



Comptroller of the Currency
Administrator of National Banks

LARGE BANK

PUBLIC DISCLOSURE

March 29, 1999

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

**Central National Bank
Charter Number 4284
802 North Washington
Junction City, Kansas 66441**

**Supervisory Agency: Office of the Comptroller of the Currency
Midwestern District
2345 Grand Avenue, Suite 700
Kansas City, Missouri 64108**

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.

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GLOSSARY OF TERMS AND COMMON ABBREVIATIONS

The following terms and abbreviations are used throughout this Performance Evaluation.

Assessment Area - *The geographic area in which an institution's CRA performance is assessed. Generally, an urban assessment area will not extend beyond the boundaries of a metropolitan statistical area (MSA). A rural assessment area may contain one or more neighboring counties.*

Block Numbering Area (BNA) - *A small, statistical area within a nonmetropolitan county (also known as a "geography").*

Census Tract (CT) - *A small, locally defined statistical area within a metropolitan statistical area (also known as a "geography").*

Community Development Loan - *A loan with a primary purpose of community development. With one exception community development loans specifically exclude loans reported in Home Mortgage Disclosure Act (HMDA) or CRA Disclosure Statements (small loans to businesses and farms). Multi-family rental housing loans can be reported under HMDA and count as a community development loan.*

Community Development Purpose - *Affordable housing (including multifamily rental housing) for low and moderate income (LMI) individuals; community services targeted for LMI individuals; activities that promote economic development by financing businesses or farms that meet certain size and revenue standards prescribed by regulation; and, activities that vitalize or stabilize LMI geographies.*

Community Development Service - *A service, related to the provision of financial services, with a primary purpose of community development.*

Income Levels - *The regulation prescribes various income levels, relating to individuals, families and geographies: poverty level = less than 30% of the median; low income = less than 50% of the median; moderate income = at least 50%, but less than 80% of the median; middle income = at least 80%, but less than 120% of the median; and, upper income = 120% or more of the median.*

Large Bank - *A financial institution with total assets of \$250 million or more, or an institution of any size that is an affiliate of a bank holding company with banking and thrift assets of \$1 billion or more.*

Median Family Income - *The median family income is determined by the United States Census Bureau. The Department of Housing and Urban Development updates this figure annually using an estimated inflation factor.*

Qualified Investment - *A lawful investment with a primary purpose of community development.*

Small Business - *A business with gross annual revenues of \$1 million or less.*

Small Farm - *A farm with gross annual revenues of \$1 million or less.*

Small Loan to a Business or Farm - *A loan of \$1 million or less to any business and a loan of \$500,000 or less to any farm.*

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 CRA performance of **Central National Bank, Junction City, Kansas (CNB)** prepared by the **Office of the Comptroller of the Currency (OCC)** as of **March 29, 1999**. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include visits to some, but not necessarily all, of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 C.F.R. Part 25.

Institution's CRA Rating: This institution is rated **"Satisfactory."** Factors that support the rating include:

- o CNB originated a good volume of reportable farm and/or business loans in each of its AA's. In the Rural AA, the bank originated the most farm and business loans in 1997.
- o The revenue distribution of CNB's farm and business loans is excellent. A substantial majority of the bank's farm and business loans were to small farms and small businesses. In the Rural AA, the bank made 98% of its farm loans to small farms and 96% of its business loans to small businesses.
- o A high percentage of CNB's loans were in amounts of \$100 thousand or less. In the Rural AA, 48% of the bank's farm loans, and 46% of the bank's business loans, were in amounts of \$10,000 or less.
- o The geographic distribution of farm loans in the Rural AA reflects adequate penetration into low and moderate income geographies. The geographic distribution of business loans in this AA is poor.
- o CNB originated a good level of community development loans.
- o CNB has a good level of qualified investments in the Topeka AA; however, the level of qualified investments in other three AA's is relatively low.
- o Retail delivery systems are accessible to geographies/individuals of different income levels in the Rural AA.

The following table indicates bank performance with respect to the lending, investment and service tests:

Central National Bank CRA Performance Tests*			
Performance Levels	Lending Test	Investment Test	Service Test
Outstanding			
High Satisfactory	X		
Low Satisfactory		X	X
Needs To Improve			
Substantial Noncompliance			

*Note: The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

DESCRIPTION OF THE INSTITUTION

Central National Bank (CNB) is a \$367 million intrastate commercial bank headquartered in Junction City, Kansas. Branch facilities are available in the communities of Durham, Gypsum, Halstead, Herington, Hesston, Hillsboro, Lawrence, Marion, Newton, Salina, Topeka, White City and Wichita. CNB offers a total of 34 automated teller machines (ATMs) located in the following communities - sixteen in Junction City, three in Newton, three in Halstead, three in Lawrence, two in Herington, two in Topeka, one in Hesston, one in Hillsboro, one in Marion, one in Salina and one in Wichita.

CNB offers a full-range of credit products and financial services. The bank's primary credit products, by number of originations, are agriculture and commercial loans. As of December 31, 1998, net loans totaled \$234 million and represented 77 percent of deposits. By outstanding dollar volume, the loan portfolio consists of commercial (52%), residential (21%), agricultural (20%) and other loans (7%). Commercial and agricultural originations were the most common loan purpose in 1997 and 1998. In this time period, CNB originated \$129 million business (55%), \$83 million agricultural (35%) and \$24 million residential loans (10%).

CNB is owned by Central of Kansas, Inc., a \$379 million one-bank holding company headquartered in Junction City, Kansas. No legal constraints, financial conditions or other factors inhibit the bank's ability to meet its CRA obligations.

DESCRIPTION OF THE ASSESSMENT AREAS

CNB has four separate assessment areas (AA), each of which are in the eastern half of Kansas. The Rural AA contains six nonmetropolitan counties (Dickinson, Geary, Marion, McPherson, Morris, and Saline). The Topeka AA consists of Shawnee County, the Topeka metropolitan statistical area (MSA). The Lawrence AA consists of Douglas County, the Lawrence MSA. The Wichita AA includes Harvey and Sedgwick counties, a portion of the Wichita MSA. CNB's assessment areas comply with regulatory requirements. The AA's include all CNB offices and deposit-taking ATMs, as well as a substantial majority of the bank's loans. The AA's do not arbitrarily exclude any low or moderate income areas.

The Rural AA includes 39 BNA's - 6 moderate, 23 middle and 10 upper income geographies. Total population of the AA is 145,066 based on 1990 U.S. Census Bureau information. Approximately 17% of the 40,278 families in the AA are low income, 19% are moderate income, 24% are middle income and 40% are upper income. Income designations are based on the 1998 HUD Adjusted Median Family Income of \$38,200. The 1996 Dun & Bradstreet information indicates 75% of the 5,363 businesses and 91% of the 351 farms have gross annual revenues of \$1 million or less.

The Topeka AA includes 44 CT's - 2 low, 12 moderate, 20 middle and 9 upper income geographies. One CT does not have a designated income level. Total population of the AA is 160,976 based on 1990 U.S. Census Bureau information. Approximately 18% of the 43,025 families in the AA are low income, 18% are moderate income, 26% are middle income and 38% are upper income. Income designations are based on the 1998 HUD Adjusted Median

Family Income of \$50,800. The 1996 Dun & Bradstreet information indicates 73% of the 5,492 businesses and 96% of the 137 farms have gross annual revenues of \$1 million or less.

The Lawrence AA includes 14 CT's - 1 low, 2 moderate, 8 middle and 3 upper income geographies. Total population of the AA is 81,798 based on 1990 U.S. Census Bureau information. Approximately 20% of the 17,297 families in the AA are low income, 16% are moderate income, 25% are middle income and 39% are upper income. Income designations are based on the 1998 HUD Adjusted Median Family Income of \$48,300. The 1996 Dun & Bradstreet information indicates 77% of the 3,024 businesses and 97% of the 108 farms have gross annual revenues of \$1 million or less.

The Wichita AA includes 107 CT's - 10 low, 24 moderate, 54 middle and 19 upper income geographies. Total population of the AA is 434,690 based on 1990 U.S. Census Bureau information. Approximately 18% of the 117,097 families in the AA are low income, 18% are moderate income, 26% are middle income and 38% are upper income. Income designations are based on the 1998 HUD Adjusted Median Family Income of \$49,000. The 1996 Dun & Bradstreet information indicates 73% of the 15,732 businesses and 96% of the 415 farms have gross annual revenues of \$1 million or less.

The economy of each AA is stable. The Rural AA is largely dependent on agriculture and related businesses. The other three AA's have more diversification from manufacturing, government and service industries. The Topeka AA is primarily dependent on the government sector. Many businesses and jobs in the Lawrence AA are reliant on the University of Kansas. The Wichita AA depends on aircraft manufacturing and the petroleum industry. Unemployment rates are typically lower than the national average in each AA.

Strong competitive environments exist in each market. There are 37 competing financial institutions in the Rural AA, 20 in the Topeka AA, 20 in the Lawrence AA and 40 in the Wichita AA. CNB has the second largest deposit market share (9%) in the Rural AA, according to 1998 FDIC Deposit Information. CNB has deposit market shares of 1% or less in the other AA's. The bank's deposit market rank is 15th (of 17 banks) in the Topeka AA, 13th (of 20 banks) in the Lawrence AA, and 17th (of 40 banks) in the Wichita AA.

The AA's most pressing credit needs include small business, agricultural and affordable home loans. Community contacts commonly listed affordable housing as a primary need. Contacts in the Rural AA expressed a desire for financial institutions to take a more active role in meeting community development needs. Community contacts include three housing authorities, three business organizations, one social service agency and one local government contact. All community contacts were conducted within the past year.

EXAMINATION SCOPE

We examined CNB using the Lending, Investment and Service Tests for large banks pursuant to the revised CRA regulations. These tests were used to assess the bank's record of helping to meet community credit needs. We analyzed the bank's small business, small farm and community development lending; the number and types of qualified investments; branch distribution and accessibility; and retail and community development services to arrive at our rating.

The current evaluation covers lending, investment and service activities since the previous CRA evaluation (January 1997) with the following exceptions/notations:

- o Our analysis of farm and business lending included all 1997 and 1998 reported originations. Data is reported and aggregated in whole years. At the time of the examination, 1998 information was available for CNB, but not for the market in aggregate.
- o During the data integrity portion of our examination, we determined that the bank inaccurately reported several fields of information for small business and small farm loans originated in 1997. Our analysis of these loans was based on corrected information provided during our examination.
- o We did not include residential loans in this evaluation. Residential loans are not a primary product line for the bank. HMDA loans accounted for only 7%, by number, of the originations considered in 1997 and 1998. In addition, the bank has less than 5% of the market share of HMDA originations in each of its AA's.
- o We did not include farm originations in our lending analysis of the Topeka AA or the Lawrence AA. Farm lending is not a primary credit product for CNB in these markets. During the evaluation period, CNB originated only three farm loans in the Topeka AA and five in the Lawrence AA.
- o In the Rural AA, we gave slightly more weight to the bank's farm lending performance than its business lending performance. We did this because farm originations represented 60% of total loan originations considered in this AA. In the other three AA's, business originations represented the largest respective percentages of loan originations and were weighted accordingly.
- o We gave the most weight to the bank's performance in the Rural AA. Originations in this AA accounted for 81% of the bank's total loan originations (by number), and 63% (by dollar), during our evaluation period. This AA contains 58% of the bank's branches. CNB ranks second in deposit market share for this area. Performance in the Rural AA is discussed in detail throughout this evaluation. Performance in the other AA's is consistent with that of the Rural AA unless noted otherwise.
- o At the bank's request, we considered qualified investments of the affiliated Central Charities, Inc. in addition to the bank's investments.

bank's own qualified investments.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

Lending Activity

Lending levels reflect a good responsiveness to farm and/or business credit needs in the AA's. Both products were identified as primary credit needs by community contacts. CNB originated 2,361 reportable business loans (totaling \$129 million) and 2,634 reportable farm loans (totaling \$83 million) during the evaluation period. A substantial majority (>90%) of these loans were inside the bank's assessment areas.

Rural AA: Lending activity in this AA reflects good responsiveness to farm and business credit needs. During the evaluation period, CNB originated 2,362 farm loans (totaling \$69 million) and 1,573 business loans (totaling \$61 million). Of all reporting institutions, CNB originated the most farm and business loans in 1997. CNB originated 65% of the reported farm loans in the AA, and 43% of the reported business loans, in 1997.

Topeka AA: Performance in this market is consistent with the Rural AA. Lending activity reflects good responsiveness to business credit needs in relation to the bank's deposit market share. CNB originated 147 business loans (totaling \$15 million) during the evaluation period. The bank originated 4% of all reported business loans in 1997, ranking 6th out of 30 reporting lenders. CNB's deposit market share is less than 1% in this AA. Its deposit market rank is 13th of 17 FDIC-insured institutions.

Lawrence AA: Performance in this market exceeds the Rural AA. Lending activity reflects very good responsiveness to business credit needs in relation to the bank's deposit market share. CNB originated 159 business loans (totaling \$18 million) during the evaluation period. The bank originated 9% of all reported business loans in 1997, ranking 4th out of 28 reporting lenders. CNB's deposit market share is less than 1% in this AA. Its deposit market rank is 13th of 20 FDIC-insured institutions.

Wichita AA: Performance in this market is consistent with the Rural AA. Lending activity reflects good responsiveness to business and farm credit needs in relation to the bank's deposit market share. CNB originated 345 business loans (totaling \$23 million) and 193 farm loans (totaling \$12 million) during the evaluation period. The bank originated 10% of all reported business loans in 1997, ranking 8th of 54 reporting lenders. The bank originated 61% of all reported farm loans in 1997, ranking 1st of 10 reporting lenders. CNB's deposit market share is less than 1% in this AA. Its deposit market rank is 17th of 40 FDIC-insured institutions.

Please see Table 1 - Lending Volume in the Appendix of this document for additional information on loans originate within each AA.

Revenue Size Distribution

CNB's distribution of loans to farms and businesses of different sizes is excellent. A substantial majority of business loans and farm loans in each AA are to entities with gross annual revenues of \$1 million or less. A high percentage of loan originations are in amounts of \$100 thousand or less.

Rural AA: The distribution of loans to farms and businesses of different sizes is very good. CNB made 98% of its farm loans, and 96% of its business loans, to entities with gross annual revenues of \$1 million or less. Bank performance exceeds market demographics - 91% of farms and 75% of businesses are considered small. Bank performance in the AA is also better than other reporting lenders who made only 86% of their farm loans and 48% of their business loans to entities with revenues of \$1 million or less.

Of all banks subject to CRA data reporting, CNB originated the most loans to small farms and small businesses in the Rural AA. CNB originated 1,250 (or 68%) of the 1,831 reported loans to small farms in 1997. For the same period, CNB originated 848 (or 60%) of the 1,404 reported loans to small businesses.

CNB's willingness to make loans to small farms and businesses is further evidenced by an excellent loan size distribution. CNB made 94% of its farm loans and 91% of its business loans in amounts of \$100 thousand or less. These ratios compare favorably to the performance of other reporting lenders in 1997. Other lenders made 92% of their farm loans, and 86% of their business loans in amounts of \$100 thousand or less. A more detailed analysis of CNB's loan size distribution over the evaluation period shows 48% of the bank's farm loans and 46% of the bank's business loans were in amounts of \$10 thousand or less.

Topeka AA: Performance in this market is not as strong as the Rural AA, but still good. CNB made 84% of its business loans to entities with gross annual revenues of \$1 million or less. This compares favorably to market demographics which show 73% of the businesses are small. CNB performance in the AA also exceeds other reporting banks who made only 54% of their loans to small businesses. Nearly 79% of CNB's business loans were in amounts of \$100 thousand or less. Other reporting lenders made 85% of their 1997 business loans in amounts of \$100 thousand or less.

Lawrence AA: Performance in this market is consistent with the Rural AA. CNB made 80% of its business loans to entities with gross annual revenues of \$1 million or less. This ratio is slightly better than market demographics which show 77% of the businesses are small. CNB performance in the AA also exceeds other reporting banks who made 60% of their loans to small businesses. About 67% of CNB's business loans were in amounts of \$100 thousand or less. Other reporting lenders made 89% of their 1997 business loans in amounts of \$100 thousand or less.

Wichita AA: Performance in this market is consistent with the Rural AA. CNB made 89% of its business and farm loans to entities with gross annual revenues of \$1 million or less. Bank performance exceeds market demographics for business loans (73% of businesses are small) but is less than market demographics for farm loans (96% of farms are small). CNB performance in the AA exceeds other reporting banks who made 53% of their business loans and 69% of their farm loans to entities with revenues of \$1 million or less. Over 85% of CNB's business loan and 90% of its farm loans were in amounts of \$100 thousand or less. Other reporting banks made 78% of their 1997 business loans and 95% of their 1997 farm loans in amounts of \$100 thousand or less.

Please see Table 10 - Borrower Distribution of Small Business Loan Originations and Table 11 - Borrower Distribution of Small Farm Loan Originations in the Appendix of this document for additional information regarding the revenue distribution of CNB's business and farm loans.

Geographic Distribution

Overall lending patterns reflect an adequate level of farm loans and a poor distribution of business loans in low and moderate income (LMI) geographies throughout CNB's assessment areas.

Rural AA: The geographic distribution of farm loans reflects adequate penetration into low and moderate income geographies. The geographic distribution of business loans reflects poor penetration into low and moderate income geographies. CNB originated 1% of its farm loans (or 10 loans) in moderate income geographies. CNB performance is considered adequate in light of the fact there are only 29 farms (8% of the 351 farms) in moderate income areas. The bank originated 22% of its business loans (or 352 loans) in moderate income geographies. Approximately 32% of the 5,363 businesses in the AA are located in moderate income tracts. The most noticeable disparity is in Saline County. The bank opened the Salina branch in 1996, and management indicates it has been difficult to attain market share due to competition.

Topeka AA: Performance in this market is better than the Rural AA and is considered adequate. The bank originated 28% of its business loans (or 41 loans) in LMI tracts. This is slightly lower than market demographics - 39% of the 5,492 businesses in the AA are located in LMI tracts. Performance may be hindered by the bank's limited branch accessibility.

Lawrence AA: Performance in this market is worse than the Rural AA and is considered very poor. CNB originated 8% of its business loans (or 13 loans) in LMI tracts. Approximately 21% of the 3,024 businesses in the AA are located in LMI tracts. The distribution appears particularly deficient in light of the fact the bank has a branch office in a moderate income tract.

Wichita AA: Performance in this market is weaker than the Rural AA and is considered very poor. CNB originated 6% of its business loans (or 20 loans) in LMI tracts. Demographic information shows 34% of the 15,732 businesses the AA are located in LMI tracts. CNB also has a poor distribution of farm loans. Only 2% of the bank's farm loans compared to 11% of the area's 415 farms, are located in LMI tracts. Performance may be hindered by the bank's limited branch accessibility. None of the bank's branches are in close proximity to the LMI tracts in the AA.

Please see Table 5 - Geographic Distribution of Small Business Loan Originations and Table 6 - Geographic Distribution of Small Farm Loan Originations in the Appendix of this document for additional information regarding geographic distribution of CNB's loans.

Community Development Lending

CNB has made an adequate level of community development loans. The bank made three community development loans totaling \$2.7 million during the evaluation period. These loans were for multi-family housing projects targeted LMI people. Loan proceeds were used in the Rural, Lawrence and Wichita AA's. These community development projects helped address an identified need for affordable housing.

INVESTMENT TEST

Overall, CNB has an adequate level of qualified investments considering the bank's size and capacity. During our evaluation period, the bank made ten qualified donations totaling \$24 thousand. CNB also has three qualified investments (totaling \$242 thousand) that originated prior to the evaluation period, but remain outstanding. Opportunities for traditional investments that support community development are limited in the Rural AA.

CNB made five qualified donations (totaling \$22 thousand) in the Rural AA and four qualified donations (totaling \$1 thousand) in the Lawrence AA. The bank's affiliate, Central Charities Foundation, also made one qualified donation (totaling \$1 thousand) in the Wichita AA. The donations benefited organizations that provide social services and affordable housing to LMI persons. The bank also has two equity investments (totaling \$13 thousand) in companies which provide venture capital financing for small businesses.

The level of qualified investments in the Topeka AA is stronger than overall bank performance and is considered good. CNB has a \$229 thousand investment in a limited partnership that built affordable housing for LMI people in the area. This investment addresses an identified need for affordable housing in the community.

Please see Table 12 - Qualified Investments in the Appendix of this document for the number and dollar volume of qualified investments in each AA.

SERVICE TEST

Central National Bank (CNB) has 19 office facilities and 34 automated teller machines (ATMs) which are divided among four assessment areas (AA) as follows:

Rural AA: The first AA includes the main office facility in Junction City, Kansas, 10 branches and 21 ATMs. Most the bank's deposits (71%), branches (58%) and ATMs (62%) are in this area.

Topeka AA: The second AA includes two bank branches and two ATMs. This area accounts for few bank deposits (9%), branches (10%) or ATMs (6%).

Lawrence AA: The third AA includes two bank branches and three ATMs. This area accounts for few bank deposit (3%), branches (10%) or ATMs (9%).

Wichita AA: The last AA includes four bank branches and eight ATMs. This area accounts for approximately one-fifth of the bank's deposits (17%), branches (21%) and ATMs (23%).

Service performance in the Rural AA is weighted most heavily and discussed in the most detail below. Performance the other assessment areas is consistent with performance in the Rural AA unless noted otherwise. Please see Table - Distribution of Branch and ATM Delivery System in the Appendix of this document for details on bank branch and ATM delivery systems by assessment area.

Retail Banking Services

The accessibility of CNB branches and ATMs to geographies and individuals of different incomes levels is good in t Rural AA. Moderate-income geographies contain two (or 25%) of eight full-service offices, all three limited-service branches, six (or 75%) of eight full-service ATMs, and six (or 46%) of 13 cash-dispensing ATMs. This compares favorably to market demographics - 17% of the population, and 26% of low and moderate income (LMI) families, reside in the moderate income geographies.

There are few differences in service availability between offices. Junction City has three limited service offices (primarily teller services) in addition to CNB's main, full-service office. All Junction City offices are in moderate income geographies. Some branches in the Rural AA lack driveups and there are some differences in hours of operation, but these differences are based on market needs and convenience. There are no differences based on the income level of the branch's geography.

The accessibility of CNB branches and ATMs in the Lawrence AA is reasonable. The AA has one low income and two moderate income census tracts all of which are contiguous. One of CNB's two branches is in the middle of this LMI area. The other branch is in an upper income tract. There are no differences in service availability between

branches.

The accessibility of CNB branches and ATMS in the Topeka AA and the Wichita AA is limited. In the Wichita AA all four branches and all eight ATMs are in middle income tracts, none of which are in close proximity to the LMI tracts. In the Topeka AA, there is one branch and ATM in a low income tract. The branch has slightly reduced lobb hours and no Saturday driveup hours compared to the other branch in an upper income tract. Management indicates the branch in the low-income tract is primarily a commercial branch. It is located in a downtown area that has little consumer traffic on weekends. The branch and ATM in the upper income tract are not close to LMI tracts in the AA

CNB service delivery systems are traditional and hours of operation are reasonable. Lobbies generally operate 9:00 a.m. to 3:00 p.m. weekdays, and 9:00 a.m. to noon on Saturdays. Driveup facilities are generally open 8:30 a.m. to 4:30 p.m. weekdays (6:30 p.m. close on Friday), and 8:30 a.m. to noon on Saturdays. Alternate delivery systems are limited. The bank offers telephone banking and computer banking, but there is no evidence these systems improve accessibility to LMI areas or individuals.

Branch openings and closings have not impacted LMI areas or individuals. During the evaluation period, CNB open one branch (upper income geography) in the Lawrence AA. CNB has not closed any branches during this period.

Community Development Services

CNB provides few, if any, community development services. Over the evaluation period, the bank provided qualifyi services to three organizations, two in the Rural AA and one in the Lawrence AA. Services consist of providing technical expertise to organizations that facilitate small business development and consumer credit counseling - both which are identified needs in the assessment areas.

Fair Lending Review

Examiners found no instances of illegal discrimination or discouragement in our concurrent fair lending review. Usi gender as the prohibited basis group, we compared denials and approvals for vehicle loan applicants between Januar 1, 1998 and December 31, 1998. Our sample included 10 denied female applicants and 40 approved male applicants

Table 1. Lending Volume

LENDING VOLUME													State: Kansas	Evaluation Period: January 1, 1997 to December 31, 1998
MSA/Assessment Area:	% of Total Bank Deposits in Rated Area	Home Mortgage		Small Business		Small Farm		Community Development		Total Reported Loans		% of Total Reported Bank Loans in Rated Area		
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)			
Full-Scope:														
AA#1 (Rural)	71%	257	\$9,343	1,573	\$61,491	2,362	\$68,896	1	\$853	4,193	\$140,583	81%		
Limited-Scope:														
AA#2 (Topeka MSA)	9%	37	\$2,106	147	\$15,126	3	\$169	0	\$0	187	\$17,401	4%		
AA#3 (Lawrence MSA)	3%	28	\$9,583	159	\$17,623	5	\$520	1	\$1,617	193	\$29,343	4%		
AA#4 (Wichita MSA)	17%	66	\$2,426	345	\$23,019	193	\$11,648	1	\$243	605	\$37,336	11%		

Table 2. Geographic Distribution of Home Purchase Loan Originations

Geographic Distribution: HOME PURCHASE																	State: Kansas		Evaluation Period: January 1, 1997 to December 31, 1998			
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Home Purchase Loans							
	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans		Overall	Low	Mod	Mid	Upp	#	% of Total						
Full-Scope:																						
ANALYSIS WAS																						
NOT PERFORMED AT																						
THIS EXAMINATION																						
SINCE HMDA LOANS																						
ARE NOT CONSIDERED																						
A PRIMARY CREDIT																						
PRODUCT.																						
Limited-Scope:																						

(*) Based on 199X Aggregate HMDA Data only.

Table 3. Geographic Distribution of Home Improvement Loan Originations

Geographic Distribution: HOME IMPROVEMENT																	State: Kansas		Evaluation Period: January 1, 1997 to December 31, 1998				
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Home Improvement Loans								
	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans		Overall	Low	Mod	Mid	Upp	#	% of Total							
Full-Scope:																							
ANALYSIS WAS																							
NOT PERFORMED AT																							
THIS EXAMINATION																							
SINCE HMDA LOANS																							
ARE NOT CONSIDERED																							
A PRIMARY CREDIT																							
PRODUCT.																							
Limited-Scope:																							

(*) Based on 199X Aggregate HMDA Data only.

Table 4. Geographic Distribution of Home Mortgage Refinance Loan Originations

Geographic Distribution: HOME MORTGAGE REFINANCE																
State: Kansas																
Evaluation Period: January 1, 1997 to December 31, 1998																
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Home Mortgage Refinance Loans	
	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans		Overall	Low	Mod	Mid	Upp	#	% of Total
Full-Scope:																
ANALYSIS WAS																
NOT PERFORMED AT																
THIS EXAMINATION																
SINCE HMDA LOANS																
ARE NOT CONSIDERED																
A PRIMARY CREDIT																
PRODUCT.																
Limited-Scope:																

(*) Based on 199X Aggregate HMDA Data only.

Table 5. Geographic Distribution of Small Business Loan Originations

Geographic Distribution: SMALL BUSINESS																
State: Kansas																
Evaluation Period: January 1, 1997 to December 31, 1998																
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Small Business Loans	
	% of Businesses	% BANK Loans	% of Businesses	% BANK Loans	% of Businesses	% BANK Loans	% of Businesses	% BANK Loans		Overall	Low	Mod	Mid	Upp	#	% of Total
Full-Scope:																
AA#1 (Rural)	NA	NA	32%	22%	50%	60%	18%	18%	1(27)	43%	0	35	51	37	1,573	71%
Limited-Scope:																
AA#2 (Topeka MSA)	11%	11%	28%	17%	35%	35%	26%	35%	6(30)	4%	3	2	3	4	147	7%
AA#3 (Lawrence MSA)	1%	0%	20%	8%	57%	37%	22%	55%	3(28)	9%	0	8	6	10	159	7%
AA#4 (Wichita MSA)	9%	1%	25%	5%	46%	80%	20%	14%	8(54)	3%	1	1	7	1	345	15%

(*) Based on 1997 Aggregate Small Business Data only.

Table 6. Geographic Distribution of Small Farm Loan Originations

Geographic Distribution: SMALL FARM																
State: Kansas																
Evaluation Period: January 1, 1997 to December 31, 1998																
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Small Farm Loans	
	% of Farms	% BANK Loans	% of Farms	% BANK Loans	% of Farms	% BANK Loans	% of Farms	% BANK Loans		Overall	Low	Mod	Mid	Upp	#	% of Total
Full-Scope:																
AA#1 (Rural)	NA	NA	8%	< 1%	68%	80%	24%	20%	1(12)	65%	0	38	70	50	2,362	92 %
Limited-Scope:																
AA#2 (Topeka MSA)	1%	0%	20%	0%	51%	100%	28%	0%	8(10)	2%	0	0	5	0	3	< 1 %
AA#3 (Lawrence MSA)	0%	0%	7%	0%	73%	20%	20%	80%	4(6)	4%	0	0	3	25	5	< 1 %
AA#4 (Wichita MSA)	3%	2%	8%	0%	64%	95%	25%	3%	1(10)	61%	25	0	62	40	193	8%

(*) Based on 1997 Aggregate Small Farm Data only.

Table 7. Borrower Distribution of Home Purchase Loan Originations

Borrower Distribution: HMDA HOME PURCHASE																	State: Kansas		Evaluation Period: January 1, 1997 to December 31, 1998				
MSA/Assessment Area:	Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall Market Rank*	Market Share by Borrower Income**					Total Home Purchase Loans								
	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*		Overall	Low	Mod	Mid	Upp	#	% of Total							
Full-Scope:																							
ANALYSIS WAS																							
NOT PERFORMED AT																							
THIS EXAMINATION																							
SINCE HMDA LOANS																							
ARE NOT CONSIDERED																							
A PRIMARY CREDIT																							
PRODUCT.																							
Limited-Scope:																							

(*) As a percentage of loans with borrower income information available. No information was available for XX% of loans originated by BANK.

(**) Based on 199X Aggregate HMDA Data only.

Table 8. Borrower Distribution of Home Improvement Loan Originations

Borrower Distribution: HOME IMPROVEMENT																
State: Kansas																
Evaluation Period: January 1, 1997 to December 31, 1998																
MSA/Assessment Area:	Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall Market Rank*	Market Share by Borrower Income**					Total Home Improvement Loans	
	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*		Overall	Low	Mod	Mid	Upp	#	% of Total
Full-Scope:																
ANALYSIS WAS																
NOT PERFORMED AT																
THIS EXAMINATION																
SINCE HMDA LOANS																
ARE NOT CONSIDERED																
A PRIMARY CREDIT																
PRODUCT.																
Limited-Scope:																

(*) As a percentage of loans with borrower income information available. No information was available for XX% of loans originated by BANK.

(**) Based on 199X Aggregate HMDA Data only.

Table 9. Borrower Distribution of Home Mortgage Refinance Loan Originations

Borrower Distribution: HOME MORTGAGE REFINANCE																
State: Kansas																
Evaluation Period: January 1, 1997 to December 31, 1998																
MSA/Assessment Area:	Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall Market Rank*	Market Share by Borrower Income**					Total Home Mortgage Refinance Loans	
	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*		Overall	Low	Mod	Mid	Upp	#	% of Total
Full-Scope:																
ANALYSIS WAS																
NOT PERFORMED AT																
THIS EXAMINATION																
SINCE HMDA LOANS																
ARE NOT CONSIDERED																
A PRIMARY CREDIT																
PRODUCT.																
Limited-Scope:																

(*) As a percentage of loans with borrower income information available. No information was available for XX% of loans originated by BANK.

(**) Based on 199X Aggregate HMDA Data only.

Table 10. Borrower Distribution of Small Business Loan Originations

Borrower Distribution: SMALL BUSINESS											
			State: Kansas			Evaluation Period: January 1, 1997 to December 31, 1998					
MSA/Assessment Area:	Businesses with Revenues of \$1 million or less			Loans by Original Amount Regardless of Business Size			Market Share****		Total Small Business Loans		
	% of Businesses*	% BANK Loans**	% Market Loans***	\$100,000 or Less	> \$100,000 to \$250,000	> \$250,000 to \$1,000,000	All	Rev \$1 million or less	#	% of Total	Avg Loan Size (000)
Full-Scope:											
AA#1 (Rural)	75%	96%	48%	91%	6%	3%	43.48	60.40	1,504	73%	\$34
Limited-Scope:											
AA#2 (Topeka MSA)	73%	84%	54%	79%	10%	11%	3.64	3.45	124	6%	\$56
AA#3 (Lawrence MSA)	77%	80%	60%	67%	22%	11%	8.72	11.92	127	6%	\$111
AA#4 (Wichita MSA)	73%	89%	53%	85%	8%	7%	3.16	5.24	308	15%	\$49

(*) As a percentage of businesses with known revenues.

(**) As a percentage of loans with revenue information available.

(***) The market consists of all other Small Business reporters in BANK's assessment area and is based on 1997 Aggregate Small Business Data only.

(****) Based on 1997 Aggregate Small Business Data only.

Table 11. Borrower Distribution of Small Farm Loan Originations

Borrower Distribution: SMALL FARM												State: Kansas		Evaluation Period: January 1, 1997 to December 31, 1998								
MSA/Assessment Area:	Farms with Revenues of \$1 million or less			Loans by Original Amount Regardless of Farm Size			Market Share****		Total Small Farm Loans													
	% of Farms*	% BANK Loans**	% Market Loans***	\$100,000 or Less	> \$100,000 to \$250,000	> \$250,000 to \$500,000	All	Rev \$1 million or less	#	% of Total	Avg Loan Size(000)											
Full-Scope:																						
AA#1 (Rural)	91%	98%	86%	94%	5%	1%	65.3	68.27	2,324	93%	\$27											
Limited-Scope:																						
AA#2 (Topeka MSA)	96%	100%	90%	67%	33%	0%	1.61	1.79	3	< 1%	\$13											
AA#3 (Lawrence MSA)	97%	100%	92%	80%	0%	20%	3.70	4.00	5	< 1%	\$148											
AA#4 (Wichita MSA)	96%	89%	69%	90%	5%	5%	61.0	67.18	172	7%	\$48											

(*) As a percentage of farms with known revenues.

(**) As a percentage of loans with revenue information available.

(***) The market consists of all other Small Farm reporters in BANK's assessment area and is based on 199X Aggregate Small Farm Data only.

(****) Based on 199X Aggregate Small Farm Data only.

Table 12. Qualified Investments

QUALIFIED INVESTMENTS State: Kansas Evaluation Period: January 25, 1997 to March 29, 1999									
MSA/Assessment Areas:	Prior Period Investments*			Current Period Investments			Total Investments		
	#	\$ (000's)	%**	#	\$ (000's)	%**	#	\$ (000's)	% of Total \$'s
Full-Scope:									
AA#1 (Rural)	2	\$13	37%	5	\$22	63%	7	\$35	13%
Limited-Scope:									
AA#2 (Topeka)	1	229	100%	0	0	0%	1	\$229	86%
AA#3 (Lawrence MSA)	0	0	0%	4	1	100%	4	\$1	<1%
AA#4 (Wichita MSA)	0	0	0%	1	1	100%	1	\$1	<1%

(*) "Prior Period Investments" means investments made in a previous evaluation period that remain outstanding.

(**) Percentage of the dollars invested in that MSA/Assessment Area that are prior period investments or current period investments.

Table 13. Distribution of Branch and ATM Delivery System

DISTRIBUTION OF BRANCH AND ATM DELIVERY SYSTEM				State: Kansas				Evaluation Period: January 25, 1997 to March 29, 1999									
MSA/Assessment Area:	Deposits	Branches						ATMs				Population					
	% of Total BANK Deposits	# of BANK Branches	% of Total BANK Branches	Location of Branches by Income of Geographies				# of BANK ATMs	% of Total BANK ATMs	Location of ATMs by Income of Geographies				% of the Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full-Scope:																	
AA#1 (Rural)	71%	11	57.9%	NA	45.5%	45.5%	9%	21	62%	NA	57%	33%	10%	NA	17%	55%	28%
Limited-Scope:																	
AA#2 (Topeka MSA)	9%	2	10.5%	50%	0%	0%	50%	2	6%	50%	0%	0%	50%	3%	24%	42%	31%
AA#3 (Lawrence MSA)	3%	2	10.5%	0%	50%	0%	50%	3	9%	0%	67%	0%	33%	6%	16%	57%	20%
AA#4 (Wichita MSA)	17%	4	21.1%	0%	0%	100%	0%	8	23%	0%	0%	100%	0%	6%	19%	53%	22%