



CITY NATIONAL BANK OF AUSTIN
P.O. Box 1727 • Austin, Texas 78767 • (512) 476-7171 • FDIC

MESSAGE TO STOCKHOLDERS

The observation in our 1973 annual report that "1974 will be a year of change and challenge for Austin, the nation, and the world" appears to be a gross understatement.

During the past twelve months we experienced the results of inflationary pressures on our economy, and the concerted efforts to eliminate this problem have resulted in a current recessionary climate.

Austin was most fortunate during 1974 in that our economy was not as sensitive to many of these pressures as were other parts of the nation, but during the year we have definitely experienced effects of anti-inflationary monetary action by the government. It now appears a definite relaxing of these efforts are underway.

We are pleased to report that 1974 continued to be a growth year for City National Bank. Deposits increased from \$211,150,993 to \$244,505,001. Total resources rose from \$238,452,747 to \$278,377,544. An increase in earnings over the previous year was also reflected with \$1,804,814 earned in 1974 compared to \$1,560,395 in 1973.

In January 1974 we opened our new drive-thru/parking garage which connects with our existing drive-thru facility and now provides twelve lanes of drive-in banking. Simultaneously with this expansion program, we extended banking hours for the new facility to include Saturday. We now provide twelve lanes of drive-in banking, open twelve hours a day, six days a week.

In May, we introduced our "MoreAccount" which packages ten bank services for \$2.50 a month. It includes unlimited check writing, no service charge, free personalized checks, and a \$10,000 accidental death insurance policy. The "MoreAccount" has become an integral part of our full service banking concept.

In our continuing effort to offer the best in banking services at the lowest possible cost we announced "Free Bank by Mail" on August 9. Customers who bank by mail now receive a postage paid envelope with every deposit receipt. This added incentive to bank with City Bank has been well received by both existing and new customers.

On behalf of our directors and staff we again express to customers and shareholders our appreciation of your continued support of City Bank. We will continue to emphasize an asset management philosophy of progressive conservatism as we have in the past, which should provide continued sound growth and profitability for your bank.



John C. Scurlock, President (left)
John S. Burns, Chairman of the Board

John S. Burns
John C. Scurlock



OFFICERS

Chairman of the Board
JOHN S. BURNS

MARGUERITE DEGEURIN
Assistant Vice President
Secretary to Chairman

President
JOHN C. SCURLOCK

ALLEEN MUENZLER
Assistant Vice President
Secretary to President

Executive Vice President
FRANK D. PHILLIPS

LOAN DIVISION
Commercial Loan Dept.
JACK COLLINS
Senior Vice President

RICHARD LOGAN
Senior Vice President

JOHN C. OLIVER
Vice President

WANDA VOIGHT
Assistant Vice President

DOUGLAS DANFORTH
Assistant Cashier

SARA GRAY
Assistant Cashier

STEVE HALLADAY
Assistant Cashier

Installment Loan Dept.
GARY BECK
Assistant Vice President

GEORGE H. FULFORD, JR.
Assistant Cashier

JAMES GREENWOOD
Assistant Cashier

LINDA HENDERSON
Assistant Cashier

PAUL ROBICHAU
Assistant Cashier

WILLIAM R. WALTRIP
Assistant Cashier

Real Estate Loan Dept.
W. C. BROWN
Senior Vice President

DOYLE GREEN
Vice President

ELEANOR POOLE
Assistant Cashier

Credit Dept.
BOBBY MITCHELL
Assistant Cashier

Master Charge Dept.
HAROLD L. PAGE, JR.
Assistant Vice President

KEN DECKER
Assistant Cashier

MARKETING DIVISION
Business Development
T. JONES
Vice President

ROBERT HEARN
Assistant Vice President

MARTHA JAMES
Assistant Vice President

STEVE RIVERS
Assistant Vice President

DAVID BALLEW
Assistant Cashier

JOHN BRINK
Assistant Cashier

Correspondent Banking Dept.
ROBERT M. KINNAN
Senior Vice President

LARRY FRANKS
Vice President

EDDIE PHILLIPS
Assistant Cashier

OPERATIONS DIVISION
HAROLD D. ROEGLIN
Vice President and Cashier

PHILLIP M. HARDY
Assistant Vice President

Auditing Dept.
GLEN KALLMAN
Auditor

BILL RHODES
Assistant Cashier

Customer Service Dept.
ROBERT M. WEST
Assistant Vice President

ROSA PRIEST
Assistant Cashier

Data Processing
ED PINER
Vice President

WILLIAM R. McFARLAND
Assistant Vice President

IRENE WENDLAND
Assistant Vice President

DAN KEYSER
Assistant Cashier

Collection and Exchange Dept.
TOM HRIN
Assistant Cashier

Personnel Dept.
JOE GEORGE,
Assistant Vice President

Proof and Transit Dept.
LEWIS D. GILLET,
Assistant Vice President

NORMA POOLE
Assistant Cashier

TRUST DIVISION
JOHN A. WOLF,
Senior Vice President and
Trust Officer

GARY H. SHORES
Vice President and Trust Officer

WILLIAM ARMER
Vice President and Trust Officer

JOHN W. ECCLES
Vice President and Trust-
Investment Officer

FLOYD SHELTON
Senior Trust Consultant

LOUIS T. JAMES
Vice President

WILLIAM J. ATTAL
Trust Operations Officer

ED COLLINS
Assistant Trust Officer

INVESTMENT DIVISION
C. WILLARD HOUSER
Senior Vice President

GARY PEESE
Assistant Vice President

JAN JORDAN
Assistant Cashier



DIRECTORS

John S. Burns
Chairman of the Board

John M. Barr
Vice President of Finance
Texas Broadcasting Corporation

W. C. Brown*
Senior Vice President

Roy Butler
Roy Butler Motors
Mayor, City of Austin

Jack R. Crosby
Chairman, Communications
Properties, Inc.

John Davol
Senior Vice President,
Calcasieu Lumber Co.

George H. Fulford
Investments

C. Willard Houser*
Senior Vice President

Tom Johnson
Publisher, Dallas Times Herald,
Dallas

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. Maloney
Investments

Clarence McCullough*
Real Estate and Investments

Kerry G. Merritt
President, Stripling-Blake
Lumber Co.

E. A. Moeller
President, Superior Dairies

Robert Mueller
Attorney

R. G. Mueller, Jr.
Real Estate and Investments

William G. Nagel
Nagel Manufacturing and
Supply Co.

Frank D. Phillips
Executive Vice President,

John C. Scurlock
President

Robert C. Sneed
Attorney, Sneed, Vine,
Wilkerson, Selman and Perry

E. E. Stuessy
Investments

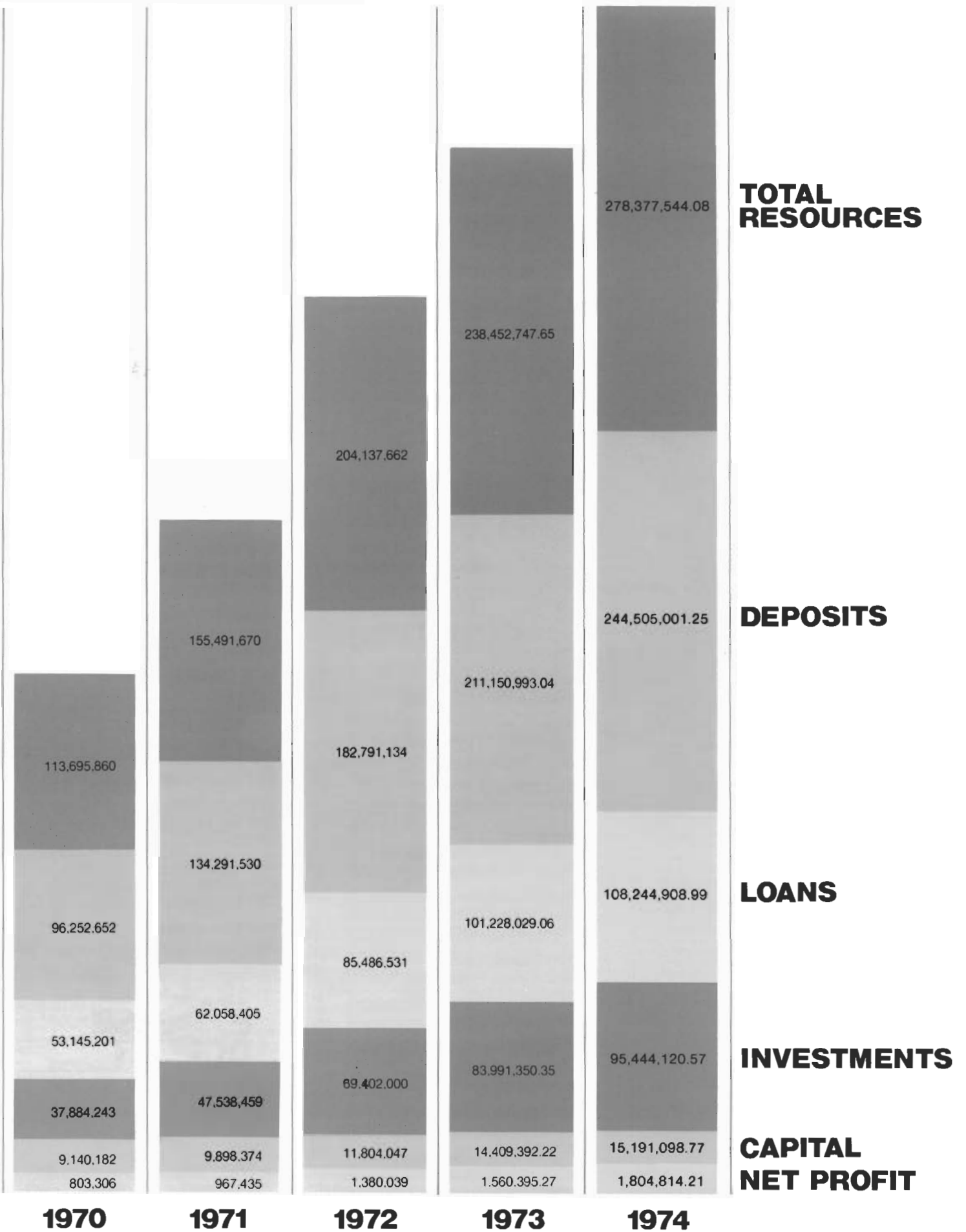
J. Neils Thompson
Professor of Civil Engineering,
Director of Balcones Research
Center, University of Texas

John A. Wolf
Senior Vice President and
Trust Officer

J. P. Yeates
President, Austin Laundry &
Dry Cleaning Co.

Bill Youngblood
President, Terminix of Austin, Inc.

*Advisory Director



66% Interest
and Fees on Loans



28% Interest and
Dividends on
Securities

6% Other
Operating Income

CITY BANK 1974 INCOME DOLLAR

60% Interest
on Deposits



3% Net Occupancy
Bank Premises

2% Profit Sharing
and other
Employee Benefits

21% Other
Operating
Expenses

14% Salaries
and Bonuses

CITY BANK 1974 EXPENSE DOLLAR

COMPARATIVE BALANCE SHEET

Close of Business on December 31, 1974

	1974	1973
RESOURCES		
Cash and Due from Banks	\$ 40,160,920.76	\$ 31,672,273.07
United States Treasury Securities	16,987,148.98	22,360,801.04
Securities of U.S. Government Agencies and Corporations	32,389,483.47	15,779,086.39
Obligations of States and Political Subdivisions	44,971,776.01	44,887,901.20
Federal Reserve Bank Stock	230,850.00	219,850.00
Other Securities	1,095,712.11	963,561.72
Commercial Loans	64,742,959.85	62,435,852.04
Installment Loans	15,457,251.42	14,583,214.01
Interim Construction Loans	14,710,803.62	13,753,440.62
Real Estate Mortgage Loans	13,333,894.10	10,455,522.39
Federal Funds Sold	20,050,000.00	10,000,000.00
Letters of Credit	3,052,915.48	1,260,619.96
Bank Premises and Equipment	7,495,158.59	7,340,610.21
Real Estate owned other than Bank Premises	61,311.71	91,967.57
Interest Earned not Collected	3,513,350.31	2,569,222.46
Other Assets	124,007.67	78,824.97
Total	\$278,377,544.08	\$238,452,747.65
LIABILITIES		
Deposits:		
Demand:		
Individual, Corporation and Political Subdivisions	\$ 95,510,292.15	\$ 76,654,421.68
Banks	13,469,805.63	12,931,776.31
U.S. Government	451,796.01	520,384.13
Total Demand	109,431,893.79	90,106,582.12
Time:		
Savings Deposits	10,220,538.96	9,498,521.97
Time Deposits	124,852,568.50	111,545,888.95
Total Time	135,073,107.46	121,044,410.92
Total Deposits	244,505,001.25	211,150,993.04
Federal Funds Purchased	8,855,000.00	6,180,000.00
Federal Reserve deferred credits	818,878.07	379,841.45
Reserve for Taxes, Insurance and Interest	2,931,446.85	2,713,459.92
Unearned Interest	1,216,417.40	1,121,637.74
Mortgage Indebtedness	20,250.00	30,375.00
Letters of Credit ¹	3,052,915.48	1,260,619.96
Total Deposits and Other Liabilities	261,399,909.05	222,836,927.11
Reserve for Bad Debt Losses	1,786,536.26	1,206,428.32
Total	\$263,186,445.31	\$224,043,355.43
CAPITAL ACCOUNTS		
Capital Stock	3,847,330.00	3,664,120.00
1974 1973		
No. of shares authorized	384,733	366,412
No. of shares outstanding	384,733	366,412
Surplus	3,847,330.00	3,664,120.00
Undivided Profits	6,496,438.77	6,081,152.22
Capital Debenture	1,000,000.00	1,000,000.00
Total Capital Accounts	15,191,098.77	14,409,392.22
Total Liabilities, Reserves and Capital Accounts	\$278,377,544.08	\$238,452,747.65

¹Standby Letters of Credit—The Standby Letters of Credit outstanding on December 31, 1974 are \$2,460,334.07

COMPARATIVE STATEMENT OF EARNINGS

Twelve-Month Period ending December 31, 1974

	1974	1973
EARNINGS		
Interest & Charges on Loans:		
Commercial Loans	\$ 6,320,498.05	\$ 4,495,121.98
Installment Loans	1,800,973.12	1,549,130.66
Real Estate Loans	2,893,729.92	2,173,351.92
Total Income from Loans	11,015,201.09	8,217,604.56
Interest from Federal Funds Sold	1,187,019.56	657,830.41
Interest and Dividends:		
U.S. Treasury Securities	1,762,675.64	1,575,718.83
Securities of U.S. Government Agencies and Corporations	1,653,054.96	902,051.28
Obligations of State and Political Subdivisions	1,730,611.29	1,370,583.75
Other Securities	119,429.58	213,312.97
Total Interest and Dividends from Securities	5,265,771.47	4,061,666.83
Trust Department Income	155,467.51	134,498.46
Services charges on Deposit Accounts	403,192.18	321,250.01
Other service charges, and collection fees, etc	486,323.06	368,374.95
Other Operating Income	32,293.49	24,019.84
Total	\$ 18,545,268.36	\$ 13,785,245.06
OPERATING EXPENSES		
Salaries and Wages	\$ 2,286,742.74	\$ 1,872,169.72
Profit Sharing and other employee benefits	321,598.34	257,347.61
Interest on Deposits	10,094,417.93	6,723,622.08
Interest on Federal Funds purchased	898,038.71	659,661.68
Interest on Capital Debenture	76,041.65	76,041.64
Net Occupancy expense of Bank Premises	479,550.57	317,620.83
Furniture and equipment, depreciation, rental costs, servicing etc.	489,948.53	447,149.25
Taxes on Capital	144,848.77	125,725.14
Advertising	178,088.36	189,130.36
Printing, stationary and supplies	170,621.98	234,433.75
Postage and Telephone	228,856.07	149,329.82
Provision for Loan Losses ¹	349,306.19	246,166.86
Other	1,022,884.72	829,505.37
Total Operating Expense	\$ 16,740,944.56	\$ 12,127,904.11
Income before gain on Securities and before Sales of Assets	\$ 1,804,323.80	\$ 1,657,340.95
Net Gains on Securities	490.41	(97,693.48)
Net Income before Extraordinary Items	1,804,814.21	1,559,647.47
Sale of Assets	-0-	747.80
Net Income	\$ 1,804,814.21	\$ 1,560,395.27
Earnings per Common Share:		
Net Operating Income ²	\$ 4.69	\$ 4.36
Security Gains or Losses ²	-0-	(.26)
Net Income ²	\$ 4.69	\$ 4.10

¹Provision for Loan Losses

The Provision for Loan Losses charged to operating expenses is equivalent to an average ratio of losses computed on the basis of a forward moving average beginning with the year 1970.

²Earnings are computed on a weighted average of the number of shares outstanding. On December 31, 1974 there were 384,733 shares outstanding with 366,412 outstanding on December 31, 1973.

RECONCILEMENTS

OF CAPITAL ACCOUNTS

	1974	1973
Balance beginning of year	\$ 14,409,392.22	\$ 11,804,046.53
Additions:		
Transfer from Statement of Earnings	1,804,814.21	1,560,395.27
From Sale of Stock	366,420.00	1,498,950.00
Total Additions	2,171,234.21	3,059,345.27
Deductions:		
Cash Dividends declared	296,793.96	240,166.44
Transfer to Reserve for Bad Debts	726,313.70	213,833.14
Stock Dividend	366,420.00	-0-
Total Deductions	1,389,527.66	453,999.58
Balance at end of year	\$ 15,191,098.77	\$ 14,409,392.22

OF RESERVE FOR LOAN LOSSES PURSUANT TO IRS RULINGS

Balance beginning of year	\$ 1,206,428.32	\$ 1,022,344.03
Recoveries	82,512.01	57,693.84
Transfer to reserve	1,075,619.89	460,000.00
Total of Above	2,364,560.22	1,540,037.87
Losses charged to reserve	578,023.96	333,609.55
Balance at end of year	1,786,536.26	1,206,428.32



