



## **PUBLIC DISCLOSURE**

April 10, 2017

### **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

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.

## Overall CRA Rating

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

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

Performance Levels	(Name of Depository Institution) Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory		X	X
Low Satisfactory	X		
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:

- Lending levels for home mortgages and loans to small businesses reflect adequate responsiveness based on volume and market share. Community development lending had a neutral impact on the overall lending test.
- A substantial majority of loans are extended within Citizens National Bank’s (Citizens) Assessment Areas (AAs).
- The geographic distribution of loans is adequate based on adequate distribution of home mortgage loans and loans to small businesses.
- The bank’s distribution of lending by income level is good, based on an adequate distribution of home mortgage loans and an excellent distribution of loans to small businesses.
- The level of qualified community development investments, grants, and donations represents good responsiveness to identified community development needs. Ongoing investment in a subsidiary community development corporation provided a positive impact on the overall investment test.
- Citizens’ delivery systems are good with branches accessible in all geographies and a number of branches located in moderate-income census tracts. The level of community development services is good with Citizens participating in a broad range of activities designed to assist low- to moderate-income families including supporting financial literacy.

Citizens continues to invest in Small Business Investment Corporations (SBIC) funds. These privately-owned managed investment funds make investments in qualifying small businesses under a financial assistance program of the Small Business Administration and promote economic development. Each of the SBICs make investments in the region that includes the bank's AA. During this evaluation period, Citizens invested \$341 thousand and had continuing investments from the prior evaluation period totaling \$298 thousand, representing 0.46 percent of the bank's tier 1 capital. Credit for these qualified investments was equally distributed among the AAs.

Citizens' qualified investments also consists of several regional school bonds to districts outside of their AAs that are considered economically disadvantaged. During this evaluation period, Citizens invested \$36.9 million and had continuing investments from the prior evaluation period totaling \$6.8 million, representing 30.89 percent of the bank's tier 1 capital. Credit for these qualified investments was equally distributed among the AAs.

Citizens has an ongoing investment in their subsidiary, CNB Community Development Corporation (CDC). The mission of the CDC is to provide affordable residential home purchase mortgages and home improvement loans to low and moderate-income families within the bank's AAs. The CDC offers lower closing costs and reduced down payment requirements for loans it originates. During the evaluation period, the CDC funded sixteen loans totaling \$868 thousand million to low and moderate-income applicants. This investment is considered innovative and is not an investment that is routinely made by other banks.

#### ***Non MSA AA***

Citizens' level of qualified community development investments in the Non MSA AA is good. Qualified investments and donations totaled \$4.1 million, representing 2.94 percent of tier 1 capital. Qualifying investments in the AA are centered in local school bonds in which the majority of students are economically disadvantaged as well as **an investment in a foundation that provides safe and secure living environments for low and moderate-income senior citizens.** Numerous grants and donations were also provided to local organizations that promote community development.

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

Citizens' level of qualified community development investments in the Rusk/Gregg AA is adequate. Qualified investments and donations totaled \$416 thousand, representing 0.30 percent of tier 1 capital. Qualifying investments in the AA are centered in local school bonds in which the majority of students are economically disadvantaged. Several grants and donations were also provided to local organizations that promote community development.

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

Based on limited-scope reviews, the bank's performance under the investment test in the Smith AA is not inconsistent with the bank's overall "High Satisfactory" performance under the investment test. Refer to Table 14 in appendix C for the facts and data that support these conclusions.

### **SERVICE TEST**