



Comptroller of the Currency
Administrator of National Banks

Small Bank

PUBLIC DISCLOSURE

December 31, 1998

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**City National Bank and Trust Company
Charter Number 5753**

**500 Montgomery Square
5th at D Avenue
Lawton, Oklahoma 73501**

Comptroller of the Currency

**1600 Lincoln Plaza
500 North Akard
Dallas, Texas 75201-3394**

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 Community Reinvestment Act (CRA) performance of City National Bank and Trust Company, Lawton, Oklahoma as prepared by **The Comptroller of the Currency**, the institution's supervisory agency, as of December 31, 1998. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

INSTITUTION'S CRA RATING: This institution is rated Satisfactory.

City National Bank and Trust Company is responsive to the credit needs of the community. This is demonstrated by the types of products and services offered.

The following table indicates the performance level of City National Bank and Trust Company, Lawton, Oklahoma, with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>City National Bank and Trust Company</u> 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 were received since the last CRA examination.		

DESCRIPTION OF INSTITUTION

City National Bank and Trust Company (CNB) is headquartered in Lawton, Oklahoma. J.R. Montgomery Bancorporation, a two-bank holding company, owns 70 percent of CNB and 37 percent of Ft. Sill National Bank.

CNB considers its primary banking community to be the City of Lawton, including all areas up to and including the Pecan Valley Residential Subdivision and the Ft. Sill Military Reservation. Both main and branch offices serve the entire assessment area. The main bank and drive-up is located at 5th and D Avenue, Lawton, Oklahoma. A branch office and drive-up is located at 4113 West Gore Boulevard, Lawton, Oklahoma. A Wal-Mart branch office is located at 1002 Northwest Sheridan Road, Lawton, Oklahoma. CNB has not closed any branch offices in the preceding three years and does not anticipate closing or relocating any branches at this time. CNB has 12 ATM locations in Lawton and one in Cache, Oklahoma.

Overall, the bank has sufficient resources to devote to meeting community credit needs. There are no known legal, financial, or other miscellaneous factors impeding management's ability to help meet the credit needs of the assessment area.

As of December 31, 1998, the bank had total assets of \$121 million, gross loans of \$60 million, and a loan-to-deposit ratio of 58 percent. A breakdown by type of loan is reflected in the table below:

Percentage of Loans by Type as of December 31, 1998	
Real Estate loans	65 percent
Agricultural loans	1 percent
Instalment loans	20 percent
Commercial/Industrial loans	14 percent

Although CNB offers a wide variety of credit products, the primary lending focus is real estate and consumer loans to primarily individuals. CNB's performance under the CRA was previously evaluated as of January 31, 1995. At that time the bank's overall level of performance was rated "satisfactory".

DESCRIPTION OF THE ASSESSMENT AREA

CNB’s assessment area as adopted by the Board of Directors meets the requirements of the regulation. The area is the City of Lawton and Ft. Sill Army Post with a population of 82 thousand. The assessment area consists of 26 census tracts. Approximately one-half of the assessment area is represented by low- and moderate- income census tracts. Low or moderate income geographies are not arbitrarily excluded. The MSA median family income is 36 thousand dollars. Management has identified an extraordinary need for automobile loans due to the lack of mass transportation and the large number of military personnel returning from foreign assignments or living independently for the first time. Lawton is the major regional center for Southwest Oklahoma. The economy is stable with major employers being Ft. Sill Army Post and Goodyear. Community contacts with realtors confirm local banks are responsive to community credit needs.

The 1990 U.S. Census Bureau information reflected the area contained 34,885 housing units with 16,677 or 48 percent owner occupied. Additionally, there were 23,312 families and 30,224 households in the area. Eighty-three percent of the households derive their income from wages or salaries. The largest employment sectors are government, services, retail trade, and manufacturing. The households and families are divided among the income categories as follows:

Description	Low Income (< 50% of Median)	Moderate Income (50-80% of Median)	Middle Income (80- 120% of Median)	Upper Income (> 120% of Median)
% of Households	3.20%	25.65%	46.80%	24.35%
% of Families	2.87%	22.40%	49.32%	25.41%

* 1990 census median family income for the assessment area was \$27,507. Median household income for the assessment area was \$24,981. Census median income for non-MSA locations in the State of Oklahoma was \$26,755. The most recent updated Weighted Average MSA/Non-MSA’s Median Family Income is \$35,500.

The assessment area is served by three other chartered banks with headquarters in Comanche County.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

CNB's loan-to-deposit ratio is reasonable given the institution's size, financial condition, and the credit needs of the assessment area. The average quarterly loan-to-deposit ratio from March 31, 1996, through December 31, 1998, was 58.37 percent. The ratio as of December 31, 1998, was 56.22 percent. The low ratio for the period was 47.40 percent at March 31, 1997. The high ratio for the period was 70.69 percent at December 31, 1996.

CNB's average loan-to-deposit ratio compares reasonably well to the average ratios for the thirty other financial institutions operating in Comanche and contiguous counties. The average ratio for this group of banks was 60.37 percent at December 31, 1998. The low ratio for this group was 24.47 percent and the high ratio was 86.49 percent at December 31, 1998.

Lending in Assessment Area

A substantial majority of credit extended is within the assessment area. The 1996 through 1998 HMDA-LAR reflects 69 percent of the dollar volume and 72 percent of residential mortgage approvals were for properties located within the assessment area. A sample of 34 consumer loans for the recent six months indicates 91 percent of dollar volume and 95 percent of approved loans were to persons located within the assessment area. In addition, a sample of 19 commercial loans for the recent six months indicates 99 percent of the dollar volume and 95 percent of loans to businesses were within the assessment area. The table below illustrates those results.

Loan Sample	% of Loans Inside Area	% of Loans Outside Area	% of Loan Dollars Inside Area	% of Loan Dollars Outside Area
Residential (237 loans for \$13,668,000)	72.15%	27.85%	68.71%	31.29%
Consumer (34 loans for \$431,649)	91.18%	8.82%	95.12%	4.88%
Business (19 loans for \$4,799,732)	94.74%	5.26%	99.63%	0.37%
Combined Totals (290 loans for \$18,899,381)	75.86%	24.13%	77.16%	22.84%

Lending to Borrowers of Different Incomes

CNB's overall distribution of loans to borrowers of different incomes compares reasonably well to the distribution of low- and moderate-income families. The sample of consumer loans reflects a strong penetration of low- and moderate income borrowers. However, the distribution of loans to residential borrowers does not reasonably compare to the distribution of low- and moderate-income families as illustrated in the table below:

Description	% to Low Income Borrowers	% to Moderate Income Borrowers	% to Middle Income Borrowers	% to Upper Income Borrowers
Consumer (34 loans)	32.35%	35.29%	23.53%	8.83%
Consumer (\$431,649)	14.46%	32.81%	30.82%	21.91%
Residential (171 loans)	2.90%	12.28%	18.70%	60.20%
Residential (\$9,391,000)	0.62%	4.40%	10.11%	68.90%
Combined (205 loans)	7.80%	16.09%	19.51%	51.71%
Combined (\$9,822,649)	1.86%	7.08%	12.36%	67.79%

Although, the above table shows a lower distribution to low- and moderate income borrowers, CNB's commitment to lending to persons of all income levels is also demonstrated by the small average loan size and number of loans originated since the previous CRA examination.

The following table uses revenue data collected from the sample of business loans selected for review:

Description	% with revenues of \$1,000,000 or less	% with revenues of more than \$1,000,000
Number of Loans (19)	84.21%	15.79%

The number and volume of loans to both groups compares well to the distribution of companies and farms by revenue obtained from the 1990 census data.

Geographic Distribution of Loans

The geographic distribution of loans reflects a reasonable dispersion in the assessment areas of low- and moderate-income census tracts. The results are reflected in the following table:

Distribution of Loans by Census Tract Types				
Description	% of Tracts with Loans	% of Tract Type with Loans	% of Total Loans to Tract(s)	% of Population in Tracts
Low Income Tracts (1 or 3.85%)	3.85% (1 of 26)	100.00% (1 of 1)	1.20%	2.65%
Moderate Income Tracts (10 or 38.46%)	34.62% (9 of 26)	90.00% (9 of 10)	26.90%	22.28%
Middle Income Tracts (9 or 34.67%)	30.77% (8 of 26)	88.89% (8 of 9)	44.40%	52.55%
Upper Income Tracts (5 or 19.23%)	19.23% (5 of 26)	100.00% (5 of 5)	27.50%	22.52%
Uncategorize Tracts (1 or 3.85%)	0.00%	0.00%	0.00%	0.00%
Total Tracts (26 or 100%)	88.46% (23 of 26)	88.46% (23 of 26)	100.00%	100.00%

FAIR LENDING MATTERS

No practices were noted which were intended to discourage types of credit offered. Management solicits credit applications from all segments of the community, including low- and moderate-income individuals. Our review revealed substantial compliance with all the provisions of the antidiscrimination laws and regulations.

Response to Complaints

No complaints concerning the CRA have been received since the last examination.