





FINANCIAL STATEMENT





CITY BANK

CITY NATIONAL BANK

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To Our Shareholders:

During the year 1972 the nation's economy became increasingly regulated through price and wage controls. This resulted in a stabilization of money cost and interest rate fluctuations. It is our opinion this same environment will persist during 1973.

In 1972 the Austin area continued its accelerated growth pattern—considerably outpacing the majority of the nation's metropolitan areas. We are pleased to report that City National Bank shared this growth pattern with total resources increasing 31 percent and total deposits 36 percent over 1971.

1972 marked the first complete year in the new City National Bank building—a structure which unquestionably complements the banking services we now offer Austin and Central Texas.

Max Starcke, one of our long-time directors, passed away June 29, 1972. We accept his loss with profound sorrow and recall his immeasurable contributions and services to the community and this bank.

Charles Muller, manager of the IBM Office Products Division, was elected to our board of directors. A valued addition to the board, he brings to City Bank many years of experience in corporate management.

We appreciate the continuing contributions of our shareholders, and customers to the growth of City National Bank. In this report we picture six members of our banking family, who typify the "more bank" spirit of giving generously to the community in time, talents and energy. We believe this spirit, to no small degree, has been responsible for our past growth.

1973 and the years ahead will bring new challenges and opportunities. We pledge a sustained effort to make City National Bank truly "more bank" for Austin.

John S. Burns *John C. Scurlock*



JOHN S. BURNS
Chairman of the Board



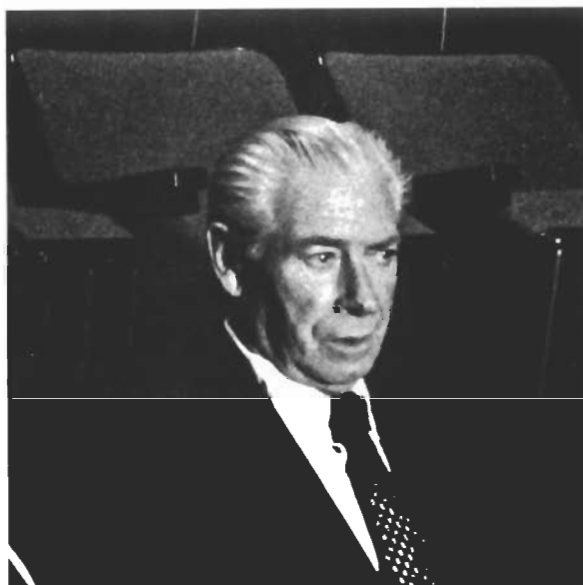
JOHN C. SCURLOCK
President





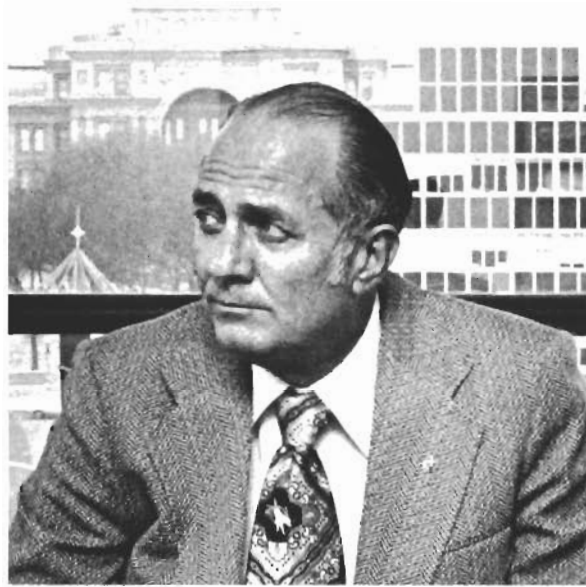
Robert M. Kinnan, senior vice president and correspondent banker, was part of the City National Bank management group which worked with community leaders for establishment of the first bank in East Austin. Plans call for construction of Union National Bank to begin in 1973. At left, Union National Bank directors Victor Ravel, Gus Garcia and Dr. John King show an architectural model of their new bank to Kinnan.





A. J. (Bert) Maloney, senior vice president, is immediate past president of the board of trustees of St. Edward's University. This lay board is the governing organization of the 1,350-student private school. At left, Brother Stephen Walsh, C.S.C., newly-installed president of St. Edward's University, discusses details of several innovative student programs with Maloney in the new Mary Moody Northen Theatre on campus.





W. C. (Dub) Brown, senior vice president and head of the real estate department, is a member of the Austin Association of Homebuilders and of other local, state and national real estate organizations. At left, Trigg Forister, president of the Austin association; Brown; and Ken Zimmerman, executive vice president of the association, note that Austin's 1972 "construction boom" earned the city eleventh place ranking in building in the nation.





Frank D. Phillips, executive vice president, is the Travis County chairman of the "Buy U.S. Savings Bond Campaign," a program directed by the Bond Division of the U.S. Treasury Department. At left, Central Texas bond area manager J. V. McWhorter meets with volunteers—Tom Johnson, advertising chairman; J. C. Dingwall, state employees chairman; and Phillips—to plan the 1973 payroll savings deduction and direct purchase sales drives.





John A. Wolf, senior vice president and trust officer, is presiding chairman of the local board of the National Conference of Christians and Jews. In 1973 the organization honored Dr. Stephen H. Spurr, president of the University of Texas at Austin, for "distinguished service in the field of human relations." At left, Dr. Spurr and Wolf discuss the NCCJ goals of halting indifference toward religious and racial minorities.







Ronald C. Schultz, senior vice president and investment officer, is treasurer of the YMCA of Austin and a former board member of the Young Men's Business League. Both organizations are concerned with helping underprivileged young persons grow in participatory roles, the YMCA through physical fitness programs and the YMBL through a summer "sunshine" camp. At left, Schultz coaches a YMCA team of ten youngsters—the Bobcats.

Officers

Chairman of the Board

JOHN S. BURNS
MARGUERITE DEGEURIN, Assistant Cashier, Secretary to Chairman

President

JOHN C. SCURLOCK
ALLEEN MUENZLER, Assistant Cashier, Secretary to President

Executive Vice President

FRANK D. PHILLIPS

Loan Division

Commercial Loan Dept.

RICHARD LOGAN, Vice President
WILLIAM BREWER, Vice President
JOHN C. OLIVER, Vice President

Installment Loan Dept.

GAYLORD MAGNUSON, Vice President
BOB COATS, Vice President
JAMES R. KERWIN, JR., Assistant Cashier
WILLIAM A. WALTRIP, Assistant Cashier

Real Estate Loan Dept.

W. C. BROWN, Senior Vice President
DOYLE GREEN, Vice President

Credit Dept.

GEORGE H. FULFORD, JR., Assistant Cashier

Master Charge Dept.

HAROLD L. PAGE, Jr., Assistant Vice President

Business Development and Marketing Division

A. J. MALONEY, Senior Vice President
T. JONES, Vice President
STEVE RIVERS, Assistant Cashier

Correspondent Banking Dept.

ROBERT M. KINNAN, Senior Vice President
LARRY FRANKS, Assistant Vice President
F. HAGEN McMAHON, JR., Assistant Vice President

Operations Division

HAROLD D. ROEGLIN, Vice President and Cashier
PHILLIP M. HARDY, Assistant Cashier

Customer Service Dept.

ROBERT M. WEST, Assistant Cashier
MRS. ROSA PRIEST, Assistant Cashier
JOE GEORGE, Assistant Cashier

Proof And Transit Dept.

LEWIS D. GILLETT, Assistant Vice President

Data Processing

JAMES O. REEVES, Vice President
ED PINER, Assistant Vice President

Auditing Dept.

GLEN KALLMAN, Auditor
JIMMY OLIVER, Assistant Auditor
GILBERT M. MARTINEZ, Assistant Auditor

Trust Division

JOHN A. WOLF, Senior Vice President and Trust Officer
GARY H. SHORES, Vice President and Trust Officer
LOUIS T. JAMES, Vice President
JOE C. BENSON, JR., Trust Officer
BILL OREAR, Trust Officer
WILLIAM J. ATTAL, Assistant Trust Officer
ED COLLINS, Assistant Trust Officer

Investments Division

RONALD C. SCHULTZ, Senior Vice President and Investment Officer
RICHARD MACK, Assistant Vice President and Investment Officer
GARY PEESE, Assistant Cashier

Directors

John S. Burns

Chairman of the Board

Roy Butler

Roy Butler Motors
Mayor, City of Austin

Jack R. Crosby

President, Communications Properties, Inc.

John Davol

Vice President & Treasurer, Calcasieu Lumber Co.

George H. Fulford

Investments

Tom Johnson

Executive Vice President, Texas Broadcasting Corporation

Robert M. Kinnan

Senior Vice President

Charles S. LeNoir, Jr.

Vice President, C. S. LeNoir Construction Co.

Wm. H. Luedecke

President, Luedecke Engineering Co.

A. J. (Bert) Maloney

Senior Vice President

Clarence McCullough

Real Estate & Investments

Kerry G. Merritt

President, Stripling Blake Lumber Co.

E. A. Moeller

President, Superior Dairies

Robert Mueller

Attorney

R. G. Mueller, Jr.

Real Estate & Investments

Charles A. Muller

General Manager, Office Products Division,
Austin Plant, IBM Corporation

Frank D. Phillips

Executive Vice President,
Secretary of the Board

John C. Scurlock

President

Robert C. Sneed

Attorney, Sneed, Vine, Wilkerson and Selman

E. E. Stuessy

President, E. E. Stuessy Co., Inc.

J. Neils Thompson

Professor of Civil Engineering,
Director Balcones Research Center,
University of Texas

John A. Wolf

Senior Vice President & Trust Officer

J. P. Yeates

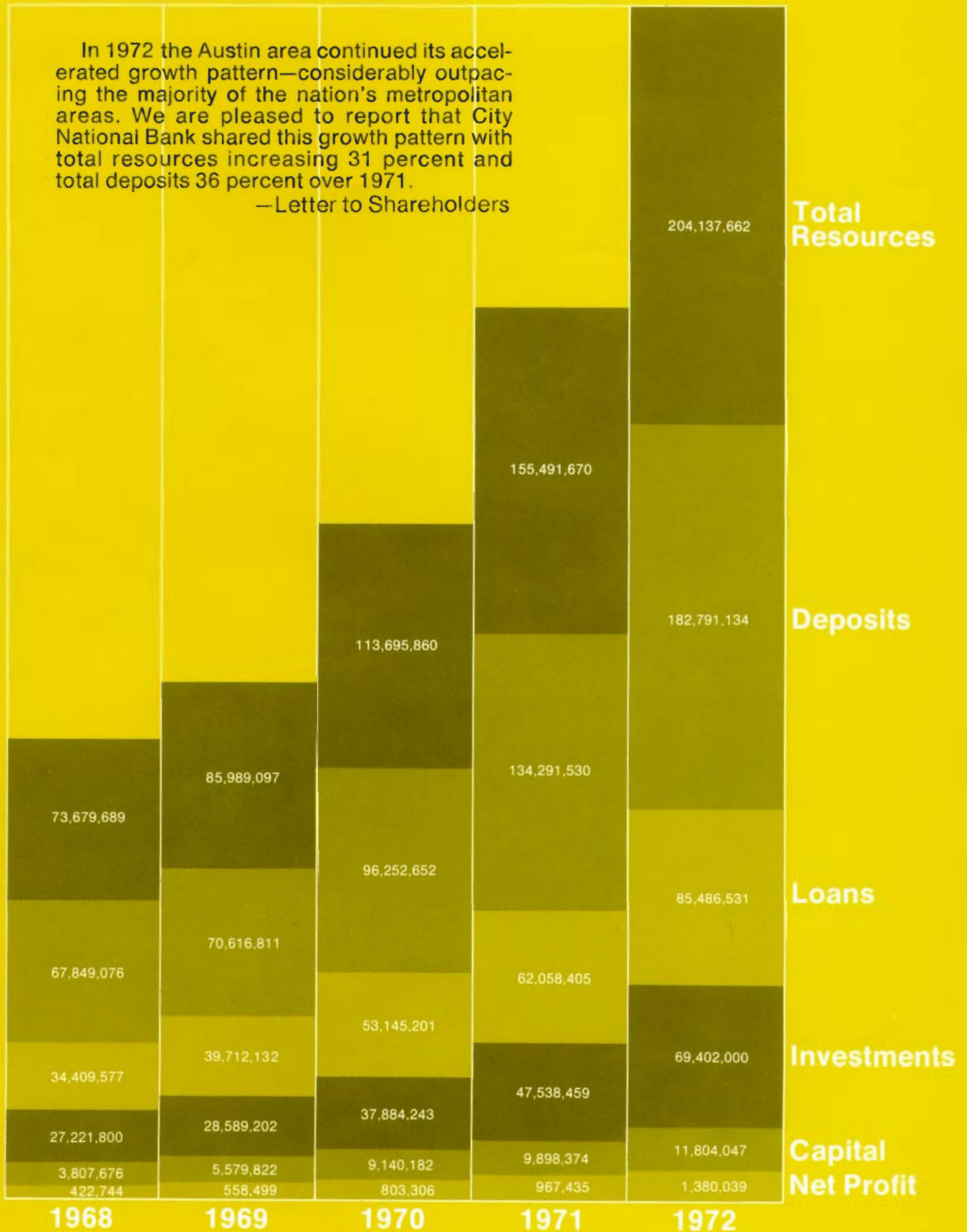
President, Austin Laundry & Dry Cleaning Co.

Bill Youngblood

President, Terminix of Austin, Inc.

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—Letter to Shareholders



Comparative Balance Sheet

Close of Business on December 31, 1972

Resources

	1972	1971
Cash and due from banks	30,856,714.90	29,249,652.31
United States Treasury Securities	21,222,564.80	17,093,429.03
Securities of U.S. Government agencies and corporations	15,645,297.89	7,781,681.19
Obligations of States and political subdivisions	30,312,323.62	21,155,698.99
Federal Reserve Bank Stock	199,900.00	190,350.00
Other securities	2,221,828.06	1,317,300.00
Commercial loans	51,936,781.68	39,620,359.98
Installment loans	11,648,942.38	8,092,252.93
Interim Construction loans	11,898,612.95	7,186,962.87
Real Estate mortgage loans	10,002,194.30	7,158,828.87
Federal Funds sold	8,000,000.00	7,500,000.00
Letters of credit	1,504,237.35	1,117,078.57
Bank premises and equipment	6,425,053.59	6,256,799.24
Real estate owned other than bank premises	351,345.08	390,383.42
Interest earned not collected	1,727,217.24	1,294,630.59
Other assets	184,648.04	86,262.38
Total	204,137,661.88	155,491,670.37

Liabilities

Deposits:

Demand:

Individual, Corporation and Political Subdivisions	77,777,588.77	59,409,583.77
Banks	12,493,430.12	11,110,800.58
U.S. Government	606,105.09	759,373.94
Total Demand	90,877,123.98	71,279,758.29

Time:

Savings Deposits	6,361,647.34	5,208,724.20
Time Deposits	85,552,362.96	57,803,047.40
Total Time	91,914,010.30	63,011,771.60
Total Deposits	182,791,134.28	134,291,529.89
Federal funds purchased	4,100,000.00	2,350,000.00
Federal reserve deferred credits	—0—	4,422,959.92
Reserve for taxes, insurance, interest	2,012,649.83	1,640,940.27
Unearned interest	862,749.86	556,386.01
Mortgage indebtedness	40,500.00	550,625.00
Letters of credit	1,504,237.35	1,117,078.57
Total deposits and other liabilities	191,311,271.32	144,929,519.66
Reserve for bad debt losses	1,022,344.03	663,776.50
Total	192,333,615.35	145,593,296.16

Capital Accounts

Capital Stock	3,331,020.00	3,172,400.00
	1972	1971
No. of shares authorized	333,102	317,240
No. of shares outstanding	333,102	317,240
Surplus	3,331,020.00	3,172,400.00
Undivided Profits	4,142,006.53	3,511,169.01
Capital Debenture	1,000,000.00	—0—
Reserve for contingencies	—0—	42,405.20
Total Capital Accounts	11,804,046.53	9,898,374.21
Total liabilities, reserves and capital accounts	204,137,661.88	155,491,670.37

Reconciliation

	1972	1971
of capital accounts		
Balance beginning of year	9,898,374.21	9,140,181.91
Additions:		
Transfer from Statement of Earnings	1,380,039.30	967,434.77
From sale of stock	-0-	-0-
Capital Debenture	1,000,000.00	-0-
Other additions	-0-	16,658.95
Total additions	2,380,039.30	984,093.72
Deductions:		
Cash dividends declared	190,978.48	174,482.00
Transfer to Reserve for Bad Debts	283,388.50	51,419.42
Total deductions	474,366.98	225,901.42
Balance end of year	11,804,046.53	9,898,374.21

of reserve for loan losses pursuant to IRS rulings		
Balance beginning of year	663,776.50	608,414.96
Recoveries	75,157.10	31,252.39
Transfers to reserve	459,047.50	226,798.95
Total of above	1,197,981.10	866,466.30
Losses charged to reserve	175,637.07	202,689.80
Balance at end of year	1,022,344.03	663,776.50

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ENVELOPES



