



Office of the
Comptroller of the Currency
Washington, DC 20219

INTERMEDIATE SMALL BANK

PUBLIC DISCLOSURE

August 07, 2017

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

1800 NW Loop 281, Suite 306, Longview, TX 75604-2516

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

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Satisfactory.

- A majority of Texas National Bank's (TNB) lending activity occurred inside the assessment area (AA).
- Texas National Bank had a more than reasonable loan-to-deposit ratio when compared to peer banks.
- The distribution of business loans to businesses with revenues less than \$1million is near to the demographic comparator and represents excellent penetration in both full-scope AAs.
- The distribution of residential loans to borrowers of different incomes represents a reasonable penetration for the Non-MSA AA.
- The distribution of consumer loans to borrowers of different incomes represents excellent penetration in the Non-MSA AA. Consumer loans are a primary product in this AA.
- The geographic distribution of business loans in low- and moderate-income census tracts reflects reasonable dispersion in both full-scope AAs.
- The geographic distribution of residential loans to census tracts of different income levels reflects excellent dispersion.
- The bank had reasonable dispersion in the moderate-income census tracts for consumer loans in the Non-MSA AA. The bank had excellent dispersion in middle-income census tracts with the distressed/underserved designation.
- The bank's overall performance under the CD test is satisfactory. The bank has demonstrated adequate responsiveness to community development needs through loans, investments, and services within the AAs.
- There were no CRA related complaints.

Definitions and Common Abbreviations

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

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

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

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

Community Development: Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas; or loans, investments, and services that support, enable or facilitate projects or activities under HUD Neighborhood Stabilization Program criteria that benefit low-, moderate-, and middle-income individuals and geographies in the bank's assessment area(s) or outside the assessment area(s) provided the bank has adequately addressed the community development needs of its assessment area(s).

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

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

vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

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

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

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

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that conduct business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and income of applicants, the amount of loan requested, the disposition of the application (e.g., approved, denied, withdrawn, loan pricing, the lien status of the collateral, any requests for preapproval, and loans for manufactured housing).

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

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

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

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

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

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Description of Institution

Texas National Bank of Jacksonville (TNB) serves the east Texas region with its main office located at 300 Neches Street, Jacksonville, Texas (TX). The bank is a \$504 million institution wholly owned by Texas National Bancorporation, a single bank holding company. The bank has seven branches, located in Tyler, Longview, Marshall, Bullard, Jacksonville, and Rusk, TX, and maintains drive-through facilities and Automated Teller Machines (ATMs) at each location. The branch locations include one in a moderate-income census tract, four in middle-income census tracts, and two in upper-income census tracts.

The bank is a full service institution and offers a variety of traditional loan and deposit products, and financial services to retail and commercial customers. Deposit products and services include banking accounts with no minimum balance or monthly fee, direct deposit, and mobile banking. Business loans and residential real estate loans are the bank's primary business focus, with agricultural loans comprising a small portion of the loan portfolio. The bank originates a substantial portion of the consumer loans from the branches located in the Non-MSA AA.

There are no legal, financial or other factors impeding the bank's ability to meet the credit needs in its AAs. The bank's CRA performance was previously evaluated as of September 2, 2014, with an overall level of performance of "Satisfactory" under the Small-Intermediate Bank examination procedures.

Scope of the Evaluation

Evaluation Period/Products Evaluated

We conducted an examination of TNB for compliance with the CRA. The bank was evaluated under the Intermediate Small Bank (ISB) examination procedures, which include a lending test and a community development (CD) test. The lending test evaluates the bank's record of meeting the credit needs of its AAs through its lending activities. The CD test evaluates the bank's responsiveness to CD needs in its AAs through CD lending, qualified investments, and CD services.

The lending test for the bank covers performance for 2015, 2016 and year-to-date 2017. The evaluation period for the CD test covers the period since the previous examination, from September 2, 2014, through August 7, 2017. The selection of the primary products reflects the business strategy of the AAs during the evaluation period. For a majority of the bank's AAs, the primary loan products originated during the evaluation period included business loans and residential real estate loans. We also reviewed consumer loans made during the evaluation period for the Non-MSA AA. Conclusions regarding the bank's lending performance were based on a review of 113 business loans, 411 residential loans, and 62 consumer loans. The residential loans reviewed represent all loans reported on the HMDA loan application register for 2015 and 2016.

Selection of Areas for Full-Scope Review

We performed a full-scope review on the Non-MSA AA and Tyler AA. We performed a limited-scope on the Longview AA. According to the June 30, 2017 call report, the Non-MSA has 38.51 percent of originated loans, the Tyler AA has 51.30 percent of loans and the Longview AA had 10.19 percent of loans reported.

Ratings

The bank's overall rating is based primarily on those areas that received full-scope reviews. More weight was given to the Tyler AA performance, with slightly less weight given to the Non-MSA AA. We did not put any weight on the Longview AA, as the loan volume at that one branch is low. More weight was given to business loans as this product represented 51.62 percent by number of the reported loans in the Non-MSA AA and 52.44 percent by number in the Tyler AA. Residential real estate loans represented 27.96 percent by number in the Non-MSA and 35.89 percent by number in the Tyler AA. Consumer loans were only considered in the Non-MSA, as this product represented 15.85 percent of the loan products by number and 57.93 percent of the loan products by dollar amount. In the Tyler and Longview AA, this product represented less than 3 percent of the loan products by number, therefore an analysis would not have been meaningful.

Discriminatory or Other Illegal Credit Practices Review

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

The OCC has not identified that this institution has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

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

Conclusions with Respect to Performance Tests

LENDING TEST

The bank's performance under the lending test is satisfactory. The bank's loan-to-deposit ratio is more than reasonable when compared to banks in the AA. A majority of the lending occurred inside the AA. The distribution of loans to borrowers of different income and business sizes reflects a reasonable penetration. The geographic distribution of loans reflects a reasonable dispersion throughout the AA. There were no CRA related complaints filed during the review period.

Loan-to-Deposit Ratio

The loan-to-deposit ratio is more than reasonable. Since the previous CRA examination, the bank's average quarterly loan-to-deposit ratio is 106.3 percent, compared to an average of 80.6 percent for similarly situated institutions.

Lending in Assessment Area

A majority of the bank's lending activity occurred inside the AA. We reviewed a sample of 491 loans, with 60 commercial, 411 residential loans and 20 consumer from the Non-MSA AA. By number, 80.45 percent of the loans originated inside the bank's AA. Please see the following table for further information.

Lending in Combined Assessment Areas										
Loan Type	Number of Loans					Dollars of Loans (\$000)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Business Loans	45	75.00	15	25.00	60	9,963	41.21	14,214	58.79	24,177
Purchase	192	77.42	56	22.58	248	32,152	72.39	12,260	27.61	44,412
Improvement	100	86.96	15	13.04	115	3,329	75.75	1,066	24.25	4,395
Refinance	40	83.33	8	16.67	48	6,533	82.80	1,357	17.20	7,890
Consumer	18	90.00	2	10.00	20	331	92.16	28	7.68	359
Totals	395	80.45	96	19.55	491	52,308	64.40	28,925	35.60	81,233

Source: Loan Sample and HMDA data

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

The distribution of loans to borrowers of different incomes and to businesses of different sizes represents a reasonable penetration throughout the bank's AAs. The distribution of business loans represents excellent penetration for loans to small businesses in both full-scope AAs.

Non-MSA AA:

The distribution of business loans to businesses with revenues less than \$1million exceeds the demographic comparator and represents excellent penetration. Please see the following table for further information:

Table 2A - Borrower Distribution of Loans to Businesses in Non-MSA AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	81.84	4.92	13.24	100%
% of Bank Loans in AA by #	85.00	15.00	0.00	100%
% of Bank Loans in AA by \$	71.64	28.36	0.00	100%

Loan Sample

The distribution of residential loans to borrowers of different incomes represents a reasonable penetration. The distribution of residential loans to low-income borrowers is significantly lower than the demographic comparator. The distribution of residential loans to moderate-income borrowers meets the demographic comparator for home purchase loans and exceeds the demographic comparator for home improvement loans. The bank did not make any home refinance loans in the AA. Consideration was given for the elevated level of poverty and high volume of rental properties. The 2010 census information reflects 17 percent of the population live below the poverty level and 21 percent of the housing stock is rental units. The average home cost in 2010 was \$83,482. Please see the following table for further information:

Table 2 - Borrower Distribution of Residential Real Estate Loans in Non-MSA AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Purchase	20.93	1.64	16.16	9.02	19.69	12.30	43.21	59.84
Improvement	20.93	8.14	16.16	16.28	19.69	25.58	43.21	43.02
Refinance	20.93	0.00	16.16	0.00	19.69	25.00	43.21	62.50

HMDA data

Consumer loans were considered in only the Non-MSA, as this product represented 15.85 percent of the loan products by number and 57.93 percent of the loan products by dollar amount. The distribution of consumer loans to borrowers of different incomes represents excellent penetration. The bank did make consumer loans to low-income borrowers. The distribution of consumer loans to moderate-income borrowers exceeds the demographic comparator and reflects excellent penetration. Please see the following table for further information:

Table 2B - Borrower Distribution of Consumer Loans in Non-MSA AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	23.69	6.67	14.77	21.67	17.26	31.67	44.27	40.00

Consumer loan sample

Tyler AA:

The distribution of business loans to businesses with revenues less than \$1million is near to the demographic comparator and represents excellent penetration.

Table 2A - Borrower Distribution of Loans to Businesses in Tyler AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	82.05	5.93	12.01	100%
% of Bank Loans in AA by #	75.00	25.00	0.00	100%
% of Bank Loans in AA by \$	67.80	32.20	0.00	100%

Loan Sample

The distribution of residential loans to borrowers of different incomes represents less than reasonable penetration. The distribution of residential loans to low-income borrowers is significantly lower than the demographic comparator. The distribution of residential loans to moderate-income borrowers meets the demographic comparator for home refinance loans and is significantly lower than the demographic comparator for home purchase loans. Consideration was given for the elevated level of poverty and high volume of rental properties. The 2010 census information reflects 15 percent of the population live below the poverty level and 30 percent of the housing stock is rental units. The average home cost in 2010 was \$123,758. Please see the following table for further information:

Table 2 - Borrower Distribution of Residential Real Estate Loans in Tyler AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Purchase	22.78	0.50	17.42	2.00	18.44	4.50	41.37	30.00
Improvement	22.78	5.56	17.42	0.00	18.44	5.56	41.37	72.22
Refinance	22.78	0.00	17.42	9.52	18.44	4.76	41.37	61.90

HMDA data

Longview AA:

Based on limited-scope review, the bank's performance under the lending test in the Longview AA is not inconsistent with the bank's overall excellent performance under the lending test in Non-MSA and Tyler AAs for business lending. The performance for residential real estate lending is weaker than performance in the Non-MSA AA and similar to the performance in the Tyler AA.

Geographic Distribution of Loans

The geographic distribution of loans to census tracts of different income levels reflects reasonable dispersion throughout all census tracts in the bank's AAs.

Non-MSA AA:

There are no low-income census tracts in the AA. The geographic distribution of business loans in moderate-income census tracts reflects reasonable dispersion.

Please see the following table for further information:

Table 3A - Geographic Distribution of Loans to Businesses in Non-MSA AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Businesses	0.00	0.00	24.97	13.33	43.93	80.00	31.10	6.67

Loan sample

The geographic distribution of residential loans in moderate-income census tracts reflects excellent dispersion for home purchase loans and less than reasonable dispersion for home improvement and home refinance loans. Many of the middle-income census tracts are designated as distressed/underserved. The bank has excellent dispersion for all products in these tracts. Please see the following table for further information:

Table 3 - Geographic Distribution of Residential Real Estate Loans in Non-MSA AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Purchase	0.00	0.00	13.99	12.30	54.08	56.56	31.93	31.15
Improvement	0.00	0.00	13.99	4.65	54.08	87.21	31.93	8.14
Refinance	0.00	0.00	13.99	4.17	54.08	66.67	31.93	29.17

HMDA data

Consumer loans were only considered in the Non-MSA, as this product represented 15.85 percent of the loan products by number and 57.93 percent of the loan products by dollar amount. The vast majority of the consumer loans sampled were located in middle-income census tracts that have a distressed/underserved designation. This contributes to the geographic distribution in this AA, reflecting excellent dispersion in the said distressed/underserved census tracts. The bank had reasonable dispersion in the moderate-income census tracts. Please see the following table for further information:

Table 3B - Geographic Distribution of Consumer Loans in Non-MSA AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	0.00	0.00	16.45	6.67	53.04	91.67	30.52	1.67

Consumer sample

Tyler AA:

The geographic distribution of business loans in low- and moderate-income census

tracts reflects reasonable dispersion. Please see the following table for further information:

Table 3A - Geographic Distribution of Loans to Businesses in Tyler AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Businesses	9.54	5.00	22.15	15.00	26.03	25.00	42.02	55.00

Loan sample

The geographic distribution of residential loans in census tracts of different income levels reflects excellent dispersion. The distribution of residential loans in low-income tracts exceeds the demographic comparator for home purchase loans and home refinance loans. The bank did not make any home improvement loans in low-income census tracts. It is important to note the AA only has 1.45 percent of its owner occupied housing in low-income census tracts. The distribution of residential loans in moderate-income census tracts is reasonable and meets the demographic comparator for home purchase loans and exceeds the demographic comparator for home refinance loans. The distribution of home improvement loans in moderate-income census tracts is significantly lower than the demographic comparator. Please see the following table for further information:

Table 3 - Geographic Distribution of Residential Real Estate Loans in Tyler AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Purchase	1.45	2.50	26.35	14.00	29.98	34.50	42.22	49.00
Improvement	1.45	0.00	26.35	5.56	29.98	44.44	42.22	50.00
Refinance	1.45	4.76	26.35	33.33	29.98	19.05	42.22	42.86

Hmda data

Longview AA:

Based on limited-scope review, the bank's performance under the lending test in the Longview AA is not inconsistent with the bank's overall reasonable performance under the lending test in Non-MSA and Tyler AAs for business lending. The performance for residential real estate lending is stronger than performance in the Non-MSA AA and similar to the performance in the Tyler AA.

Responses to Complaints

The bank has not received any complaints or public comments regarding CRA performance during this evaluation period.

COMMUNITY DEVELOPMENT TEST

The bank's overall performance under the CD test is satisfactory. The bank has demonstrated adequate responsiveness to community development needs through loans, investments, and services within the AAs. We determined an adequate level of responsiveness to CD needs in the Non-MSA, Tyler AA, and Longview AA.

Community Development Lending

The bank had adequate responsiveness under the CD loan test. Texas National Bank originated or refinanced 15 CD loans totaling \$6.3 million during the evaluation period. There were six community services loans totaling \$3.1 million, five affordable housing loans totaling \$1.9 million, and four revitalize and stabilize loans totaling \$1.3 million.

Non-MSA AA

Texas National Bank's performance in the Non-MSA AA is excellent. During the review period, TNB originated three community services loans totaling \$480 thousand, four loans for multi-family units providing affordable housing totaling \$1.3 million, and four revitalize and stabilize loans totaling \$1.3 million. This area has distressed/underserved designated tracts.

Tyler AA

Texas National Bank's performance in the Tyler AA is adequate. During the review period, TNB originated three community services loans totaling \$2.6 million.

Longview AA

Texas National Bank's performance in the Longview AA is adequate. During the review period, TNB originated one loan for multi-family units providing affordable housing totaling \$580 thousand.

Regional Impact

Texas National Bank did extend \$2.5 million in credit for multi-family units that provide affordable housing in Henderson, Texas, which is outside of their AA.

Number and Amount of Qualified Investments and Donations

Texas National Bank had adequate responsiveness under the CD investment test. During the evaluation period, the bank made 46 donations totaling \$15 thousand to various community groups, non-profit organizations, hospitals, and local schools in their AA. Services included food banks, foster homes, abuse shelters, reading programs, and other services that target low- and moderate-income (LMI) individuals. Additionally, the bank made a \$225 thousand investment to a majority minority-owned financial institution that is located outside of its AAs.

Non-MSA AA

During the review period, the bank made 28 donations to 15 organizations totaling \$6,645 for community services, economic development, and revitalization or stabilization of LMI geographies.

Tyler AA

During the review period, the bank made 15 donations to eight organizations totaling \$7,710 for community services, economic development, and revitalization or stabilization of LMI geographies.

Longview AA

During the review period, the bank made three donations to three organizations totaling \$1,050 for community services.

Extent to Which the Bank Provides Community Development Services

During the review period, eight officers and employees of TNB provided 264 hours of service to seven organizations in the bank's AAs. Services include providing financial expertise and performing as financial literacy instructors to organizations that target LMI individuals or serve distressed and underserved communities. Also, in the Non-MSA AA the bank has one branch located in a moderate-income census tract and two branches located in middle-income but distressed and underserved census tracts.

Non-MSA AA

In the Non-MSA AA, three bank employees provided services to three organizations. These services include providing financial expertise in economically disadvantaged communities through the Chamber of Commerce and banking presentations.

Tyler AA

In the Tyler AA, three bank employees provided services to three organizations. These employees provided financial expertise to students in Tyler, where a majority of the students are economically disadvantaged. They also taught lessons about SBA loans to small businesses.

Longview AA

In the Longview AA, two bank employees provided services to one organization. These employees provided financial expertise to Junior Achievement in Longview, where a majority of the students are economically disadvantaged.

Appendix A: Scope of Examination

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

Time Period Reviewed	Lending Test (excludes CD loans): (01/01/2015 to 08/07/2017) HMDA loans 01/01/2015 to 12/31/2016 Investment and Service Tests and CD Loans: (09/02/1014 to 08/07/2017)	
Financial Institution	Products Reviewed	
Texas National Bank of Jacksonville (TNB)	Business Loans, HMDA Loans and Consumer loans for the Non-MSA AA	
Affiliate(s)	Affiliate Relationship	Products Reviewed
None		
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Non-MSA AA (Cherokee and Harrison Counties)	Full-scope	Contains distressed/underserved middle-income census tracts.
Tyler AA (Smith County)	Full-scope	
Longview AA (Gregg County)	Limited-Scope	

Appendix B: Community Profiles for Full-Scope Areas

Non-MSA AA (Cherokee and Harrison Counties)

Demographic Information for Full-Scope Area: (Non-Msa AA)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	25	0.00	24.00	48.00	28.00	0.00
Population by Geography	114,750	0.00	17.49	53.13	29.38	0.00
Owner-Occupied Housing by Geography	29,280	0.00	13.99	54.08	31.93	0.00
Businesses by Geography	6,135	0.00	24.97	43.93	31.10	0.00
Farms by Geography	232	0.00	8.19	64.66	27.16	0.00
Family Distribution by Income Level	28,266	20.93	16.16	19.69	43.21	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	10,470	0.00	26.86	52.71	20.43	0.00
Median Family Income HUD Adjusted Median Family Income for 2016 Households Below the Poverty Level	= \$47,817 = \$52,400 = 17.15%	Median Housing Value Unemployment Rate		= 84,162 = 4.03%		

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2010 U.S. Census, and 2016 HUD updated MFI.

Non-MSA Assessment Area

The AA meets the requirements of the regulation. The Non-MSA AA consists of Cherokee and Harrison Counties in their entirety. Cherokee county includes the following communities: Jacksonville, Rusk, Alto, New Summerfield, Cuney, Gallatin, and Wells. Harrison County includes the following communities: Marshall, Hallsville, Waskom, and Scottsville. There are no low-income census tracts (CTs) located in the AA.

The Non-MSA AA has a total population of 114,750 according to the 2010 U.S. Census. The distribution of families by income level regardless of CT location consists of the following: 20.93 percent of families are low-income, 16.16 percent of families are moderate-income, 19.69 percent of families are middle-income, and 43.21 percent are upper-income families. The weighted average of median housing is \$84,162, while 17.15 percent of households are living below the poverty level. The local economy is stable with an unemployment rate of 4.03 percent. The major employers in the AA include Eastman Chemical Company, Trinity Industries, Good Shepherd Medical Center, Jacksonville Independent School District, and Rusk State Hospital. There is strong competition in the AA due to the presence of various financial institutions. A community contact was made during the evaluation period to a local economic

development entity. The contact indicated housing prices were going up. There was a growing concentration of retirees in the AA. They indicated there was a need for basic consumer products in the area.

Tyler AA (Smith County)

Demographic Information for Full-Scope Area: (Tyler AA)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	36	5.56	33.33	25.00	33.33	2.78
Population by Geography	176,477	3.95	31.80	27.62	36.63	0
Owner-Occupied Housing by Geography	43,780	1.45	26.35	29.98	42.22	0.00
Businesses by Geography	13,045	9.54	22.15	26.03	42.02	0.26
Farms by Geography	405	2.96	26.17	27.65	43.21	0
Family Distribution by Income Level	44,449	22.78	17.42	18.44	41.37	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	17,865	5.75	43.95	27.61	22.69	0.00
Median Family Income						
HUD Adjusted Median Family Income for 2016	= \$57,225					
Households Below the Poverty Level	= \$64,000					
	= 15.22%					
			Median Housing Value			= 125,587
			Unemployment Rate			= 3.49%

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2010 U.S. Census, and 2016 HUD updated MFI.

Tyler Assessment Area

The AA meets the requirements of the regulation. The Tyler AA includes Smith County in its entirety. This is located within the Tyler MSA. Smith County includes Tyler, Lindale, Winona, Noonday, and other small rural communities. There are 36 CTs located within the AA. There are two low-income CT, twelve moderate-income CT, nine middle-income CT, twelve upper-income CT, and one CT with no income designation with in the AA.

The Tyler AA has a total population of 176,477 according to the U.S. Census. The distribution of families by income level, regardless of CT location consists of the following: 22.78 percent low-income families, 17.42 percent moderate-income families, 18.44 percent middle-income families, and 41.37 percent upper-income families. The weighted average median housing is \$125,587, while 15.22 percent of families live below poverty level. The local economy is stable with unemployment of 4.76 percent. The major employers in the AA include East Texas Medical Center, Tyler Independent School District, Brookshires Grocery Company, and the University of Texas at Tyler. There is heavy competition from other financial institutions in the area.

A community contact was made during the evaluation period to a small business development corporation. The contact indicated access to capital is the primary need for small businesses in the AA. Oil and gas related businesses have left the market in the last six years. This has created a large segment of people displaced from industry-related jobs and the increase of “start-up” business in the AA. He mentioned TNB had participated with the company on several small business loan ventures.