



PUBLIC DISCLOSURE

September 23, 2013

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Commercial National Bank of Texarkana
Charter Number 15257

5515 Summerhill Road
Texarkana, TX 75505

Office of the Comptroller of the Currency

Victory Building
1401 West Capitol Avenue
Suite 350
Little Rock, AR 72201

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

INSTITUTION'S CRA RATING: This institution is rated Outstanding:

- The average loan-to-deposit ratio at 67.96 percent is reasonable given the bank's size, financial condition, and assessment area (AA) credit needs.
- A substantial majority of loans (over 90 percent by number of loans and over 80 percent by dollar volume) originated in the bank's AA.
- The distribution of loans reflects reasonable penetration among individuals of different income levels and businesses of different sizes.
- The geographic distribution of loans reflects excellent dispersion throughout the AA.
- Commercial National Bank of Texarkana (CNB) has not had any CRA-related complaints.
- CNB demonstrates an excellent response to community development through its level of community development loans (7.39 percent of Tier 1 Capital) and community services.

Scope of Examination

The bank was evaluated using Small Bank Community Reinvestment Act (CRA) criteria. CNB is subject to the Home Mortgage Disclosure Act (HMDA); therefore, home purchase, home improvement, and home refinancing loans originated in 2010 through June 30, 2013, were used for this evaluation. Additional loan information used for this evaluation included a sample of 80 business loans during the same period. (40 commercial real estate loans and 40 commercial & industrial loans). CD activities reviewed during this examination initiated between January 1, 2007, and June 30, 2013.

On August 26, 2011, the Federal Financial Institutions Examination Council (FFIEC) announced that all HMDA and CRA data collected in 2012 must be geocoded and analyzed using the new 2010 census tract (CT) information. Due to the timing of the examination, this includes analysis of the 2010 - 2011 data compared to 2000 Census data and 2012 - 2013 data compared to 2010 Census data. The differentiation of Census data utilized in the analysis is caused by the requirement to utilize the most recent CTs delineated by the United States Bureau of the Census as noted by 12 CFR 25.

Description of Institution

CNB is headquartered in Texarkana (Bowie County), TX. CNB is 100 percent owned by Commercial Bancshares, a one-bank holding company located in Texarkana, AR. As of June 30, 2013, the bank reported total assets of \$189.8 million with \$164 million in core deposits and \$100.8 million in net loans (53.13% of total assets). The bank reported total assets of \$196.4 million at year-end 2012, and \$193.9 million at year-end 2011. There are no legal or financial impediments that would limit the bank's ability to help meet the credit needs in its AA.

CNB has six branches, one full-service banking facility in Bowie County (Summerhill Road) and five full-service branches in Miller County (Downtown, State Line, 82 East, Fouke, and Arkansas Boulevard). All facilities are equipped with either drive-up or walk-up cash-dispensing ATMs. CNB offers convenient banking hours and a variety of loan and deposit products to meet the needs of the AA. While all branches accept mortgage applications, the Downtown branch processes all originations. One branch (Summerhill) is located in an upper-income CT. One branch (Fouke) is located in a middle-income CT. Two branches (Arkansas Boulevard and State Line) are in moderate-income CTs and two branches (Downtown and 82 East) are in low-income CTs. No branches have been opened or closed since the last examination.

The bank's primary business focus is small business and residential real estate loans. The loan portfolio composition as of June 30, 2013, is as follows:

Table 1 - Loan Portfolio Composition as of June 30, 2013		
Loan Type	Dollar Amount (000's)	Percent of Total Loans
Commercial RE (nonfarm, nonresidential)	35,124	34.43
Residential Real Estate (1-4 family)	29,611	29.03
Construction and Land Development	5,794	5.68
Farmland	737	0.72
Multifamily Residential (5 or more)	0	0.00
Total Real Estate Loans	\$71,266	69.86%
Commercial and Industrial	21,631	21.20
Consumer & Other Loans	8,950	8.77
Agricultural	169	0.17
Total Loans	\$102,016	100.00%

Source: Report of Condition – Schedule RC-C

The bank's last CRA examination was performed as of December 31, 2006, and was rated **Satisfactory**.

Description of Assessment Area(s)

CNB's assessment area consist of the Texarkana, AR-TX Metropolitan Statistical Area (MSA) #45500: Bowie County, TX and Miller County, AR. Bowie and Miller counties have a population of 143,486, according to the 2010 Census. The 2000 Census indicates the AA was comprised of 26 CTs, three low-income, four moderate-income, 16 middle-income, and three upper-income CTs. According to the 2010 census, there are currently 30 CTs in the AA, including four low-income, three moderate-income, 18 middle-income, and four upper-income CTs. One CT (9800) in the AA has an unknown income level, due to the tract having a very small population. The CT primarily consists of the Texarkana Regional Airport. The Texarkana, AR-TX MSA includes only whole CTs and does not arbitrarily exclude any low- or moderate-income areas; delineation is in conformance with the Community Reinvestment Act.

Overall, economic conditions in Texarkana are generally favorable with modest population growth and controlled unemployment. The local economy is primarily centered in defense, healthcare, and industrial occupations. Major employers within the Texarkana, AR-TX MSA include Red River Army Depot, Cooper Tire & Rubber, two area hospitals, and two paper companies. Based on July 2013, statistics, provided by the Bureau of Labor Statistics, the Texarkana, AR-TX MSA had an unemployment rate of 7.1 percent, which is above the Texas state average of 6.5 percent, and slightly below the Arkansas state average of 7.4 percent. The bank's AA is characterized by a high percentage of households in middle-income census tracts (60 percent). Table 2 demonstrates the composition of and changes in demographics and economic characteristics between the census years.

Table 2 - DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS		
	2000 Census	2010 Census
Population		
Number of Families	34,686	34,423
Number of Households	48,743	50,150
Geographies		
Number of Census Tracts/BNA	26	30
% Low-Income Census Tracts/BNA	11.54%	13.33%
% Moderate-Income Census Tracts/BNA	15.38%	10.00%
% Middle-Income Census Tracts/BNA	61.54%	60.00%
% Upper-Income Census Tracts/BNA	11.54%	13.33%
Not Applicable	0.00%	3.33%
Median Family Income (MFI)		
MFI for AA	\$40,756	\$53,053
2013 HUD-Updated MFI	\$51,900	
Economic Indicators		
Unemployment July 2013–Miller Co.	6.60%	
Unemployment July 2013–Bowie Co.	7.30%	
Median Housing Value	\$60,701	\$91,481
% of Households Below Poverty Level	17.51%	13.18%

Source: 2000 and 2010 Census; HUD; and U.S. Labor Department's Bureau of Labor Statistics

Financial services providers in the AA are highly competitive, with numerous banks and credit unions operating 41 banking offices in Bowie County, Texas, and 14 banking offices in Miller County, Arkansas. As demonstrated by the chart below, CNB's primary focus is providing services within its AA, which allows the bank to remain competitive with larger regional and national institutions. The market consists of 16 institutions with 55 offices. CNB holds 7.94 percent of the AA market share in deposits. Direct competition includes Regions Bank, Capital One, Guaranty Bond, Bancorp South, First National Bank, and Bank of Ozarks.

**Table 3 – Deposit /Market Share Summary
As of June 30, 2013**

Bank Name	State (Hqtrd)	Outside AA		Inside AA		Market Share
		# Offices	Deposits (\$000)	# Offices	Deposits (\$000)	
Guaranty Bond Bank	TX	13	702,279	5	231,235	10.63%
Capital One, NA	VA	916	187,819,369	7	225,113	10.35%
Regions Bank	AL	1704	93,311,750	5	203,163	9.34%
Bancorp South Bank	MS	255	10,738,448	7	191,046	8.78%
Commercial National Bank	TX	0	0	6	172,659	7.94%
First Bank, NA	TX	5	131,114	3	120,738	5.55%
Bank of Ozarks	AR	112	2,928,719	3	73,028	3.36%

Source: Federal Deposit Insurance Corporation

Two community contacts were conducted in conjunction with this CRA examination. The contacts revealed that economic conditions within the MSA are good and continue

to improve. Banks are meeting the primary credit needs in the area. The primary focus over the next five years is improving infrastructure. The area has seen significant growth since 2000 with the anticipation of two major interstates planned to go through the AA. Interstate 49 will be extended from Louisiana northward, while Interstate 69 will follow the path of Highway 59 from Houston. The city has already experienced considerable growth along Interstate 30.

Conclusions with Respect to Performance Criteria

Loan-to-Deposit Ratio

CNB's average loan-to-deposit (LTD) ratio at 67.96 percent is reasonable given the bank's size, financial condition, funding sources, and AA's credit needs.

Table 4 below displays the average LTD ratio derived from a 26-quarter average from March 2007 to June 2013. For purposes of this analysis, three banks, similarly situated, with comparable asset sizes were reviewed in order to determine the bank's performance. These banks include State Bank of De Kalb in DeKalb, TX, Texana Bank in Linden, TX, and 1st Bank in Texarkana, TX. The three institutions had an overall average LTD ratio of 81.18 percent during the same quarters. These institutions had average LTD ratios ranging from a low of 68.06 percent to a high of 92.29 percent.

Table 4 - Loan-to-Deposit Ratio									
26 Quarter Average from March 2007 to June 30, 2013									
Institution	Assets (as of 6/30/2013) \$(000)	2007 (%)	2008 (%)	2009 (%)	2010 (%)	2011 (%)	2012 (%)	6/2013 (%)	Average LTD Ratio (%)
1 st Bank, NA	289,939	83.30	96.47	101.43	99.88	93.24	82.90	85.38	92.29
Commercial National Bank of Texarkana	189,810	79.62	73.36	70.25	69.58	63.12	57.23	57.20	67.96
Texana Bank, NA	155,199	69.86	76.58	56.73	95.43	89.66	100.10	104.74	83.19
State Bank of DeKalb	132,161	59.45	51.78	60.40	74.53	79.48	76.73	80.03	68.06
Competitor Average	192,433	70.87	74.94	72.85	89.95	97.46	86.58	90.05	81.18

Source: Uniform Banking Performance Reports (Call Reports)

Lending in Assessment Area

Lending in the AA exceeds the standards for satisfactory performance by having a substantial majority of loans inside the AA. As seen in Tables 5A and 5B below, over 90 percent of loans by number and over 80 percent by dollar volume, are located inside the AA.

Table 5A - Lending in AA- 2000 Census (2010-2011 loans)										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Purchase	84	87.5	12	12.5	96	7,604	81.35	1,743	18.65	9,347
Home Improvement	33	97.06	1	2.94	34	1,239	96.12	50	3.88	1,289
Refinancing	30	88.24	4	11.76	34	2,079	77.03	620	22.97	2,699
Commercial	19	95.00%	1	5.00%	20	1,526	99.41%	9	0.59%	1,535
Non-Farm/ Non-Res.	20	100.00%		0.00%	20	3,348	100.00%	0	0.00%	3,348
Totals	186	91.18%	18	8.82%	204	15,796	86.75%	2,413	13.25%	18,209

Source: HMDA Data, Loan Samples

Table 5B - Lending in AA- 2010 Census (2012- June 30, 2013 loans)										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Purchase	27	96.43	1	3.57	28	2,419	96.41	90	3.59	2,509
Home Improvement	15	93.75	1	6.25	16	1,069	94.1	67	5.9	1,136
Refinancing	15	100	0	0	15	856	100	0	0	856
Commercial	20	100.00%	0	0.00%	20	2872	100.00%	0	0.00%	2,872
Non-Farm/ Non-Res.	19	95.00%	1	5.00%	20	4332	88.55%	560	11.45%	4,892
Totals	96	96.97%	3	3.03%	99	11,548	82.72%	2413	17.28%	13,961

Source: HMDA Data, Loan Samples

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

CNB’s lending to borrowers and businesses of different sizes meets the standards for satisfactory performance. The institution demonstrates a reasonable penetration among individuals of different income levels and businesses of different sizes

Residential Real Estate Loans

Table 6A- Borrower Distribution of Residential Real Estate Loans in AA (2010-2011 loans)								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of # of Loans	% of AA Families	% of # of Loans	% of AA Families	% of # of Loans	% of AA Families	% of # of Loans
Home Purchase	23.23	8.33	16.47	13.10	19.47	14.29	40.83	63.10
Home Improvement	23.23	15.15	16.47	24.24	19.47	24.24	40.83	33.33
Refinancing	23.23	16.67	16.47	20.00	19.47	13.33	40.83	50.00

Source: HMDA Data, Loan Samples, 2000 US Census Data

Table 6B- Borrower Distribution of Residential Real Estate Loans in AA (2012- June 30, 2013 loans)								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of # of Loans	% of AA Families	% of # of Loans	% of AA Families	% of # of Loans	% of AA Families	% of # of Loans
Home Purchase	23.49	6.25	16.34	14.58	20.15	18.75	40.02	45.83
Home Improvement	23.49	8.00	16.34	28.00	20.15	36.00	40.02	24.00
Refinancing	23.49	7.41	16.34	11.11	20.15	0.00	40.02	55.56

Source: HMDA Data, Loan Samples, 2010 US Census Data

Tables 6A and 6B show the distribution of HMDA related loans to borrowers of different income levels for 2000 and 2010 census comparable years. Home improvement and refinancing loans to low-income families were somewhat lower than the percentage of low-income families within the AA for the 2000 Census data. All loan types from the 2010 Census data and home purchase loans from 2000 Census data to low-income families were lower than the percentage of low-income families within the AA. CRA Officer Sandra Maroon explained that the bank has seen a substantial decrease in demand for new loans and refinancing over the past two years. This is backed by the decrease in loans seen in the in/out ratio testing, which saw 6.8 loans per month in 2010-2011, but only 3.3 loans per month in 2012 and 2013. Table 4 displays the declining LTD ratio. Additionally, Table 2 indicates high poverty levels for both Census years. A higher poverty level is an indicator of more difficult lending conditions to low-income borrowers. Four of the bank's six branches are located in low-moderate CTs (two in low and two in moderate), representing the bank has continued commitment to servicing these areas.

The bank has excellent penetration of home improvement loans to moderate-income families for both census years. The percentage of the number of loans exceeded the percentage of moderate-income families within the AA. For home purchase loans, the percentage of the number of loans was somewhat lower than the percentage of moderate-income families within the AA for both census years. During the 2000 census, home refinance loans exceeded the ratio for moderate-income families. For the 2010 census, home refinance loans were somewhat lower than moderate-income families due to the decrease in refinancing activity.

Small Business Loans

Tables 6C and 6D show CNB's reasonable penetration of small businesses from 2010 to 2013. In 2010 and 2011, the bank shows 90 percent of loans by number and 73 percent by dollar volume were to businesses with under \$1 million in gross business income, while the total AA businesses with incomes under \$1 million is only 69 percent. The penetration decreased for loans made during 2012 and 2013, with only 65 percent by number and a poor 46 percent by dollar volume going to businesses under \$1 million compared to 73 percent of AA businesses have less than \$1 million in gross business

income. However during this period, 20 percent of the loans tested had unknown incomes, representing 26 percent of the dollar volume.

Table 6C- Borrower Distribution of Loans to Businesses in AA 2000 Census (2010-2011 loans)				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unknown	Total
% of AA Businesses	69.35	2.32	28.33	100%
% of Bank Loans in AA by #	90.00	7.50	2.50	100%
% of Bank Loans in AA by \$	73.11	26.48	0.41	100%

Source: Loan Samples - Commercial and Non-Farm/Non-Residential loans combined for "Business" loans.

Table 6D- Borrower Distribution of Loans to Businesses in AA 2010 Census (2012- June 30,2013 loans)				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unknown	Total
% of AA Businesses	73.23	3.22	23.56	100%
% of Bank Loans in AA by #	65.00	15.00	20.00	100%
% of Bank Loans in AA by \$	46.34	27.51	26.15	100%

Source: Loan Samples - Commercial and Non-Farm/Non-Residential loans combined for "Business" loans.

To supplement the business lending review, an analysis of loan size was conducted to determine business size, with the indication of smaller loans to smaller borrowers. As seen in Table 6E below, 87 percent of loans by number were under \$250 thousand, indicating smaller borrowers. As to be expected, this 87 percent of loans by number only represents 38 percent of loans by dollar volume. This is explained by the fact that the majority of the loans were small to local businesses.

Table 6E - Borrower Distribution of Loans to Businesses by Loan Size in AA (Loan sample from 2010-June 30, 2013)				
Loan Size (000's)	Number of Loans	Percent of Number	Dollar Volume of Loans	Percent of Dollar Volume
\$0 - \$100,000	55	69%	\$2,306	18.70%
\$100,001 - \$250,000	14	18%	\$2,388	19.36%
\$250,001 - \$500,000	5	6.25%	\$1,614	13.09%
\$500,001 - \$1,000,000	4	5.00%	\$3,309	26.83%
Over \$1,000,000	2	3%	\$2,716	22.02%
Totals	80	100%	\$12,333	100.00%

Source: Loan Samples

Geographic Distribution of Loans

Geographic distribution of loans exceeds the standard for satisfactory performance. The geographic distribution of loans reflects excellent dispersion throughout the AA for residential real estate and business loans. As previously noted, the number of CTs increased from 26 to 30 between census years. Table 7 below outlines the changes in CTs for the AA. Only seven CTs represent low- and moderate-income levels. Consequently, there is less opportunity to lend within those CTs. However, originations occurred within each CT for both census years. No CTs are considered distressed due

to unemployment, population loss, or poverty levels. No CTs are considered underserved due to remote locations. No CTs have been declared designated disaster areas.

Table 7A – Geographic Distribution / Census Tract Changes			
2000 Census		2010 Census	
Census Tract	Income Level	Census Tract	Income Level
0104.00	Moderate	0104.00	Middle
0106.00	Low	0106.00	Moderate
0109.02	Middle	0109.02	Upper
0201.00	Middle	0201.00	Moderate
0204.00	Moderate	0204.00	Low
0205.00	Moderate	0205.00	Low
0207.00	Upper	Split 0207.01 and 0207.02	Middle
0208.00	Middle	Split 0208.01, 0208.02 & 9800	Middle
0209.00	Middle	0209.00	Upper

Source: 2000 and 2010 Census Demographics

Residential Real Estate Loans

Tables 7B and 7C display the percentage of home mortgage loans in low- and moderate-income CTs exceeds the percentage of owner-occupied housing units, except during the 2000 Census. The 2000 Census data indicates low- and moderate-income CTs have a higher percentage of renter occupied units (Low 46.82% /Moderate 42.20%) and vacant units (Low 15.34% /Moderate 11.52%) than owner-occupied units. Overall, the tables below indicate a relatively small amount of owner occupied housing available in low- and moderate-income CTs. Consequently, minimal opportunities are available to originate loans to homeowners within these CTs.

Table 7B - Geographic Distribution of Residential Real Estate Loans in AA 2000 Census (2010-2011 Loans)								
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
Home Purchasing	3.51	0.00	8.79	13.10	72.42	60.71	15.28	26.19
Home Improvement	3.51	0.00	8.79	9.09	72.42	75.76	15.28	15.15
Refinancing	3.51	0.00	8.79	6.67	72.42	80.00	15.28	13.33

Source: Loan Samples, Dunn and Bradstreet

Table 7C - Geographic Distribution of Residential Real Estate Loans in AA 2010 Census (2012-June 30,2013)								
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
Home Purchasing	4.17	8.33	5.90	12.50	66.50	52.08	23.37	27.08
Home Improvement	4.17	12.00	5.90	8.00	66.50	40.00	23.37	36.00
Refinancing	4.17	7.41	5.90	0.00	66.50	44.44	23.37	48.15

Source: Loan Samples, Dunn and Bradstreet

Small Business Loans

Tables 7D and 7E demonstrate excellent dispersion of small business loans in low- and moderate-income CTs. As the tables reflect, there are more small businesses located in middle- and upper-income CTs than low and moderate-income CTs. However, when comparing the bank’s percent of AA businesses to the percent of the number of loans, the bank exceeded benchmarks within low- and moderate-income CTs.

Table 7D - Geographic Distribution of Loans to Businesses in AA (2000 Census Data) (Loan sample from both products, 2010-2011)								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Businesses	% of # of Loans						
Businesses	5.79	30.00	11.93	15.00	63.51	50.00	18.77	5.00

Source: Loan Samples, US Census Data

Table 7E - Geographic Distribution of Loans to Businesses in AA (2010 Census Data) (Loan sample from both products, 2012-2013)								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Businesses	% of # of Loans						
Businesses	10.01	27.50	8.83	10.00	55.37	37.50	25.68	25.00

Source: Loan Samples, US Census Data

Responses to Complaints

CNB’s responses to complaints meet the standard for satisfactory performance. The bank conducts appropriate responses to all complaints received. CNB has not received any CRA-related formal complaints.

Community Development Test

CNB demonstrates an excellent response to community development through its level of community development loans and community services.

Community Development (CD) Lending

The following represents CD loans documented since the prior CRA evaluation. CD loans are those loans for which the primary purpose meets the definition of community development contained in CRA regulation and have not been considered in the review of small business, small farm, home purchase, home improvement, or home refinancing.

CNB's performance of providing CD loans to meet the credit needs of its community is excellent. The Bank has partnered with various agencies and nonprofits in its assessment area to provide beneficial services for low- to moderate- income individuals, including, but not limited to, job creation, training, counseling, medical, and family services. The impact of CD lending on the Bank's AA has been positive and represents 7.39 percent of Tier 1 Capital, as of June 30, 2013.

Court Appointed Special Advocates (CASA) of Northeast (NE) Texas

CASA serves as advocates for abused and/or neglected children. They offer an extensive coverage of legal, counseling, protective and family services to promote and improve the well-being of children within the court systems. CASA of NE Texas began in Bowie County, Texarkana, Texas in 1990. Currently, it serves 12 counties in NE Texas and Southwest Arkansas including all of Miller and Bowie Counties. CNB originated a loan on June 25, 2012, for \$120 thousand in order for CASA to purchase the main facility at 1201 Main Street. The bank later originated two additional loans for building renovations for \$80 thousand and \$70 thousand on July 12th and November 19th, respectively. In 2012, CASA provided services to 1200 children. Ninety percent of them were from low- to moderate-income families.

CD Purpose: Construct/Rehabilitate Community Facility that serves primarily low-and moderate-income individuals.

Census Tract: Main office located in CT 105 (low-income). However, the not-for-profit organization serves entire AA.

Easter Seals DBA Temple Memorial Rehabilitation Center (TMRC)

TMRC provides medical rehabilitation, in home assisted living, and a full range of outpatient services to individuals with disabilities. Services offered enable those individuals to achieve independence and develop their abilities. The bank originated two working capital lines of credit. One for \$100 thousand on July 28, 2011, and another for \$145 thousand on March 20, 2013. The lines supplement expenses incurred while waiting on grant funding. Approximately 85 percent to 90 percent of the clients receiving therapy are either at or below the federal poverty level.

CD Purpose: Funding support that serves low- to moderate-income individuals with disabilities.

Census Tract: Main office located in CT 105 (low-income). However, the not-for-profit organization serves all of Bowie County.

Texarkana College (TC)

TC is a publicly supported, two-year, comprehensive community college that offers educational opportunities in traditional academic studies, occupational and technical programs, and workforce development and community services. The school strives to meet the needs of the community. The loan originated with Guaranty Bond Bank for \$3.5 million. CNB holds a 21.43 percent or \$750 thousand participation in the loan. Proceeds of the loan were for renovations of the college, including roof repair and HVAC system upgrades. The fall 2012 enrollment was 3,957 students, of which 44.70 percent or 1,768 students were identified as economically disadvantaged (EA). EA students are those identified in the financial aid system with an Expected Family Contribution of zero or qualify for other public assistance programs. Additionally, 32 percent of the students enrolled are minorities and 24 percent are academically disadvantaged.

CD Purpose: Construct/Rehabilitate Community Facility that serves primarily low-and moderate-income individuals.

Census Tract: Facility is located in CT 107 (middle-income). However, the not-for-profit organization serves entire AA.

Extent to Which the Bank Provides Community Development Services

The distribution of CNB's branches throughout the AA is excellent. CNB branch distribution shows 33.33 percent in low-income CTs, 33.33 percent in moderate-income CTs, 16.67 percent in middle-income CTs, and 16.67 percent in upper-income CTs. The main office is located in an upper-income CT. Each branch location has an ATM.

Fair Lending or Other Illegal Credit Practices Review

Pursuant to 12 C.F.R. 25.28(c), or 12 C.F.R. 195.28(c), in determining a national bank's (bank) or Federal savings association's (FSA) CRA rating, respectively, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank or FSA, or in any assessment area by an affiliate whose loans have been considered as part of the bank's or FSA's lending performance.

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