



PUBLIC DISCLOSURE

May 4, 1998

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First National Bank of Winfield
Charter Number 3218**

**900 Main
Winfield, Kansas 67156**

**Office of the Comptroller of the Currency
South Kansas Field Office
3450 North Rock Road, Suite 505
Wichita, Kansas 67226-1327**

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 the **First National Bank of Winfield** by **The Office of the Comptroller of the Currency**, the institution's supervisory agency, as of May 4, 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**.

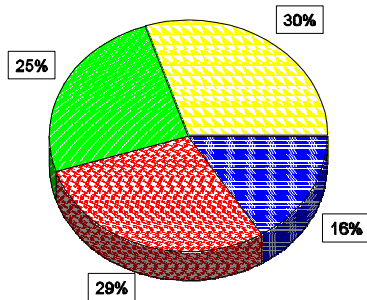
The bank has a satisfactory record of meeting the credit needs of its assessment area. The bank's loan-to-deposit ratio is satisfactory. A majority of the bank's lending is within its assessment area. The bank lends to businesses of different sizes and borrowers of different income levels, including small farms and low- and moderate-income individuals.

DESCRIPTION OF INSTITUTION

First National Bank of Winfield (FNB), a \$151 million financial institution, is located in Winfield, Kansas. The bank maintains its main office in Winfield, two motor banks in Winfield, a branch in Oxford, Kansas, and a branch in Douglass, Kansas. The bank has five automated teller machines in the following locations: The main office in Winfield, the east motor bank in Winfield, the Oxford branch, the Douglass branch, and Valley Coop in Winfield. Cornerstone Alliance, Ltd., a one-bank holding company, owns 100% of the bank.

Loan Portfolio Composition

December 31, 1997



FNB is a full service bank and offers a variety of loan products. As of December 31, 1997, the bank's \$89 million loan portfolio had the following composition: 30% agricultural and farmland, 25% commercial, 29% residential real estate loans, and 16% consumer and other.

The bank's financial condition, size, local economic conditions, and other factors allow it to help meet the credit needs of its assessment area.

Since the last examination, the bank merged with the former Exchange State Bank in Douglass, Kansas. The bank now operates the Douglass bank as a branch. The bank has not closed any branches since the prior CRA examination. At the August 15, 1996 CRA examination, the bank was assigned a "Satisfactory."

DESCRIPTION OF ASSESSMENT AREA

The bank's assessment area is all of Cowley and Sumner counties and census tract 209 of Butler County. Cowley County contains 11 block numbering areas 9931 to 9941. Eight of the block numbering areas are middle-income and three are upper-income. Sumner County contains six block numbering areas 9921 to 9926. Three block numbering areas are middle-income and three are upper-income. Census tract 209 of Butler County is part of the Wichita Metropolitan Statistical Area (MSA) and is a middle-income tract. The bank changed its assessment area during the exam from including all of Butler County to including only census tract 209 where its branch and primary market are located.

Cowley, Sumner, and Butler counties are located southeast of Wichita, Kansas and extend to the Oklahoma border. The Butler County portion of the assessment area has a population of 9,133 and Cowley and Sumner counties have a total population of 62,756. Winfield is the county seat of Cowley County and has an approximate population of 12,000. The local economy is well diversified in manufacturing and agri-business. Larger local businesses include Rubbermaid, General Electric Jet Engine Department, and Morton Buildings. Winfield has lost four large employers over the last couple of years, but the local employment and housing markets remain stable. The Kansas statewide metropolitan median family income is \$49,000 for 1998, while the nonmetropolitan median family income is \$38,200.

Examiners made community contacts with two local business professionals. The contacts indicated the primary credit needs of the area are agricultural, business, and residential real estate. The contacts also indicated the local financial institutions are adequately meeting the community's credit needs.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

The bank's lending level is satisfactory with an average loan-to-deposit ratio of 69% during the last six quarters. The other 16 banks headquartered in the assessment area had a combined average loan-to-deposit ratio of 63% during the last six quarters. The average loan-to-deposit ratios for these 16 banks ranged from 20% to 88%. FNB considers three of these banks its main competitors. The average loan-to-deposit ratio for the three main competing banks was 64% over the same period. The average loan-to-deposit ratios for the three competing banks ranged from 56% to 71%.

Lending in Assessment Area

The bank's lending inside the assessment area is good. FNB extends a majority of its loans within its assessment area. Examiners sampled 33 consumer and 42 commercial loans extended during December 1997 and 19 residential real estate loans extended January through March of 1998. From this sample, examiners determined that FNB originated 94% by number and 97% by dollar amount of loans within the assessment area.

Percentage of New Loans Granted Within the Assessment Area	
Percentage by Number	Percentage by Dollar
94%	97%

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

Lending to borrowers of different income levels and to businesses of different sizes is satisfactory. The percentage of loans granted to low- and moderate-income borrowers in the non MSA portion of the assessment area is similar to the demographic composition of low- and moderate-income families in the non MSA. Loans granted to low- and moderate-income borrowers in the MSA exceeds the demographic composition of low- and moderate-income families in the MSA. The bank makes a substantial amount of loans to small businesses and farms.

- ***Lending to Borrowers of Different Incomes in the Non MSA***

Lending to borrowers of different income levels in the non MSA is satisfactory. Examiners selected a sample of 28 consumer loans extended to borrowers in the non MSA portion of the assessment area during December 1997 and 16 residential real estate loans granted to borrowers in the same area between January and March 1998. The percentage of loans granted to low-income borrowers was less than the percentage of low-income families in the non MSA, while the percentage of loans granted to moderate-income borrowers exceeded the percentage of moderate-income families in the non MSA. Below is a breakdown of FNB’s consumer and residential real estate lending to borrowers of different incomes levels in the non MSA portion of the assessment area. This portion contains 87% of the assessment area population.

Distribution of Consumer and Real Estate Loans in Non MSA by Income Levels			
Income Levels	Consumer Loan Sample		Percent of Families in Income Category
	Number	Percent	
Low	5	11%	14%
Moderate	10	23%	17%
Middle	13	30%	23%
Upper	16	36%	46%

- ***Lending to Borrowers of Different Incomes in the MSA***

Lending to borrowers of different income levels in the MSA is good. Examiners selected a sample of 24 consumer loans granted to borrowers in the MSA portion of the assessment area in December 1997 and three residential real estate loans granted to borrowers in the same area between January and March 1998. The percentage of loans granted to low- and moderate-income borrowers in the MSA exceeds the demographic composition of low- and moderate-income families in the MSA. Below is a breakdown of FNB’s consumer and residential real estate loans granted to borrowers in the MSA by income level.

Distribution of Consumer and Real Estate Loans in MSA by Income Levels			
Income Levels	Consumer Loan Sample		Percent of Families in Income Category
	Number	Percent	
Low	8	30%	11%
Moderate	7	26%	17%
Middle	7	26%	28%
Upper	5	18%	44%

- ***Lending to Farms of Different Sizes***

Lending to farms of different sizes is good, with a large number of loans made to small farms. Examiners sampled 20 agriculture purpose loans extended during December 1997. This represents 18% of 110 farms located in the non MSA. Management considers a small farm to have gross annual revenues of less than \$100,000. Based on our sample, FNB made approximately 90% of its agricultural loans to small farms with gross annual revenues under \$100,000. The following table illustrates FNB's lending to farms of different sizes.

Farm Annual Gross Revenues	Number of Loans	Percent
Under \$100,000	18	90%
\$100,000 to \$250,000	1	5%
Over \$250,000	1	5%
TOTAL	20	100%

- ***Lending to Businesses of Different Sizes***

The bank lends to commercial businesses of different sizes. Examiners sampled 18 business purpose loans granted during December 1997. Management considers a small business to have gross annual revenues of less than \$100,000. Based on our sample, FNB made approximately 22% of loans to businesses with gross annual revenues under \$100,000. The following table illustrates FNB's lending to businesses of different sizes.

Business Annual Gross Revenues	Number of Loans	Percent
Under \$100,000	4	22%
\$100,000 to \$250,000	6	34%
\$250,000 to \$500,000	4	22%
Over \$500,000	4	22%
TOTAL	18	100%

Geographic Distribution of Loans

An analysis of the bank’s geographic distribution of loans would not be meaningful, as the assessment area does not contain any low- or moderate-income block number areas or census tracts.

Response to Complaints

The bank has not received any CRA-related complaints since the previous CRA examination.

Compliance with Anti-Discrimination Laws and Regulations

Based on our review, the bank is in compliance with all provisions of anti-discrimination laws and regulations. Examiners found no evidence of discriminatory treatment.