

Public Disclosure

November 16, 1998

Community Reinvestment Act Performance Evaluation

**The City National Bank and Trust Company of Guymon
Charter Number 9964
601 N. Main Street
P.O. Box 410
Guymon, Oklahoma**

**Comptroller of the Currency
500 N. Akard, 1600 Lincoln Plaza
Dallas, Texas**

Note: 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.

General Information

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority, when examining financial institutions subject to its supervision, to assess the 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. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the CRA performance of **The City National Bank and Trust Company of Guymon** prepared by **The Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **November 16, 1998**. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 C.F.R. Part 25.

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

The following factors support this assessment and reflect the commitment of City National Bank and Trust of Guymon (CNBT) to the principals and intent of the Community Reinvestment Act (CRA):

- ▶ CNBT's loan to deposit ratio since the last examination exceeds 64.5%, and as of September, 1998, the ratio is almost 68%. The ratio is reasonable for this community and economy.
- ▶ A substantial majority of loans and other lending-related activities are in the assessment area. Reports we reviewed show that 91.7% and 90.7% of the number of loans originated in 1997 and 1998 respectively were within the assessment area (AA). In addition, 87% of the total portfolio balance is extended to borrowers in the AA.
- ▶ There is reasonable penetration among individuals of different income levels and borrowers and farms of different sizes. Approximately 14% and 19% by number of new loan originations in our sample were extended to low- and moderate-income persons respectively. There is also a high level of loans to small businesses and small farms, with 21% of total loans extended for agricultural purposes and 30% extended for commercial purposes.
- ▶ The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. Our review of bank reports confirms that loans are granted to customers throughout all parts of the AA.
- ▶ There were no complaints regarding the bank's performance under CRA, and our Fair Lending review detected no deficiencies which would affect CRA performance.

The following table indicates the performance level of **City National Bank and Trust of Guymon** with respect to each of the five performance criteria.

Small Institution Assessment Criteria	City National Bank and Trust of Guymon Performance Levels		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does Not Meet Standards for Satisfactory Performance
Loan-to-deposit ratio		x	
Lending in assessment area	x		
Lending to borrowers of different incomes and to businesses of different sizes		x	
Geographic distribution of loans		x	
Response to complaints	NO COMPLAINTS HAVE BEEN RECEIVED REGARDING BANK PERFORMANCE UNDER THE CRA		

Description of Institution

CNBT is an \$85 million institution in Guymon, Oklahoma. Guymon is located approximately in the geographic center of Texas County in the Oklahoma panhandle. It is approximately 124 miles northeast of Amarillo, Texas and 265 miles west of Oklahoma City, Oklahoma. The bank's last CRA examination was completed in February, 1995. The bank is owned by a one-bank holding company, City National Bancshares, Inc.

The bank's single facility is in Guymon. CNBT also provides two deposit-taking ATM's in Guymon, both of which are located off the bank premises to provide additional access to customers. There is also a 24-hour telephone access line for customer use. CNBT provides a wide range of financial services, including residential mortgage and home improvement loans, commercial real estate loans, agricultural and commercial operating loans, account receivable financing, and consumer installment loans including credit cards and loans for educational purposes. In addition to other normal banking services, the bank provides trust services. Primary competition is from one local state bank and branches of larger banks or savings associations headquartered in other cities.

Loan balances make up approximately 58% of total assets. Table 1 below reflects the composition of the bank's loan portfolio as of September 30, 1998.

Table 1

LOAN TYPE	LOAN BALANCE (in 000's)	% OF PORTFOLIO
1-4 FAMILY REM	16,322	33.06%
COMMERCIAL	14,897	30.17%
AGRICULTURE	10,425	21.11%
CONSUMER	7,672	15.54%
OTHER	60	0.12%
TOTAL	49,376	100.00%

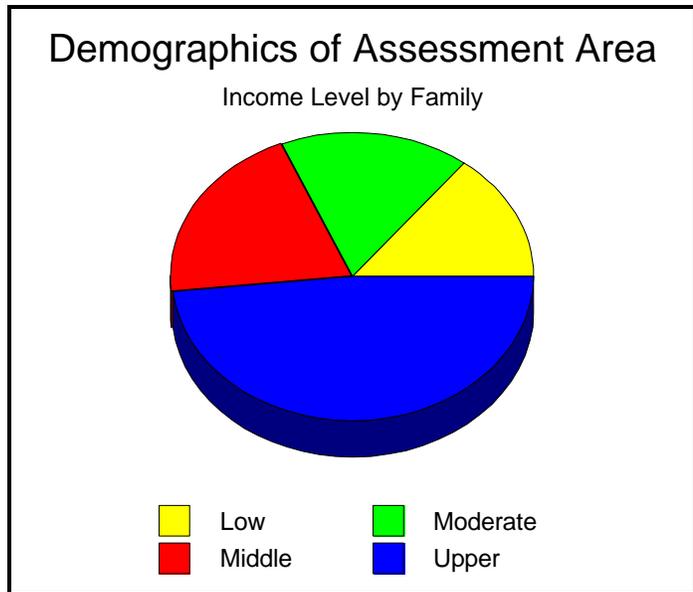
There are no legal impediments to the bank's ability to make loans and offer other banking services to customers in the area. CNBT monitors its level of lending in each loan type on a quarterly basis.

Description of Assessment Area: Texas County, Oklahoma

The stated AA is all of Texas County, meeting the regulatory requirements for including whole geographies. The designated area does not arbitrarily exclude any low- or moderate- income

areas. There are five (5) Block Numbering Areas (BNA) in the county. Guymon is the largest city in the county, but there are several other towns including Texhoma, Goodwell, and Hooker, all of which have national banks or branch offices. The AA includes Guymon which, as stated above, is the location of the bank's only office and both ATM's. The bank also makes loans in surrounding counties, but the primary market is Texas County.

The population of Texas County is approximately 16,400, based on census information. Demographic information for the AA shows that low- and moderate-income persons reside throughout each BNA in the AA. There are no BNA's are designated as low- or moderate-income. Four BNA's are designated as middle-income areas, and the remaining BNA is shown as upper-income. Weighted average median family income of \$27,864 falls below the state-wide weighted average MSA/Non-MSA updated median family income of \$31,100. The distribution of income level by family is shown in the accompanying chart.



CNBT has identified the primary credit needs in the AA as commercial loans and agricultural loans and loans to individuals. Local residents need financing for consumer purposes, specifically residential mortgages and home improvement loans, automobile loans, and other types of individual credit. The bank makes these types of loans and makes a number small loans to help meet these needs.

The principal industrial employer is Seaboard, a pork production and processing facility employing approximately 3,700 persons. There are other businesses which operate swine production facilities as well. The local school district also employs a number of individuals. Other major employers are agriculture and oil and gas related businesses.

The population has increased significantly due to the growing hog production industries. As a result, housing needs have increased as have consumer credit needs. Seaboard has subsidized rents at rehabilitated apartment complexes and mobile home parks.

CNBT supports continuing industrial and commercial growth and management has been active in the local economic development foundation. The foundation and the local chamber of commerce have supported the movement of Seaboard into Guymon and the establishment of a local business which manufactures housing units for new residents who have come to work at the local hog operations. The bank has provided financing for homes for some of these residents.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan to Deposit Ratio

We reviewed CNBT's loan to deposit (LTD) ratio since the last examination. The LTD meets the standard for satisfactory performance. The average ratio for the period is 64.6%, and the LTD ratio as of September 1998 is 67.6%. This ratio is reasonable for the location and size of the bank, giving consideration to the economy of the area. We compared this ratio to other banks in the community and in similar economic areas and found that CNBT's ratio approximates or exceeds that of the other banks which had LTD ratios ranging from 59.3% to 71.1% in June 1998, the last period for which this data is available.

Lending in the Assessment Area

A substantial majority of loans and other lending-related activities are in the assessment area. We based this assessment on the portfolio total and our review of loans originated in 1997 and 1998. This review relied on the bank's quarterly monitoring reports which we determined to be reliable. The lending level in the portfolio is shown in Table 2, and the number of loans originated in the AA are shown in Table 3.

Table 2 - Total Loans

	IN	OUT	TOTAL	%IN	% OUT
Portfolio \$	42,368,015	6,236,070	48,604,085	87.17%	12.83%
Portfolio #	1,819	216	2,035	89.39%	10.61%

Based on bank's trial balance of loans by zip code as of 11/23/98

Table 3 - Number of Loans Originated

	IN	OUT	TOTAL	% IN	%OUT
1997 LOANS	445	40	485	91.75%	8.25%
1998 LOANS	340	35	375	90.67%	9.33%

Based on bank's sample of loans originated in 1997 and 1998

The levels of loans originated and outstanding which are extended to borrowers within the AA are considered more than reasonable, and they exceed the standard for satisfactory performance.

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

There is reasonable penetration among individuals of different income levels and borrowers and farms of different sizes. We reviewed CNBT's quarterly monitoring reports and the detail reports from which they were derived to determine the bank's practices regarding lending to persons of different incomes. These reports are based on a monthly sample each quarter and reflect the income level of borrowers. Based on the sampled information, we determined that the bank has a satisfactory record of lending to persons of different income levels. The results of the review of 1998 originations are shown on Table 4 below.

Table 4

INCOME LEVEL	% TOTAL FAMILIES	# LOANS ORIGINATED		\$ LOANS ORIGINATED	
		#	%	\$	%
LOW	14.66	39	13.93%	213,560	5.26%
MODERATE	16.73	54	19.29%	310,534	7.64%
MIDDLE	20.47	79	28.21%	559,712	13.78%
UPPER	48.14	108	38.57%	2,978,602	73.32%
TOTAL	100.00	280	100.00%	4,062,408	100.00%

We reviewed bank reports of loans extended for small farms or small businesses in 1998. These reports shows that 38 loans for a total of \$1,668,767 were extended to small farms. There were 52 loans extended to small businesses totaling \$1,616,843. These totals were 95% by number of loans and 79% by volume of total agriculture and commercial loans sampled.

These reviews show that CNBT meets the standard for satisfactory performance in lending across levels of income and business revenues.

Geographic Distribution of Loans

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. Although there are no low- or moderate-income BNA's in the county, there are low- and moderate-income persons through all parts of the county. CNBT includes a review of the number of loans to low- or moderate-income persons and a review of loans in each BNA in the quarterly monitoring. We reviewed the bank's reports of loans originated within each BNA to determine the bank's practice of lending throughout the AA. Report data was not available by type of loan, but we reviewed lending practices across geographic areas in total. The review showed that the bank lends to persons in all of the BNA's in the AA, although lending in the rural areas and in areas serviced by other local financial institutions is not as high as in Guymon. This review is demonstrated below in Table 5.

Table 5

BNA #	INCOME DESIGNATION	LOANS		POPULATION	
		# IN BNA	% IN BNA	# IN BNA	% IN BNA
9506	MIDDLE	26	3.31%	3,841	23.39%
9507	MIDDLE	138	17.58%	2,882	17.55%
9508	MIDDLE	304	38.73%	3,631	22.11%
9509	UPPER	277	35.29%	4,496	27.38%
9510	MIDDLE	40	5.10%	1,569	9.56%
TOTAL		785	100.00%	16,419	100.00%

A Fair Lending examination was performed at this examination. Based on our review of denials to Hispanic applicants and approvals of non-minority applicants for real estate loans, we did not identify any evidence of disparate treatment or discriminatory practices.

Responses to Complaints

There were no complaints received by the bank since the last examination, based on our review of the Public File and discussion with bank management.