested additional funds for the purpose of providing funding to small businesses. Since the previous examination the Board has invested \$850M in addition to the \$1.4M previously invested. During this evaluation period, CNB also invested funds in qualifying GNMA securities in the amount of \$1.3 million and in small business investment companies (Independent Bankers Capital Fund and Valesco

Commerce Street Capital) in the amount of \$913 thousand as well as investing in a qualifying certificate of deposit in a minority, Indian owned bank. Furthermore, the Board and management remain committed to local organizations that provide community service by providing donations to numerous organizations in the assessment area. Community development investment opportunities remain limited in the bank's assessment areas, however, management and the Board remain diligent in identifying opportunities for investment.

Refer to Table 14 in Appendix C for the facts and data used to evaluate the bank's level of qualified investments.

#### Rusk/Gregg Area

The bank has provided a good level of qualified community development investments. Investments and donations totaling \$280 thousand have been made in the Rusk/Gregg AA during this assessment period. Investments include the continued support of CNB CDC as well as donations to local organizations that provide community development services in the assessment area. Funds were also provided by the CDC to repair and remodel a low income property for resale to a low or moderate income buyer.

#### Harrison/Marion Area

The bank has provided a good level of qualified community development investments in the Harrison/Marion AA. Investments and donations totaling \$220 thousand have been made in this area during this assessment period. Investments include the continued support of CNB CDC as well as donations to local organizations that provide community development services in the assessment area. Additionally, during this evaluation period, the bank had an ongoing investment in a municipal bond from the City of Jefferson in the amount of \$275 thousand which was sold in 2010 prior to being called.

### **Conclusions for Area Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's performance under the investment test in the Tyler MSA AA and the Henderson/Navarro AA is not inconsistent with the bank's overall "Outstanding" performance under the investment test. Refer to Table 14 in Appendix C for the facts and data that support these conclusions.

## **SERVICE TEST**

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

The bank's performance under the Service Test is rated "High Satisfactory". Based on full-scope reviews, the bank's performance in the Rusk/Gregg AA and the Harrison/Marion AA is good.

## **Retail Banking Services**

Refer to Table 15 in Appendix C for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

The delivery systems of the bank are accessible to geographies and individuals of different income levels throughout the assessment areas. Within the Rusk/Gregg AA, the bank operates eight full service banking offices and ten ATMs which are conveniently located throughout the assessment area. The Rusk/Gregg AA includes nine moderate-income tracts, twenty middle-income tracts, and six upper-income tracts. One branch is located within a moderate-income tract with all locations easily accessible to moderate-income tracts. CNB Henderson operates three full service locations in the Harrison/Marion county assessment area with one branch located in a distressed and underserved area. There are also ATMs located throughout the assessment area. There are three moderate-income tracts, seven middle income tracts and three upper income tracts located in the Harrison/Marion AA with the middle income tracts in Marion County considered both distressed and underserved.

During 2009, CNB closed one branch located in the Tyler MSA while opening two additional branches in the same area. The change in branch locations did not adversely affect the accessibility of any of the bank's delivery systems.

A wide range of financial services are provided at each branch and are consistent throughout the bank's branch network. These include numerous mortgage products and loan programs for small business and consumers of all types. Deposit products are also available including low cost and free checking accounts that include free bill pay, debit cards and FinanceWorks banking (online financial software to assist with personal finances). Additionally, CNB offers phone, online, text message and mobile banking through telephone and internet services. A range of online services are also available for commercial customers, including informational and cash management services, remote capture and merchant card processing services.

CNB also offers a wide variety of commercial and consumer loan products to meet any funding needs. Loan products include Small Business Loans, FHA and USDA loans as well as a numerous mortgage products and commercial and consumer loans of all types.

## **Community Development Services**

CNB has demonstrated an excellent record of providing community development services throughout each of its assessment areas. Bank officers and employees provide financial and managerial expertise to numerous service organizations in the assessment areas, serving in officer and director positions of those organizations. Examples of these organizations include Habitat for Humanity, Help Center of Henderson County, Labor of Love, United Way and Christian Women's Job Corps. Additionally, bank employees serve in leadership positions on several economic and industrial development foundations as well as civic organizations serving low- and moderate-income families throughout all assessment areas.

CNB continues to be a leader in providing financial literacy and service programs throughout the assessment areas. The bank has sponsored a financial literacy training course for organizations such as the Head Start Family Service Group located in Jefferson, Texas, a

distressed and underserved area in Marion County. The program has also been presented to area churches and organizations serving low- and moderate-families. Other seminars presented by CNB include Financing Opportunities, Home Owners Seminar, and How to Start and Operate a Business in East Texas.

CNB is an ongoing sponsor for the Kilgore College Small Business Development Center (SBDC). The SBDC assists individuals in starting small businesses through training and education classes which teach how to put together a business plan, complete applications and present credit worthy loan requests. CNB continues to provide scholarships annually to individuals attempting to start their own business. Additionally, a CNB employee served as the instructor for this course. The SBDC, in conjunction with the US Small Business Administration, conducted a small business day at a local mall in an effort to match applicants with lenders. CNB employees participated in this outreach effort to provide information to clients about CNB's lending programs and requirements.

CNB Community Development Corporation, a subsidiary of CNB, finances the rehabilitation and development of affordable housing for low- and moderate-income persons and the start up or expansion of small and minority owned businesses. Several CNB employees serve on the Board of the CDC and assist in the ongoing contact with community groups to provide information regarding the availability of the CDC's affordable loan programs. The CDC recently developed two new innovative small business loan programs designed to assist low- to moderate-income small business owners by providing loans and basic banking services to establish or expand businesses. These programs will provide small loans of less than five thousand dollars with flexible terms. Borrowers must complete the bank's First Business class and will receive scholarships to attend area college SBDC programs. While the programs are new and no loans have yet been funded through the CDC, classes are in progress and three loans have been funded by the bank through this program. Upon completion of the classes and meeting the loan program criteria, future loans will be funded through the CDC. Participants of this program have also taken advantage of other bank services geared toward low- and moderate-income individuals such as the bank's free checking program.

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

Based on limited-scope reviews, the bank's performance under the Service Test in Henderson/Navarro and Smith Counties is not inconsistent with the bank's overall "High Satisfactory" performance under the Service Test. Refer to Table 15 in Appendix C for the facts and data that support these conclusions.

## Appendix A: Scope of Examination

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

<b>Time Period Reviewed</b>	Lending Test (excludes CD Loans): (01/01/2008 to 12/31/2010) Investment and Service Tests and CD Loans: (02/28/2008 to 04/04/2011)	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
Citizens National Bank (CNB) Henderson, Texas	Residential, Commercial, Farm	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
Citizens National Bank Community Development Corporation (CNB CDC)	Subsidiary	Residential
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Gregg and Rusk Counties Smith County	Full Scope Limited Scope	Longview MSA #30980 Tyler MSA #46340 (Tracts 0019.03, 0019.04, 0020.07, 0020.08, 0020.09 and 0022.00 only)
Harrison/Marion Counties Henderson/Navarro Counties	Full Scope Limited Scope	

## Appendix B: Market Profiles for Full-Scope Areas

### Rusk/Gregg AA (A part of the Longview MSA)

Demographic Information for Full-Scope Area: Rusk/Gregg Counties						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	35	0.00	25.71	57.14	17.14	0.00
Population by Geography	158,751	0.00	22.81	57.22	19.96	0.00
Owner-Occupied Housing by Geography	41,244	0.00	17.22	60.76	22.02	0.00
Businesses by Geography	13,957	0.00	25.36	52.31	22.33	0.00
Farms by Geography	420	0.00	13.57	61.90	24.52	0.00
Family Distribution by Income Level	42,609	20.48	17.61	20.85	41.05	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	16,233	0.00	30.33	56.96	12.71	0.00
Median Family Income HUD Adjusted Median Family Income for XXXX Households Below the Poverty Level	= \$40,970 = \$54,500 = 15%				Median Housing Value Unemployment Rate (2000 Census Data)	= \$67,805 = %2.97

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2000 U.S. Census, and 2011 HUD updated MFI.

Rusk and Gregg Counties are located in Northeast Texas and include the cities of Henderson, Kilgore and Longview. These counties are a part of the Longview MSA and include 35 census tracts (CTs). These tracts include no low-income CTs, nine moderate-income CTs, 20 middle-income CTs, and 6 upper-income CTs. Eight of the bank's branches and twelve ATMs are located in Rusk and Gregg County. Approximately 54% of the loans originated in this assessment period and 60% of the total bank deposits are included in these counties. There are numerous other institutions in the Rusk and Gregg County area. CNB is the second largest institution with \$467 million in deposits in the assessment area and a 13 percent market share of deposits as of June 30, 2010. CNB continues to be retail oriented with a focus on mortgage, consumer and commercial lending.

Population growth and economic conditions remain stable in the Rusk/Gregg AA. Major employers in the area include Texas Utilities, Bradshaw State Jail, and Sadler's Bar-B-Que in Rusk County. In Gregg County, the major employers include Texas Eastman, Good Shepherd Hospital and LeTourneau, Inc. Community contacts were conducted in the assessment area in order to assess the credit needs of the community and identify opportunities for lending and investment by local financial institutions. Contacts identified the lack of affordable housing within the area but noted good performance by the banks in providing loans when housing became available. Contacts felt the local financial institutions were providing products and services which help meet the needs of the community.

**Harrison/Marion Counties**

Demographic Information for Full-Scope Area: Harrison/Marion Counties						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	13	0.00	23.08	53.85	23.08	0.00
Population by Geography	73,051	0.00	17.33	48.24	34.43	0.00
Owner-Occupied Housing by Geography	21,596	0.00	13.89	51.34	34.77	0.00
Businesses by Geography	5,274	0.00	12.67	47.99	39.34	0.00
Farms by Geography	186	0.00	8.60	51.08	40.32	0.00
Family Distribution by Income Level	20,221	19.46	16.12	19.43	44.98	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	7,196	0.00	22.76	50.89	26.35	0.00
Median Family Income = \$36,380 HUD Adjusted Median Family Income for XXXX = \$46,500 Households Below the Poverty Level = 17%			Median Housing Value = \$56,347 Unemployment Rate = %3.38 (2000 Census Data)			

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2000 U.S. Census, and 2011 HUD updated MFI.

Harrison and Marion Counties are in a non-metropolitan area located in Northeast Texas and include the cities of Marshall, Hallsville, and Jefferson. These counties include 13 census tracts (CTs) consisting of no low income CTs, three moderate income CTs, seven middle and three upper income CTs. The three the middle income tracts located in Marion County are in areas considered distressed and underserved. Three of the bank’s branches are located in Harrison and Marion Counties. Approximately 54% of the loans originated in this assessment period and 17% of the total bank deposits are included in these counties. There are several other institutions in Harrison County; however, competition is limited in Marion County. CNB is the third largest institution with \$126 million in deposits in the assessment area and a 14 percent market share of deposits as of June 30, 2010. CNB continues to be retail oriented with a focus on mortgage, consumer and commercial lending.

Population in Marshall and Jefferson has declined although the overall counties have grown. Economic conditions are weak but stable in both counties. Major employers in Harrison County include Republic Industries, Blue Cross/Blue Shield and Home and Garden Party. The county also benefits from the close proximity to larger cities on the east and west side with large number of industries and employers. Marion County lacks any significant industries and therefore more limited employment opportunities. There are several small commercial businesses; however, most residents commute to employment in nearby counties. Community contacts were conducted in the assessment area in order to assess the credit needs of the community and identify opportunities for lending and investment by local financial institutions. Contacts identified the lack of affordable housing within the area. Contacts felt the local financial institutions were providing products and services which help meet the needs of the community.

## Appendix C: Tables of Performance Data

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### Content of Standardized 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 loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/assessment area; (2) Partially geocoded loans (loans where no census tract is provided) cannot be broken down by income geographies and, therefore, are only reflected in the Total Loans in Core Tables 2 through 7 and part of Table 13; and (3) Partially geocoded loans are included in the Total Loans and % Bank Loans Column in Core Tables 8 through 12 and part of Table 13. Tables without data are not included in this PE. [Note: Do not renumber the tables.]

The following is a listing and brief description of the tables:

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MA/assessment area. Community development loans to statewide or regional entities or made outside the bank’s assessment area may receive positive CRA consideration. See Interagency Q&As \_\_.12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. Refer to the CRA section of the Compliance Policy intranet page for guidance on table placement.
- Table 1. Other Products** - Presents the number and dollar amount of any unreported category of loans originated and purchased by the bank over the evaluation period by MA/assessment area. Examples include consumer loans or other data that a bank may provide, at its option, concerning its lending performance. This is a two-page table that lists specific categories.
- Table 2. Geographic Distribution of Home Purchase Loans** - 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 market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4. Geographic Distribution of Home Mortgage Refinance Loans** - See Table 2.
- Table 5. Geographic Distribution of Multifamily Loans** - Compares the percentage distribution of the number of multifamily loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of multifamily housing units throughout those geographies. The table

also presents market share information based on the most recent aggregate market data available.

- Table 6. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses 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) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small business 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 7. Geographic Distribution of Small Loans to Farms** - 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 market share information based on the most recent aggregate market data available. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 8. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/assessment area. The table also presents market share information based on the most recent aggregate market data available.
- Table 9. Borrower Distribution of Home Improvement Loans** - See Table 8.
- Table 10. Borrower Distribution of Refinance Loans** - See Table 8.
- Table 11. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.
- Table 12. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm.

Market share information is presented based on the most recent aggregate market data available.

**Table 13. Geographic and Borrower Distribution of Consumer Loans (OPTIONAL)** - For geographic distribution, the table 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 within each geography. For borrower distribution, the table 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 of households by income level in each MA/assessment area.

**Table 14. Qualified Investments** - Presents the number and dollar amount of qualified investments made by the bank in each MA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior-period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must be legally binding and tracked and recorded by the bank's financial reporting system.

A bank may receive positive consideration for qualified investments in statewide/regional entities or made outside of the bank's assessment area. See Interagency Q&As \_\_.12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such investments. Refer to the CRA section of the Compliance Policy intranet page for guidance on table placement.

**Table 15. Distribution of Branch Delivery System and Branch Openings/Closings** - Compares the percentage distribution of the number of the bank's branches in low-, moderate-, middle-, and upper-income geographies to the percentage of the population within each geography in each MA/AA. The table also presents data on branch openings and closings in each MA/AA.

Institution ID: CITIZENS NATIONAL BANK 13443

Table 1. Lending Volume

LENDING VOLUME		Geography: CITIZENS NB 2008-2010						Evaluation Period: JANUARY 1, 2008 TO DECEMBER 31, 2010				
Assessment Area (2011):	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans **		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
<b>Full Review:</b>												
Harrison Marion AA	14.49	316	18,757	177	10,672	28	421	0	0	521	29,850	0.00
Rusk Gregg AA	44.88	866	66,331	486	34,295	262	4,762	0	0	1,614	105,388	0.00
<b>Limited Review:</b>												
Henderson Navarro AA	32.42	636	44,503	384	17,690	146	2,376	0	0	1,166	64,569	0.00
Smith County AA	8.20	239	33,194	43	3,524	13	348	0	0	295	37,066	0.00

\* Loan Data as of December 31, 2010. Rated area refers to either state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is from January 01, 2008 to December 31, 2010.

\*\*\* Deposit Data as of April 18, 2011. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Institution ID: CITIZENS NATIONAL BANK 13443

Table 1. Other Products

LENDING VOLUME		Geography: CITIZENS NB 2008-2010						Evaluation Period: JANUARY 1, 2008 TO DECEMBER 31, 2010						
Assessment Area (2011):	% of Rated Area Loans (#) in MA/AA	Total Optional Loans**		Small Business Real Estate Secured**		Home Equity**		Motor Vehicle**		Credit Card**		Other Secured Consumer**		% of Rated Area Deposits in AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
<b>Full Review:</b>														
Harrison Marion AA	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0.00
Rusk Gregg AA	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0.00
<b>Limited Review:</b>														
Henderson Navarro AA	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0.00
Smith County AA	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0.00

\* Loan Data as of December 31, 2010. Rated area refers to either state or multi-state MA rating area.

\*\* The evaluation period for Optional Product Line(s) is from January 01, 2008 to December 31, 2010.

\*\*\* Deposit Data as of April 18, 2011. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Institution ID: CITIZENS NATIONAL BANK13443

**Table 1. Other Products**

LENDING VOLUME		Geography: CITIZENS NB 2008-2010		Evaluation Period: JANUARY 1, 2008 TO DECEMBER 31, 2010	
Assessment Area (2011):	Other Unsecured Consumer Loans*		Other Optional Loans*		
	#	\$ (000's)	#	\$ (000's)	
<b>Full Review:</b>					
Harrison Marion AA	0	0	0	0	0
Rusk Gregg AA	0	0	0	0	0
<b>Limited Review:</b>					
Henderson Navarro AA	0	0	0	0	0
Smith County AA	0	0	0	0	0

\* The evaluation period for Optional Product Line(s) is from January 01, 2008 to December 31, 2010.

Institution ID: CITIZENS NATIONAL BANK 13443

**Table 2. Geographic Distribution of Home Purchase Loans**

Geographic Distribution: HOME PURCHASE		Geography: CITIZENS NB 2008-2010						Evaluation Period: JANUARY 1, 2008 TO DECEMBER 31, 2010							
Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography <sup>*</sup>				
	#	% of Total <sup>**</sup>	% Owner Occ Units <sup>***</sup>	% BANK Loans <sup>****</sup>	% Owner Occ Units <sup>***</sup>	% BANK Loans	% Owner Occ Units <sup>***</sup>	% BANK Loans	% Owner Occ Units <sup>***</sup>	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Harrison Marion AA	74	9.99	0.00	0.00	13.89	10.81	51.34	39.19	34.77	50.00	3.35	0.00	4.00	2.61	3.85
Rusk Gregg AA	338	45.61	0.00	0.00	17.22	13.61	60.76	79.59	22.02	6.80	5.33	0.00	6.21	7.11	1.44
<b>Limited Review:</b>															
Henderson Navarro AA	230	31.04	0.00	0.00	0.00	0.00	87.92	81.30	12.08	18.70	4.29	0.00	0.00	3.71	8.64
Smith County AA	99	13.36	0.00	0.00	0.00	0.00	56.68	49.49	43.32	50.51	2.92	0.00	0.00	2.68	3.23

<sup>\*</sup> Based on 2008 Peer Mortgage Data (Western)

<sup>\*\*</sup> Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

<sup>\*\*\*</sup> Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

<sup>\*\*\*\*</sup> Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Institution ID: CITIZENS NATIONAL BANK13443

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT      Geography: CITIZENS NB 2008-2010      Evaluation Period: JANUARY 1, 2008 TO DECEMBER 31, 2010															
Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% Owner Occ*** Units	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Harrison Marion AA	180	20.74	0.00	0.00	13.89	11.11	51.34	72.78	34.77	16.11	23.95	0.00	13.33	36.36	7.78
Rusk Gregg AA	359	41.36	0.00	0.00	17.22	7.80	60.76	89.42	22.02	2.79	22.00	0.00	14.06	29.01	4.35
<b>Limited Review:</b>															
Henderson Navarro AA	269	30.99	0.00	0.00	0.00	0.00	87.92	83.27	12.08	16.73	27.04	0.00	0.00	26.85	28.00
Smith County AA	60	6.91	0.00	0.00	0.00	0.00	56.68	55.00	43.32	45.00	9.79	0.00	0.00	10.29	9.33

\* Based on 2008 Peer Mortgage Data (Western)

\*\* Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Institution ID: CITIZENS NATIONAL BANK 13443

**Table 4. Geographic Distribution of Home Mortgage Refinance Loans**

Geographic Distribution: HOME MORTGAGE REFINANCE    Geography: CITIZENS NB 2008-2010    Evaluation Period: JANUARY 1, 2008 TO DECEMBER 31, 2010															
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Harrison Marion AA	61	13.65	0.00	0.00	13.89	4.92	51.34	77.05	34.77	18.03	4.68	0.00	0.00	9.17	1.53
Rusk Gregg AA	169	37.81	0.00	0.00	17.22	4.73	60.76	88.17	22.02	7.10	4.01	0.00	4.79	5.68	0.80
<b>Limited Review:</b>															
Henderson Navarro AA	137	30.65	0.00	0.00	0.00	0.00	87.92	81.02	12.08	18.98	5.77	0.00	0.00	5.75	5.88
Smith County AA	80	17.90	0.00	0.00	0.00	0.00	56.68	60.00	43.32	40.00	2.46	0.00	0.00	2.12	2.88

\* Based on 2008 Peer Mortgage Data (Western)

\*\* Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

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**Table 5. Geographic Distribution of Multifamily Loans**

Geographic Distribution: MULTIFAMILY		Geography: CITIZENS NB 2008-2010								Evaluation Period: JANUARY 1, 2008 TO DECEMBER 31, 2010					
Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% of MF Units***	% BANK Loans****	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Harrison Marion AA	1	100.00	0.00	0.00	29.29	0.00	48.41	0.00	22.30	100.00	50.00	0.00	0.00	0.00	100.00
Rusk Gregg AA	0	0.00	0.00	0.00	18.50	0.00	49.39	0.00	32.11	0.00	0.00	0.00	0.00	0.00	0.00
<b>Limited Review:</b>															
Henderson Navarro AA	0	0.00	0.00	0.00	0.00	0.00	75.19	0.00	24.81	0.00	0.00	0.00	0.00	0.00	0.00
Smith County AA	0	0.00	0.00	0.00	0.00	0.00	28.76	0.00	71.24	0.00	0.00	0.00	0.00	0.00	0.00

\* Based on 2008 Peer Mortgage Data (Western)

\*\* Multi-family loans originated and purchased in the MA/AA as a percentage of all multi-family loans originated and purchased in the rated area.

\*\*\* Percentage of Multi Family Units is the number of multi family units in a particular geography divided by the number of multifamily housing units in the area based on 2000 Census information.

\*\*\*\* Multifamily loan distribution includes Home Purchases, Home Improvement and Refinances.

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**Table 6. Geographic Distribution of Small Loans to Businesses**

Geographic Distribution: SMALL LOANS TO BUSINESSES      Geography: CITIZENS NB 2008-2010      Evaluation Period: JANUARY 1, 2008 TO DECEMBER 31, 2010															
Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Harrison Marion AA	177	16.24	0.00	0.00	12.67	6.78	47.99	67.23	39.34	25.99	4.34	0.00	2.74	6.33	2.96
Rusk Gregg AA	486	44.59	0.00	0.00	25.36	21.60	52.31	71.81	22.33	6.58	3.55	0.00	2.82	5.12	1.15
<b>Limited Review:</b>															
Henderson Navarro AA	384	35.23	0.00	0.00	0.00	0.00	82.30	75.78	17.70	24.22	5.51	0.00	0.00	5.36	7.39
Smith County AA	43	3.94	0.00	0.00	0.00	0.00	54.75	44.19	45.25	55.81	0.83	0.91	0.24	0.94	1.16

\* Based on 2009 Peer Small Business Data -- US and PR

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Source Data - Dun and Bradstreet (2010).

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**Table 7. Geographic Distribution of Small Loans to Farms**

Geographic Distribution: SMALL LOANS TO FARMS															Geography: CITIZENS NB 2008-2010					Evaluation Period: JANUARY 1, 2008 TO DECEMBER 31, 2010				
Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*													
	#	% of Total**	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	Overall	Low	Mod	Mid	Upp									
<b>Full Review:</b>																								
Harrison Marion AA	28	6.24	0.00	0.00	8.60	0.00	51.08	96.43	40.32	3.57	36.84	0.00	0.00	46.15	20.00									
Rusk Gregg AA	262	58.35	0.00	0.00	13.57	26.34	61.90	72.52	24.52	1.15	81.13	0.00	84.00	86.67	0.00									
<b>Limited Review:</b>																								
Henderson Navarro AA	146	32.52	0.00	0.00	0.00	0.00	82.52	74.66	17.48	25.34	52.58	0.00	0.00	49.40	76.92									
Smith County AA	13	2.90	0.00	0.00	0.00	0.00	52.28	92.31	47.72	7.69	26.67	0.00	0.00	31.82	20.00									

\* Based on 2009 Peer Small Business Data -- US and PR

\*\* Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

\*\*\* Source Data - Dun and Bradstreet (2010).

Institution ID: CITIZENS NATIONAL BANK 13443

**Table 8. Borrower Distribution of Home Purchase Loans**

Borrower Distribution: HOME PURCHASE			Geography: CITIZENS NB 2008-2010				Evaluation Period: JANUARY 1, 2008 TO DECEMBER 31, 2010					Market Share*				
Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% Families***	% BANK Loans****	% Families <sup>1</sup>	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****						
<b>Full Review:</b>																
Harrison Marion AA	74	9.99	19.46	4.11	16.12	10.96	19.43	20.55	44.98	64.38	3.74	0.00	3.13	6.08	3.23	
Rusk Gregg AA	338	45.61	20.48	7.55	17.61	21.38	20.85	20.75	41.05	50.31	5.76	2.38	6.41	5.01	6.13	
<b>Limited Review:</b>																
Henderson Navarro AA	230	31.04	19.38	2.71	16.59	9.95	20.82	21.27	43.21	66.06	5.01	0.00	2.20	4.79	5.76	
Smith County AA	99	13.36	12.62	1.02	14.00	4.08	20.53	22.45	52.85	72.45	3.12	0.00	0.54	3.59	3.59	

\* Based on 2008 Peer Mortgage Data (Western)

\*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

\*\*\* Percentage of Families is based on the 2000 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 4.2% of loans originated and purchased by bank.

<sup>1</sup> Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Institution ID: CITIZENS NATIONAL BANK 13443

**Table 9. Borrower Distribution of Home Improvement Loans**

Borrower Distribution: HOME IMPROVEMENT			Geography: CITIZENS NB 2008-2010				Evaluation Period: JANUARY 1, 2008 TO DECEMBER 31, 2010					Market Share <sup>*</sup>				
Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall	Low	Mod	Mid	Upp	
	#	% of Total <sup>**</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>2</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>						
<b>Full Review:</b>																
Harrison Marion AA	180	20.74	19.46	10.11	16.12	20.22	19.43	23.03	44.98	46.63	24.51	31.25	21.88	33.93	20.81	
Rusk Gregg AA	359	41.36	20.48	12.57	17.61	15.50	20.85	23.98	41.05	47.95	22.18	30.56	20.00	20.45	22.42	
<b>Limited Review:</b>																
Henderson Navarro AA	269	30.99	19.38	8.75	16.59	16.35	20.82	23.95	43.21	50.95	28.77	27.27	32.43	36.07	25.45	
Smith County AA	60	6.91	12.62	0.00	14.00	8.62	20.53	10.34	52.85	81.03	9.49	0.00	7.69	17.39	8.16	

<sup>\*</sup> Based on 2008 Peer Mortgage Data (Western)

<sup>\*\*</sup> Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

<sup>\*\*\*</sup> Percentage of Families is based on the 2000 Census information.

<sup>\*\*\*\*</sup> As a percentage of loans with borrower income information available. No information was available for 3.1% of loans originated and purchased by bank.

<sup>2</sup> Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Institution ID: CITIZENS NATIONAL BANK 13443

**Table 10. Borrower Distribution of Home Mortgage Refinance Loans**

Borrower Distribution: HOME MORTGAGE REFINANCE												Geography: CITIZENS NB 2008-2010				Evaluation Period: JANUARY 1, 2008 TO DECEMBER 31, 2010			
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*								
	#	% of Total**	% Families***	% BANK Loans****	% Families <sup>3</sup>	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Overall	Low	Mod	Mid	Upp				
<b>Full Review:</b>																			
Harrison Marion AA	61	13.65	19.46	1.82	16.12	3.64	19.43	14.55	44.98	80.00	4.97	5.88	0.00	2.67	6.03				
Rusk Gregg AA	169	37.81	20.48	4.08	17.61	10.88	20.85	20.41	41.05	64.63	4.08	2.56	7.38	3.13	3.88				
<b>Limited Review:</b>																			
Henderson Navarro AA	137	30.65	19.38	3.20	16.59	9.60	20.82	16.80	43.21	70.40	6.06	0.00	11.11	7.50	5.61				
Smith County AA	80	17.90	12.62	2.60	14.00	3.90	20.53	14.29	52.85	79.22	2.68	6.67	0.00	0.99	3.26				

\* Based on 2008 Peer Mortgage Data (Western)

\*\* Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.

\*\*\* Percentage of Families is based on the 2000 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 9.6% of loans originated and purchased by bank.

<sup>3</sup> Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Institution ID: CITIZENS NATIONAL BANK 13443

**Table 11. Borrower Distribution of Small Loans to Businesses**

Borrower Distribution: SMALL LOANS TO BUSINESSES      Geography: CITIZENS NB 2008-2010      Evaluation Period: JANUARY 1, 2008 TO DECEMBER 31, 2010									
Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share <sup>*</sup>	
	#	% of Total <sup>**</sup>	% of Businesses <sup>***</sup>	% BANK Loans <sup>****</sup>	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
Harrison Marion AA	177	16.24	80.00	95.48	86.44	8.47	5.08	4.34	19.22
Rusk Gregg AA	486	44.59	75.02	95.06	84.36	9.47	6.17	3.55	20.68
<b>Limited Review:</b>									
Henderson Navarro AA	384	35.23	80.69	97.14	89.84	7.03	3.13	5.51	20.54
Smith County AA	43	3.94	84.23	81.40	74.42	13.95	11.63	0.83	2.65

<sup>\*</sup> Based on 2009 Peer Small Business Data -- US and PR

<sup>\*\*</sup> Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

<sup>\*\*\*</sup> Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2010).

<sup>\*\*\*\*</sup> Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 0.00% of small loans to businesses originated and purchased by the bank.

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**Table 12. Borrower Distribution of Small Loans to Farms**

Borrower Distribution: SMALL LOANS TO FARMS DECEMBER 31, 2010		Geography: CITIZENS NB 2008-2010				Evaluation Period: JANUARY 1, 2008 TO			
Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share	
	#	% of Total**	% of Farms***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$500,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
Harrison Marion AA	28	6.24	99.46	100.00	100.00	0.00	0.00	36.84	46.67
Rusk Gregg AA	262	58.35	97.14	100.00	98.85	1.15	0.00	81.13	88.66
<b>Limited Review:</b>									
Henderson Navarro AA	146	32.52	97.33	100.00	98.63	1.37	0.00	52.58	60.00
Smith County AA	13	2.90	96.95	100.00	100.00	0.00	0.00	26.67	36.36

\* Based on 2009 Peer Small Business Data -- US and PR

\*\* Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

\*\*\* Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2010).

\*\*\*\* Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 0.00% of small loans to farms originated and purchased by the bank.

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**Table 13. Geographic and Borrower Distribution of Consumer Loans (Institution's Option)**

Geographic and Borrower Distribution: CONSUMER LOANS    Geography: CITIZENS NB 2008-2010    Evaluation Period: JANUARY 1, 2008 TO DECEMBER 31, 2010																		
Assessment Area:	Geographic Distribution										Borrower Distribution							
	Total Consumer Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers	
	#	% of Total	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans
<b>Full Review:</b>																		
Harrison Marion AA	0	0.00	0.00	0.00	16.07	0.00	49.28	0.00	34.65	0.00	26.67	0.00	15.83	0.00	17.22	0.00	40.29	0.00
Rusk Gregg AA	0	0.00	0.00	0.00	20.86	0.00	57.61	0.00	21.53	0.00	22.90	0.00	15.52	0.00	18.43	0.00	43.15	0.00
<b>Limited Review:</b>																		
Henderson Navarro AA	0	0.00	0.00	0.00	0.00	0.00	87.18	0.00	12.82	0.00	32.23	0.00	19.62	0.00	17.73	0.00	30.42	0.00
Smith County AA	0	0.00	0.00	0.00	0.00	0.00	53.58	0.00	46.42	0.00	15.53	0.00	12.29	0.00	18.04	0.00	54.14	0.00

\* Consumer Loans originated and purchased in the MA/AA as a percentage of all consumer loans originated and purchased in the rated area.

\*\* Percentage of households is based on 2000 Census Information.

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Table 14. Qualified Investments

QUALIFIED INVESTMENTS		Geography: CITIZENS NB 2008-2010				Evaluation Period: JANUARY 1, 2008 TO DECEMBER 31, 2010			
Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
Harrison Marion AA	1	275	44	220	45	495	9.34	0	0
Rusk Gregg AA	0	0	111	280	111	280	5.28	0	0
Bankwide Investments	1	1,400	5	2,334	6	3,734	70.48	0	0
<b>Limited Review:</b>									
Henderson Navarro AA	0	0	39	572	39	572	10.80	0	0
Smith County AA	0	0	22	217	22	217	4.10	0	0

\* 'Prior Period Investments' means investments made in a previous 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.

Institution ID: CITIZENS NATIONAL BANK 13443

**Table 15. Distribution of Branch Delivery System and Branch Openings/Closings**

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS																Geography: CITIZENS NB 2008-2010			
																Evaluation Period: JANUARY 1, 2008 TO DECEMBER 31, 2010			
MA/Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population					
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography					
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp		
<b>Full Review:</b>																			
Harrison Marion AA	16.68	3	16.67	0.00	0.00	100.00	0.00	0	0	0	0	0	0	0.00	17.33	48.24	34.43		
Rusk Gregg AA	59.80	8	44.44	0.00	12.50	75.00	12.50	0	0	0	0	0	0	0.00	22.81	57.22	19.96		
<b>Limited Review:</b>																			
Henderson Navarro AA	19.80	5	27.78	0.00	0.00	80.00	20.00	0	0	0	0	0	0	0.00	0.00	87.49	12.51		
Smith County AA	3.72	2	11.11	0.00	0.00	0.00	100.00	2	1	0	0	0	+1	0.00	0.00	54.07	45.93		