



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

January 12, 2009

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

THE CITY NATIONAL BANK AND TRUST COMPANY OF LAWTON, OKLAHOMA

Charter Number 5753

500 Montgomery Square
5th Street @ D Avenue
Lawton, Oklahoma 73501

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, 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 Satisfactory.

The major factors supporting the institution's rating include the following;

- A substantial majority of the bank's loans were originated within the bank's assessment areas (AAs);
- The loan-to-deposit ratio is reasonable and meets the standard for satisfactory performance;
- The bank's distribution of loans reflects reasonable penetration to individuals and businesses of different income levels and meets the standard for satisfactory performance; and,
- The geographic distribution of loans reflects a reasonable dispersion throughout the AAs and meets the standard for satisfactory performance.

SCOPE OF EXAMINATION

To assess City National Bank's (CNB's) performance under the Community Reinvestment Act (CRA) regulations, we analyze the bank's activities in and around its declared assessment area (AA). We divided CNB's AA into four distinct areas for review. The Lawton Metropolitan Statistical Area (MSA) received a full scope review, and the other AAs receiving a limited scope review. In full scope reviews, the data used to evaluate performance under each test is analyzed considering complete performance context information, quantitative factors (eg: lending volume, distribution of branches, geographical and borrower distribution) and qualitative factors (eg: innovation and complexity of products offered). Full scope reviews are conducted in AA where the bank has a substantial share of its deposit and loan business. The Lawton MSA contains 93 percent of the bank's loans and 92 percent of the bank's deposits. Limited scope reviews are targeted to specific products over a defined portion of the AA.

The full scope review of the Lawton MSA included a review of Home Mortgage Disclosure Act (HMDA) reportable loans (home purchase, home refinance and home improvement loans), small business loans and vehicle loans originated in 2007 and 2008. These are the major loan products for the bank. The three limited-scope AAs consist entirely of Wal-Mart branches in which the only lending product offered are consumer loans. Lending performance in the three limited-scope AAs was evaluated by sampling vehicle loans originated in 2007 and 2008.

A Data Integrity examination was conducted in November 2008 to evaluate the bank's process to accurately collect and report HMDA data. We found the bank had an adequate process, along with internal controls, to accurately collect and report HMDA information. As a result, HMDA submitted data was used during this CRA review to assess lending performance.

DESCRIPTION OF INSTITUTION

CNB is headquartered in Lawton, Oklahoma. J. R. Montgomery Bancorporation, a two-bank holding company, owns 80 percent of CNB and 40 percent of Fort Sill National Bank (FSNB). Intercompany transactions are limited, as each bank has separate Board of Directors and officers. Each bank focuses on serving separate clientele, with some overlap noted within the city of Lawton.

The main bank and drive-through facility is located at 500 Montgomery Square, 5th Street at D Avenue, Lawton, Oklahoma. Full-service branches with drive-through facilities are located at 4113 West Gore Boulevard and at the Country Mart East grocery store, 4510 Southeast Lee Boulevard, both in Lawton, Oklahoma. Three additional locations in the Lawton community include retail branches located inside the Wal-Mart store at 1002 N. Sheridan Road, inside the Country Mart West grocery store at 6734 West Cache Road and inside the Wal-Mart Supercenter at 6301 NW Quannah Parker Trailway. In addition to the Lawton locations, CNB has twenty-seven additional Wal-Mart Supercenter or Wal-Mart Neighborhood Market retail branches located throughout the state of Oklahoma. The table below depicts the location of these Oklahoma branches.

City National Bank Wal-Mart Branch Locations	
4000 Green Country Road	Bartlesville
10938 S. Memorial Drive	Bixby
6310 South Elm Street	Broken Arrow
2001 South 1st Street	Chickasha
5401 Tinker Diagonal Street	Del City
1845 North Highway 81	Duncan
1225 W. I-35 Frontage Road	Edmond
2400 South Country Club Road	El Reno
5505 W. Owen K Garriott	Enid
1608 S. Division	Guthrie
2415 N.W. Main Street	Miami
9011 N.E. 23rd	Midwest City
951 E. State Hwy 152	Mustang
1101 N.W. 164th Street	Oklahoma City
1500 S.W. 59th Street	Oklahoma City
2000 West Memorial Road	Oklahoma City
100 East I-240 Service Road	Oklahoma City
4420 S. Western Avenue	Oklahoma City
9320 N. Pennsylvania Avenue	Oklahoma City
1101 East Prospect	Ponca City
196 E. Shawnee Mall Drive	Shawnee
3116 S. Garnett	Tulsa
9411 S. Delaware	Tulsa
6606 E. 81st Street	Tulsa
6625 S. Memorial Drive	Tulsa
5801 E. 41st Street	Tulsa

12200 South Waco	Tulsa
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CNB has seventy-seven automated teller machines (ATMs) and seven leased ATMs dispersed at their branches, as well as other independent locations throughout the AAs.

CNB’s primary focus is to serve the commercial, consumer, and agricultural needs of customers located in the AAs. CNB meets these needs by providing various types of loan and deposit products and services.

As of September 31, 2008, CNB’s total assets equaled \$267 million, of which \$165 million or 62 percent were comprised of various types of loans to individuals, commercial businesses, and commercial and residential real estate. Specifically, the bank’s loan portfolio consists of the following:

Loan Category	\$ (000)	%
Residential Real Estate	\$67,141	40.80
Commercial Real Estate	\$59,800	36.34
Commercial and Industrial	\$16,422	9.98
Individual Loans	\$13,838	8.41
Other	\$7,356	4.47
Total	\$164,557	100.00

There are no legal or financial impediments to prevent the bank from meeting the credit needs of the AAs. The bank received an overall rating of “Satisfactory” at the last Community Reinvestment Act evaluation dated May 13, 2003.

DESCRIPTION OF ASSESSMENT AREAS

Four AAs were considered in evaluating CNB’s CRA performance. These AAs are defined as the Lawton MSA, the Oklahoma City Partial MSA, the Tulsa Partial MSA, and CNB’s Non-MSA.

The full-scope Lawton MSA is comprised of Comanche County. Comanche County is the only county in the MSA. This AA encompasses 29 contiguous census tracts in southwestern Oklahoma. Based on 2000 data, the United States Census Bureau identifies 2 census tracts as low-income, 9 tracts as moderate-income, 13 tracts as middle-income, and 5 tracts as upper-income. The total population of the AA is 115 thousand. Additionally, there are 29 thousand families and 40 thousand households. The 29 thousand families statically break into low; moderate; middle and upper incomes at 21 percent, 17 percent, 22 percent, and 40 percent, respectively. The AA contains 45 thousand housing units with 24 thousand or 53 percent being owner occupied. There is also a large volume of rental occupied units in the AA. Rental occupied units total 19 thousand and represent 41 percent of the available housing type. Households below the poverty level are 15 percent and households that receive public assistance total 6 percent.

The local economy of Comanche County is stable. Growth and employment have been flat and real estate markets have slowed considerably. The economy of Lawton is dependent upon consumer goods and service businesses to the military. However, over the past several years, Lawton has strived to become less dependent on the Fort Sill Military Reservation and the oil and gas and agricultural industries. The major employers in the MSA consist of Fort Sill Army Post, Goodyear Tire and Rubber Company, Lawton Public Schools, and Comanche County Memorial Hospital.

Local banking competition includes several other independent national and state chartered banks and branches of other banks and financial institutions based in Oklahoma as well as across the nation.

A community contact was conducted during this review to help ascertain the credit needs of the Lawton MSA AA. The contact felt that the local economy is stable. The local economy benefits from continued growth from Fort Sill Army Post. Retail sales are holding but the real estate market has slowed. There continues to be new industries and businesses locating in the Lawton area and surrounding municipalities. According to the contact, the immediate credit need will be affordable housing and infrastructure to handle upwards of 12,000 in army personnel to be relocated to Lawton as a result of the Air Defense Artillery School coming to Fort Sill from Fort Bliss, El Paso, Texas. The contact stated the local banks are very involved in community development projects.

Selected information about the demographics of the Lawton MSA AA is detailed in the table below.

DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS OF LAWTON MSA AA	
Population	
Number of Families	29,090
Number of Households	39,930
Geographies	
Number of Census Tracts/BNA	29
% Low-Income Census Tracts/BNA	6.90%
% Moderate-Income Census Tracts/BNA	31.03%
% Middle-Income Census Tracts/BNA	44.83%
% Upper-Income Census Tracts/BNA	17.24%
Median Family Income (MFI)	
2000 MFI for AA	\$39,201
2008 HUD-Adjusted MFI	\$47,100
Economic Indicators	
Unemployment Rate	2.88%
2000 Median Housing Value	\$68,895
% Of Households Below Poverty Level	15.39%

Limited-scope AAs have been defined for the municipalities in which the bank has Wal-Mart Supercenter or Wal-Mart Neighborhood Market retail branch locations. These AAs are designated as the Oklahoma City Partial MSA, the Tulsa Partial MSA, and CNB's Non-MSA. Loan applications for consumer loans are taken at these locations and then forwarded to the main bank in Lawton where the credit underwriting decision is made. No loan authority has been granted in the branches outside of the Lawton community. CNB continues to use central underwriting of its loans through the lending staff at the main bank location. The limited-scope AAs are described below; however, due to the limited market share that these Wal-Mart branches have within their respective communities, in-depth demographic data is not provided.

The Oklahoma City Partial MSA AA includes 3 of the 6 counties in the Oklahoma City MSA consisting of Oklahoma, Grady and Logan Counties. This AA encompasses 246 contiguous census tracts in central Oklahoma. Based on 2000 data, the United States Census Bureau identifies 21 census tracts as low-income, 89 tracts as moderate-income, 78 tracts as middle-income, 54 tracts as upper-income, and 4 tracts as not applicable.

The Tulsa Partial MSA AA includes Tulsa County, which is one of the 7 counties in the Tulsa MSA. This AA encompasses 172 contiguous census tracts in northeastern Oklahoma. Based on 2000 data, the United States Census Bureau identifies 7 census tracts as low-income, 44 tracts as moderate-income, 61 tracts as middle-income, and 60 tracts as upper-income. The total population of the AA is 563 thousand.

CNB's Non-MSA AA includes 6 non contiguous counties within the state of Oklahoma. These include Stephens, Ottawa, Washington, Kay, Pottawatomie, and Garfield Counties. This AA encompasses 70 census tracts throughout Oklahoma. Based on 2000 data, the United States Census Bureau identifies no census tracts as low-income, 11 tracts as moderate-income, 44 tracts as middle-income, and 15 tracts as upper-income.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

LENDING TEST

The bank's performance under the Lending Test is rated **"Satisfactory."**

LOAN-TO-DEPOSIT RATIO

CNB's loan-to-deposit ratio is reasonable and meets the standard for satisfactory performance as illustrated in its September 30, 2008 loan-to-deposit ratio of 70 percent. The bank's average quarterly loan-to-deposit ratio from June 30, 2003 through September 30, 2008 was 80 percent. This average was compared to the average of four similar banks located in the CNB's AAs with total assets between \$100 million and \$300 million, for the same time period. These averages are listed in the following table:

Loan-To-Deposit Ratios		
Institution	Total Assets \$000's (As of 9/30/08)	Average Loan –to- Deposit Ratio
Chickasha Bank & Trust Company, Chickasha, OK	172,001	94.71%
Liberty National Bank, Lawton, OK	157,420	92.60%
City National Bank & Trust Company of Lawton, OK	165,401	80.22%
American Bank & Trust Company, Tulsa, OK	183,004	54.14%
First National Bank & Trust Company, Shawnee, OK	176,109	52.93%

Source: Institution Reports of Condition from June 30, 2003 to September 30, 2008

CNB’s loan-to-deposit ratio is slightly higher than the average ratio of the four comparable banks of 74 percent.

LENDING IN ASSESSMENT AREA

CNB’s lending in its AAs exceeds the standard for satisfactory performance. A substantial majority of the number and dollar amount of home mortgage, small business and vehicle loans were originated within the bank’s AAs. As depicted in the table below, 85.54 percent of the number and 94.75 percent of the dollar amount of loans were originated in CNB’s AAs.

Lending in AAs										
Loan Type	Number of Loans					Dollars of Loans (000's)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Mortgage	354	85.30%	61	14.70%	415	\$31,590	90.92%	\$3,154	9.08%	\$34,744
Small Business	32	100%	0	0%	32	\$3,946	100%	\$0	0%	\$3,946
Vehicle Loans	111	82.84%	23	17.16%	134	\$1,171	80.60%	\$281	19.40%	\$1,453
Totals	497	85.54%	84	14.46%	581	\$36,707	91.44%	\$3,436	8.56%	\$40,143

Source: Sample of 2007- 2008 CRA and vehicle loans and 2007- 2008 HMDA loans

LENDING TO BORROWERS OF DIFFERENT INCOMES AND TO BUSINESSES OF DIFFERENT SIZES

The overall borrower distribution of loans in the bank’s AAs is reasonable and meets the standard for satisfactory performance. CNB’s borrower distribution of small business loans, home mortgage loans and vehicle loans in the Lawton MSA AA is satisfactory. A significant majority of the weight is given to lending performance in the Lawton MSA AA, as it represents 93 percent of the bank’s lending. Consumer lending performance is illustrated in the following tables for the three limited-scope AAs to illustrate that the bank is meeting the consumer lending needs of low- to moderate-income borrowers in those communities

Lawton MSA AA (Full-Scope AA)

CNB's borrower distribution to businesses with revenues of \$1 million or less is satisfactory. The percentage of bank loans by dollar and number exceeded the percentage of reporting businesses with revenues of \$1 million or less in the AA. However, our source data noted 44 percent of the businesses in the AA did not report income data.

Borrower Distribution of Loans to Businesses in CNB's Lawton MSA AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses*	53.38%	2.83%	43.79%	100%
% of Bank Loans in AA by #	78.13%	21.87%	0.00%	100%
% of Bank Loans in AA by \$	83.77%	16.23%	0.00%	100%

*Source: *Dunn and Bradstreet (data notes large percentage of the businesses did not report income information)
Loan sample of 2007-2008 CRA loans.*

The bank's distribution of home mortgage loans is satisfactory. While the percentage of home mortgage loans to low-income borrowers is less than the percentage of low-income families in the AA, this performance is not unreasonable in light of the fact that low-income families have a difficult time qualifying for conventional home mortgage products. The distribution of home mortgage products to moderate-income borrowers is good and exceeds the percentage of moderate-income families in the AA for home improvement and home refinance products.

Borrower Distribution of Residential Real Estate Loans in CNB's Lawton MSA AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Families	% of Number of Loans						
Home Purchase	20.53%	8.39%	17.07%	11.19%	22.19%	21.68%	40.21%	58.74%
Home Improvement	20.53%	17.14%	17.07%	20.00%	22.19%	11.43%	40.21%	51.43%
Home Refinance	20.53%	6.25%	17.07%	17.19%	22.19%	18.75%	40.21%	57.81%

Source: Data reported under 2007-2008 HMDA; U.S. Census data

The distribution of vehicle loans to low-income borrowers is less than the percentage of low-income households in the AA. However, the percentage of vehicle loans to moderate-income borrowers exceeds the percentage of moderate-income households in the AA for an overall satisfactory performance.

Borrower Distribution of Consumer Loans in CNB's Lawton MSA AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
% of AA Households	23.38%		15.70%		20.51%		40.40%	
Vehicle Loans	% of Number	% of Amount						
	16.13%	14.12%	35.49%	25.72%	16.13%	12.80%	32.25%	47.54%

Source: Loan sample of 2007- 2008 vehicle loans

**Oklahoma City Partial MSA AA, Tulsa Partial MSA AA & Non-MSA AA
(Limited-Scope AAs)**

The bank’s borrower distribution of vehicle loans is excellent. The percentage of vehicle loans to low- and moderate-income borrowers exceeds the percentage of low- and moderate-income households in all three of the limited-scope AAs with the exception of vehicle loans to low-income borrowers in the Non-MSA AA. Please refer to the following tables for details.

Borrower Distribution of Consumer Loans in CNB’s Oklahoma City Partial MSA AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
% of AA Households	23.86%		17.34%		19.47%		39.33%	
Vehicle Loans	% of Number	% of Amount						
	32.14%	26.64	42.86%	47.17%	21.43%	24.21%	3.57%	1.98%

Source: Loan sample of 2007- 2008 vehicle loans

Borrower Distribution of Consumer Loans in CNB’s Tulsa MSA AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
% of AA Households	22.47%		17.07%		19.34%		41.11%	
Vehicle Loans	% of Number	% of Amount						
	29.63%	27.77%	29.63%	24.20%	18.52%	18.98%	22.22%	29.05%

Source: Loan sample of 2007- 2008 vehicle loans

Borrower Distribution of Consumer Loans in CNB’s Non-MSA AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
% of AA Households	22.49%		16.55%		19.09%		41.87%	
Vehicle Loans	% of Number	% of Amount						
	20.00%	9.54%	20.00%	16.54%	36.00%	33.16%	24.00%	40.76%

Source: Loan sample of 2007- 2008 vehicle loans

GEOGRAPHIC DISTRIBUTION OF LOANS

The overall geographic distribution of loans is reasonable and meets the standard for satisfactory performance. CNB’s geographic distribution of small business, home mortgage and vehicle loans in CNB’s Lawton MSA AA is reasonable. CNB’s geographic distribution of vehicle loans in the limited-scope AAs is provided in the following tables to illustrate the bank’s performance in penetrating low- and moderate-income geographies in those communities, although lending performance in the limited-scope AAs provides minimal weight in determining the bank’s overall performance.

Lawton MSA AA (Full-Scope AA)

The geographic distribution of small business loans located in low-income census tracts exceeds the percentage of small businesses located in those tracts. The geographic distribution of small businesses loans located in moderate-income tracts is less than the percentage of small businesses located in those tracts for overall satisfactory performance.

Geographic Distribution of Loans to Businesses in CNB’s Lawton 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
Small Business Loans	6.90%	18.75%	31.03%	12.50%	44.83%	40.63%	17.24%	28.12%

Source: Loan sample of 2007-2008 small business loans; Dunn and Bradstreet data

The geographic distribution of home mortgage loans in low-income tracts is poor with no home improvement or home refinance loans originated. However, this is mitigated by the fact that owner occupied housing is extremely low at 1.57 percent, making opportunities to extend home mortgage products limited in the two low-income tracts in the Lawton MSA. The geographic distribution of home mortgage loans to moderate-income tracts is excellent as the percentage of loans originated exceeded the percentage of owner occupied housing in those tracts for all mortgage products.

Geographic Distribution of Residential Real Estate Loans in CNB’s Lawton 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
Home Purchase	1.57%	0.90%	15.78%	32.74%	64.80%	51.57%	17.86%	14.80%
Home Improvement	1.57%	0.00%	15.78%	26.83%	64.80%	48.78%	17.86%	24.39%
Home Refinance	1.57%	0.00%	15.78%	32.50%	64.80%	42.50%	17.86%	25.00%

Source: 2007-2008 HMDA loans; 2000 U.S. Census data

Considering all AAs, the geographic distribution of vehicle loans to low-income tracts is less than the percentage of households in those tracts. The distribution of vehicle loans to moderate-income tracts is excellent as the percentage of loans made in moderate-income tracts exceeds the percentage of households in those tracts.

Geographic Distribution of Vehicle Loans in CNB's Lawton MSA AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Consumer Loans	% 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
		23.38%	3.20%	15.70%	16.15%	20.51%	58.10%	40.40%

Source: Loan sample of 2007 and 2008 vehicle loans

Oklahoma City Partial MSA, Tulsa Partial MSA & Non-MSA (Limited-Scope AAs)

The bank's geographic distribution of vehicle loans is satisfactory for the limited scope AAs. The percentage of vehicle loans to low-income tracts was less than the percentage of households in those tracts for all three AAs. There are no low-income tracts in the Non-MSA AA. The low-income tracts in the Oklahoma City and Tulsa MSA AAs are not in close proximity to the branch locations. The geographic distribution to moderate-income tracts is excellent as vehicle lending in the moderate-income tracts exceeded the percentage of households in those tracts in all three AAs. Please see the following tables for details.

Geographic Distribution of Vehicle Loans in CNB's Oklahoma City Partial MSA AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Consumer Loans	% 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
		23.86%	3.57%	17.34%	42.86%	19.47%	32.14%	39.33%

Source: Loan sample of 2007 and 2008 vehicle loans

Geographic Distribution of Vehicle Loans in CNB's Tulsa Partial MSA AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Consumer Loans	% 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
		22.47%	0.00%	17.07%	25.93%	19.34%	48.15%	41.11%

Source: Loan sample of 2007 and 2008 vehicle loans

Geographic Distribution of Vehicle Loans in CNB's Non-MSA AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Consumer Loans	% 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
		22.49%	0.00%	16.55%	20.00%	19.09%	60.00%	41.87%

Source: Loan sample of 2007 and 2008 vehicle loans

Responses to Complaints

There have been no consumer complaints regarding the bank's Community Reinvestment Act performance during the evaluation period.

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.