



SMALL BANK

Comptroller of the Currency
Administrator of National Banks
Washington, DC 20219

PUBLIC DISCLOSURE

January 18, 2005

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**The City National Bank and Trust Company of Guymon
Charter Number 9964**

**601 North Main Street
Guymon, OK 73942**

**Comptroller of the Currency
Lubbock Field Office
5225 South Loop 289 Suite 108
Lubbock, TX 79424**

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 City National Bank and Trust Company of Guymon (CNB) has a satisfactory record of meeting community credit needs. This is based on the following:

- The bank's loan-to-deposit ratio is reasonable and averaged 59 percent during the evaluation period. Such performance is reasonable given the available loan demand in the assessment area and is comparable with other financial institutions located in the assessment area.
- A substantial majority of CNB's loans are within the bank's assessment area. Based on a sample of loans, 93 percent of the number of loans and 94 percent of the dollar volume of loans were to borrowers within the assessment area.
- CNB has an excellent penetration of loans to farms of different sizes, and individuals of different income (including low- and moderate-income) levels.
- An analysis of the geographic distribution of loans is not meaningful because there are no low- and moderate-income geographies in CNB's assessment area.
- There have been no complaints with respect to CNB's CRA performance.

DESCRIPTION OF INSTITUTION

CNB is a rural community bank in Guymon, Oklahoma, which is approximately 120 miles northeast of Amarillo, Texas. CNB is an intrastate bank with two banking locations in Guymon, with drive-up facilities. The bank is a wholly owned subsidiary of City National Bancshares, Inc. (CNBI), a one-bank holding company located in Guymon, Oklahoma. CNBI reported total assets of \$14.8 million as of December 2004. During the evaluation period, CNB purchased a local financial institution with approximately \$40 million in assets.

As of September 30, 2004, CNB had total assets of \$125 million, with 42.15 percent in the loan portfolio. Traditionally, CNB has primarily been an agricultural and residential real estate lender. However, as of September 30, 2004, approximately 49.7 percent of the number loans extended by CNB were consumer loans, which tend to be for smaller dollar amounts. The following chart details a breakdown of CNB's loan portfolio as of September 30, 2004.

Loan Portfolio Composition as of September 30, 2004		
Loan Category	\$ (000)	%
Residential Real Estate	16,831	32.15
Agricultural Production	9,602	18.34
Commercial Real Estate	9,375	17.91
Commercial and Industrial	6,632	12.67
Consumer	4,746	9.07
Agricultural Real Estate	3,672	7.02
Multi-Family Real Estate	1,353	2.58
Other	136	0.26
Total	52,346	100.00

Source: September 30, 2004 Report of Condition

CNB offers a full range of commercial banking products and related financial services. The bank provides access to banking services through its website www.cnbguymon.com. Internet banking services include account balance inquiries, funds transfer, and bill payment services. Bank lobby and drive-through services are provided Monday through Friday. The bank has two automated teller machines (ATMs), which accept deposits. Based on its financial condition, the local economy, product offerings, and competition, CNB has the ability to meet the various credit needs in its community. The bank was rated “Satisfactory” at the last CRA examination on November 16, 1998.

CNB’s business strategy is to provide outstanding banking services to customers in the Oklahoma Panhandle while increasing the long-term value of the owners’ investment. No legal impediments or other factors hinder CNB’s ability to provide credit in its assessment area. As of September 30, 2004, CNB’s Tier 1 Capital level is \$13.0 million representing 10.28 percent of adjusted average assets. The bank is financially capable of meeting almost any request for credit, subject to certain legal restrictions applicable to all national banks. Refer to the bank’s CRA Public File for more information.

DESCRIPTION OF TEXAS COUNTY ASSESSMENT AREA

CNB has designated Texas County as its assessment area. Texas County is located in the Oklahoma Panhandle, approximately 120 miles northeast of Amarillo, Texas. Guymon is the largest city in Texas County and is the county seat. Smaller communities also located within the assessment area include Hooker, Texhoma, Goodwell, and Hardesty. Specific demographic data and economic data for this area are listed below.

Demographic and Economic Characteristics of Texas County	
Population	
Number of Families	5,259
Number of Households	7,135
Geographies	
Number of Census Tracts	5
% Low-Income Census Tracts	0.0
% Moderate-Income Census Tracts	0.0
% Middle-Income Census Tracts	80.0
% Upper-Income Census Tracts	20.0
Median Family Income (MFI)	
2000 MFI for AA	35,517
2004 HUD-Adjusted MFI	41,300
Economic Indicators	
Unemployment Rate	2.5%
2004 Median Housing Value	61,479
% of Households Below Poverty Level	13.0

Source: 2000 Census data and HUD updated income data.

The bank’s assessment area is comprised five contiguous census tracts (CTs). This area meets the requirements of the regulation and does not arbitrarily exclude low- and moderate-income (LMI) geographies.

Based on 2000 Census data, the assessment area has a total population of 20,107. There are 8,014 housing units in the assessment area, of which 60 percent are owner-occupied, 29 percent are renter-occupied and 11 percent are vacant. Approximately 14 percent of the families in the assessment area

are considered low-income. Moderate-income families approximate 15 percent of the population, while middle- and upper-income families comprise the remaining 71 percent. The local economy is agricultural based. The largest employer is Seaboard, a pork production and processing facility employing in excess of 4,000 individuals. The largest non-agricultural employer is Panhandle Telephone. Competition is high in the assessment area, with three financial institutions located in the area.

Two community members were interviewed for the purpose of determining a community profile, identifying opportunities for participation by local financial institutions, and determining the performance of local financial institutions. The individuals indicated that the local economy has stabilized. One individual stated that there is a need for affordable housing. The individuals also indicated the financial institutions are cooperative and diligent in trying to meet the community's credit needs.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

The evaluation period for this CRA examination is from January 2003 through January 2005, except for the loan-to-deposit ratio. The loan-to-deposit ratio was calculated from December 1998 through September 2004. CNB's performance is satisfactory, and management has been successful in meeting the credit needs of the bank's assessment area, including lending to farms of different sizes and individuals of different income (including low- and moderate-income) levels.

Loan-to-Deposit Ratio

The loan-to-deposit ratio of CNB is reasonable given the bank's size, financial condition, and assessment area credit needs. The bank's quarterly average loan-to-deposit ratio was 59 percent since the prior CRA examination in November 1998. During the evaluation period, CNB's loan-to-deposit ratio ranged from a low of 45.1 percent to a high of 68.7 percent. In April 2003, CNB purchased a local financial institution. This acquisition consisted primarily of deposit accounts, and decreased CNB's loan-to-deposit ratio. The average loan-to-deposit ratio of similarly situated banks within the assessment area for the same period was 60 percent.

The quarterly average loan-to-deposit ratio for each similarly situated bank in or contiguous to the assessment area is listed below. Please note that these banks are listed alphabetically by city and that no ranking is intended or implied.

Loan-to-Deposit Ratios		
Institution	Total Assets \$ (000's) (As of 09/30/04)	Average Loan-to-Deposit Ratio
The City National Bank & Trust Company of Guymon	125,224	58.92%
The First National Bank of Hooker	47,475	51.31%
Bank of the Panhandle	72,948	67.74%
The First National Bank of Texhoma	66,392	61.46%

Source: Institution Reports of Condition from December 1998 to September 2004

Lending in Assessment Area

A substantial majority of the bank's loans were made within its assessment area. In order to assess performance for this criteria, we reviewed 25 agricultural, 25 residential real estate and 25 consumer loans originated between January 2003 and January 2005. Our analysis determined that 93.3 percent

of the number of loans and 93.9 percent of the dollar amount of loans in the sample were extended to borrowers located within the bank's assessment area. The breakdown by loan category is illustrated in the following table.

Lending in Texas County Assessment Area								
	IN ASSESSMENT AREA				OUT OF ASSESSMENT AREA			
LOAN TYPE	#	%	\$ (000s)	%	#	%	\$ (000s)	%
Agricultural	22	88.0%	2,315	92.7%	3	12.0%	182	7.3%
Residential RE	24	96.0%	810	96.2%	1	4.0%	31	3.7%
Consumer	24	96.0%	205	98.1%	1	4.0%	4	1.9%
Total Reviewed	70	93.3%	3,330	93.9%	5	6.7%	217	6.1%

Source: Sample of loans used for CRA performance analysis

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

CNB's loan portfolio reflects an excellent distribution among individuals of various income levels (including low- and moderate-income) and farms of different sizes within its assessment area. To perform our analysis, we reviewed income information of 22 agricultural, 24 residential and 24 consumer-purpose loans in the assessment area.

Agricultural Loans - Based on 2004 Business Demographic Data, there are 209 farms with reported revenues located within the assessment area. Of this number, 84.7 percent of farms reported revenues less than or equal to \$1 million. Of the loans in the agricultural purpose sample, 95.5 percent were to farms reporting annual revenues below \$1 million. This level exceeds the assessment area information and reflects an excellent penetration of agricultural lending to small farms. The following chart reflects the results of our selected sample of agricultural loans originated in the assessment area.

Borrower Distribution of Loans to Business in Texas County Assessment Area				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Farms	84.7%	10.0%	5.3%	100.0%
% of Bank Loans in AA by #	95.5%	4.5%	0.0%	100.0%
% of Bank Loans in AA by \$	67.4%	32.6%	0.0%	100.0%

Source: Loan sample; Dunn and Bradstreet data

Residential Loans - Our analysis reflects an excellent penetration of residential real estate loans to low- and moderate-income families. Based on 2000 Census information, 29.1 percent of families in the assessment area are low- and moderate income. Our review determined that 45.8 percent of residential real estate loans were made to low- and moderate-income households. This level of performance reflects CNB's commitment to make residential real estate loans in the assessment area.

Borrower Distribution of Residential Real Estate Loans in Texas County Assessment Area								
Borrower Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Families	14.0%		15.1%		21.5%		49.3%	
LOANS	% of Number	% of Amount						
Total	20.8%	11.0%	25.0%	27.5%	33.4%	36.3%	20.8%	25.2%

Source: Loan sample;2000 U.S. Census data.

Consumer Loans - Our analysis reflects an excellent penetration of consumer loans to low- and moderate-income households in the assessment area. Based on 2000 Census Information, 30.4 percent of households in the assessment area are low- and moderate income. Our review determined that 41.7 percent of consumer loans were made to low- and moderate-income households. The distribution of consumer loans exceeds the income characteristics of the assessment area for low- and moderate-income households. The following chart reflects the results of our selected sample of consumer loans originated in the assessment area.

Borrower Distribution of Consumer Loans in Texas County Assessment Area								
Borrower Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Households	16.6%		13.8%		17.6%		52.0%	
LOANS	% of Number	% of Amount						
Total	25.0%	12.8%	16.7%	13.1%	25.0%	32.3%	33.3%	41.8%

Source: Loan sample;2000 U.S. Census data

Geographic Distribution of Loans

We did not perform an analysis of the geographic distribution of CNB's loans. There are no low- or moderate-income census tracts in the bank's assessment area. The assessment area consists of four middle- and one upper-income census tracts. Therefore, this type of analysis would not be meaningful.

Responses to Complaints

No complaints relating to CRA performance have been received by CNB.

Fair Lending or Other Illegal Credit Practices Review

We found no evidence of illegal discrimination or other illegal credit practices.