



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

January 21, 2003

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**The City National Bank Of Mineral Wells
Charter Number 12734**

**1900 East Hubbard Street
Mineral Wells, TX 76068**

**Comptroller of the Currency
ADC – Donald S. Smith, Dallas South Field Office
500 North Akard Street Suite 1600
Dallas, TX 75201**

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.

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INSTITUTION'S CRA RATING

This institution is rated Satisfactory.

City National Bank's lending performance reflects responsiveness to community credit needs. The lending performance is satisfactory given the size, financial condition, and known credit needs of its assessment area. The primary factors supporting the bank's overall rating include:

- An average loan-to-deposit ratio of 62.20% is reasonable and slightly exceeds area banks.
- Based upon the sample of forty loans reviewed, 80% of the loan sample was made within the bank's designated assessment area. The sample also revealed that the 65% of the sampled loans were made to low/moderate income families.
- The OCC received no consumer complaints regarding City National Bank's CRA performance during the evaluation period.

The bank's prior CRA rating as of June 9, 1997 was "Satisfactory".

DESCRIPTION OF INSTITUTION

As of June 30, 2001, The City National Bank of Mineral Wells became a subsidiary bank of First Financial Bankshares, Inc., Abilene, Texas. As of December 31, 2002, the bank had total assets of \$101,683,000. The loan mix of the bank's loan portfolio is depicted in the chart below. The bank offers a variety of products including consumer, real estate and commercial loans. The bank participates in the Small Business Administration (SBA) guaranteed loan program. The bank also offers a typical assortment of deposit accounts, such as checking, savings, debit cards, NOW, money market, and various time deposit accounts. ATM services are offered at the drive-in of the main bank building with a second ATM drive-in approximately one block south of the main bank building. City National Bank's financial condition does not inhibit its ability to meet the credit needs of the community it serves. There are no legal impediments that would hinder its ability to meet community credit needs.

Loan Category	\$ (000)	%
Commercial Real Estate Loans	4,403	8.68
Commercial Loans	2,542	5.01
Residential Real Estate Loans	36,925	72.80
Consumer Loans	6,854	13.51
Total	50,724	100.00

DESCRIPTION OF THE ASSESSMENT AREA

City National Bank is located in Mineral Wells, Texas at the eastern edge of Palo Pinto County. The community is located approximately 50 miles west of Fort Worth, Texas. The bank's assessment area is described as the entire City of Mineral Wells and two census tracts in Parker County that border Mineral Wells to the south. There are a total of eight census tracts within the assessment area. Two of the tracts are described as moderate and six tracts are middle income. There are no low income census tracts within the assessment area. However, examiner observation indicates the presence of numerous low income households.

The population of Mineral Wells is approximately 16,946 based on 2000 U. S. Census Bureau data. The local economy is fairly stable and there has been a slight increase in recent employee lay-offs. The largest employers are the Mineral Wells Independent School District, Can-Tex Industries, Centron Corporation, Perry Equipment Corporation, S-Tech Corporation, and DRS Technologies. Many area residents commute into the DFW Metroplex area for employment.

DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS OF AA	
<i>Population</i>	
Number of Families	9,862
Number of Households	12,609
<i>Geographies</i>	
Number of Census Tracts/BNA	8
% Low-Income Census Tracts/BNA	0
% Moderate-Income Census Tracts/BNA	2
% Middle-Income Census Tracts/BNA	6
% Upper-Income Census Tracts/BNA	0
<i>Median Family Income (MFI)</i>	
1990 MFI for AA	27,188
1990 HUD-Adjusted MFI	27,832
2000 HUD-Adjusted MFI	42,400
<i>Economic Indicators</i>	
Unemployment Rate	6.4%
1990 Median Housing Value	\$46,166
% of Households Below Poverty Level	15.83%

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

City National Bank's loan-to-deposit ratio is reasonable given the bank's size, financial conditions, and assessment area credit needs. The ratio meets the standards for satisfactory performance. The average loan-to-deposit ratio compares favorably as it slightly exceeds that of other local financial institutions. The chart below reflects the ratio comparisons:

Institution	Assets (as of 09/30/03)	Average LTD Ratio
First State Bank of Mineral Wells	\$51,026	58.50%
First American Bank of Grayford	\$27,954	56.38%
First National Bank of Santo	\$54,996	61.08%
City National Bank of Mineral Wells	\$99,300	62.20%

Lending in Assessment Area

Based on our review of City National Bank's lending patterns, the bank meets the standards for satisfactory performance for lending within its designated assessment area. The table below is based on a sample of twenty 1-4 family residential real estate loans, and twenty consumer loans. The table reflects the percentages of the sampled loans that were made in and out of the assessment area, as well as the dollar volume:

TOTAL LOANS REVIEWED (July 1997 – January 2003)								
	IN ASSESSMENT AREA				OUT OF ASSESSMENT AREA			
LOAN TYPE	#	%	\$ (000s)	%	#	%	\$ (000s)	%
Residential R/E	14	70%	617	74.07%	6	30%	216	25.93%
Consumer	18	90%	166	91.71%	2	10%	15	8.29%
Total Reviewed	32	80%	783	-	8	20%	231	-

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

The 1-4 family residential real estate chart is based on a sample of twenty loans. Commercial loans were not reviewed due to the small volume of loans. The total dollar amount of the loan sample is \$833 thousand. The chart below reflects the percent of the loan sample made to low, moderate, middle and upper income families. Fifty percent of the number of loans in the sample was made to low/moderate income families. The chart also reflects the percent of the dollar amount of the loan sample.

RESIDENTIAL REAL ESTATE (July 1997 – January 2003)								
Borrower Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Families ¹	22.8%		21.61%		23.62%		31.97%	
LOANS BY PRODUCT	% of Number	% of Amount						
1-4 Fam R/E	30%	26%	20%	16%	10%	9%	40%	49%

¹The demographic data for families by income level is derived from CRA Wiz Report, *Assessment Area In Depth*, page 1.

The chart below is based on a sample of twenty consumer loans. It illustrates the percent of loans made to each income group and the percent of the total dollar amount of the sampled loans. The total dollar amount of the loan sample is \$181 thousand. Eighty five percent of the number of loans in the sample was made to low/moderate income households.

CONSUMER (July 1997 – January 2003)								
% of AA Households ²	24% - LOW		17.7% - MODERATE		36.6% - MIDDLE		15.8% - UPPER	
LOANS BY PRODUCT	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
Consumer Loans	65%	73%	20%	17%	5%	3%	10%	7%

²The percentage of households by income level can be found on the *Assessment Area In Depth* report, page 1.

Geographic Distribution of Loans

The data reflected in the table under “Lending in Assessment Area” illustrates the level of loans made in/out of the bank’s assessment area. We found that 90% of our sample of consumer loans was made in the assessment area, while 70% of the sample of 1-4 family real estate loans was made in the assessment area. The in/out ratio for the entire sample of forty loans was 80%. The bank does not geocode their loans by census tract and income group levels during the ordinary course of business. Therefore, an analysis of the bank’s entire loan portfolio could not be made.

Qualified Investments and CD Services

The bank has invested \$100,000 in the The Community Reinvestment Act Qualified Investment Fund. The investment meets the standards for satisfactory performance.

Responses to Complaints

The OCC received no consumer complaints regarding the bank’s lending performance during the rating period.

Fair Lending Review

An analysis of 1997 - 2002 public comments and consumer complaint information was performed according to the OCC's risk based fair lending approach. Based on its analysis of the information, the OCC decided that a comprehensive fair lending examination would not need to be conducted in connection with the CRA evaluation this year.