



SMALL BANK

Comptroller of the Currency
Administrator of National Banks
Washington, DC 20219

PUBLIC DISCLOSURE

April 18, 2007

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**The St. John National Bank
Charter Number 7844**

**Third And Broadway
St. John, KS 67576**

**Comptroller of the Currency
Wichita
3450 North Rock Road Suite 505
Wichita, KS 67226**

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.

INSTITUTION'S CRA RATING:

This institution is rated Satisfactory.

- The St. John National Bank's average quarterly loan-to-deposit ratio is satisfactory. The bank's average quarterly loan-to-deposit ratio is 65% compared to 62% for similarly situated banks in the assessment area.
- A majority of the bank's primary loan products have been granted in the assessment area. The loan sample indicates that 95% of the number and 99% of the dollar volume of loans were granted in the assessment area.
- The St. John National Bank's lending to farms of different sizes is satisfactory. Seventy percent (70%) of the number of loans were to farms with revenues less than or equal to \$1 million.
- The St. John National Bank's lending to commercial businesses is satisfactory. Sixty-five percent (65%) of the number loans were granted to businesses with revenues less than or equal to \$1 million.

DESCRIPTION OF INSTITUTION

The St. John National Bank (SJNB) is a \$34 million financial institution headquartered in St. John, Kansas. The main office features a drive-up facility and a cash-dispensing automated teller machine (ATM). SJNB also operates a cash-dispensing ATM inside the Ampride Convenience Store located in Stafford, Kansas. SJNB does not operate any branches.

SJN Banc Co. (SJNBC) purchased 100% of the bank in December 2005. SJNBC is a one-bank holding company headquartered in St. John, Kansas. On December 31, 2006, SJNBC had total assets of \$39 million. SJNB does not have any affiliates.

SJNB is a full-service bank offering a variety of loan products. On December 31, 2006, net loans represented 59% of SJNB's total assets. The bank's \$20 million loan portfolio has the following composition: agriculture 36%, commercial and industrial 25%, commercial real estate 1%, consumer 6%, residential real estate 9%, and farmland 23%. SJNB has not changed any existing products or offered any new products since the previous examination. Examiner's determined the bank's primary loan products, based on the number and the dollar volume rated from January 1, 2005, through April 30, 2007, are agricultural loans and commercial loans, respectively.

SJNB's financial condition, size, and local economic conditions allow it to help meet the credit needs of its assessment area. At the January 13, 2003, Community Reinvestment Act (CRA) examination, examiners assigned a "Satisfactory" rating.

DESCRIPTION OF THE ASSESSMENT AREA

SJNB's assessment area (AA) is Stafford County, Kansas. The AA contains two middle-income census tracts. The AA complies with the regulation and does not arbitrarily exclude any low- or moderate-income tracts.

The AA has a population of 4,789. The weighted average of HUD updated MSA median family income for 2006 is \$49,800. The AA has the following income distribution for families: 18% low-income; 25% moderate-income; 25% middle-income; and 32% upper-income. Of the 1,999 households in the AA, 12% are below the poverty level, 39% receive social security, and 3% are on public assistance. Thirty percent (30%) of the population is not in the work force, and 21% are over the age of 65. The median housing value is \$37,944, and 64% of the housing units are owner-occupied.

Agriculture dominates the local economy. Primary products are crop production and cattle operations. Oil production is also a major part of the area's economy. Area economic conditions are showing improvement with increasing grain prices and a stable cattle market.

Major employers in the area include Unified School District #350, county, city and public offices, and the local USDA office. The Kansas unemployment rate for February 2007 is 4.4% compared with 4.5% nationwide.

SJNB faces moderate competition in the area. There are two banks, including SJNB, headquartered in the AA. Two other banks have branches in the AA. The asset sizes for all four institutions range from \$34 million to \$515 million. With 22% of the AA's deposits, SJNB ranks third in deposit market share.

Examiners contacted one community professional in the AA. The contact identified agricultural loans and commercial loans as two of the community's primary credit needs. The contact indicated that with the possibility of a new bio-diesel plant being constructed in the area, a need for residential real estate lending will increase. The contact stated that area financial institutions are meeting the needs of the community.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

SJNB's lending level is satisfactory. Examiners selected two of the four banks in the AA as peer banks since a majority of their deposits are in the AA. SJNB's average quarterly loan-to-deposit ratio since the last CRA exam is 65% compared with 62% for the peer banks. The asset sizes for the peer banks range from \$77 million to \$227 million with SJNB ranking third within this group. The average loan-to-deposit ratios for the peer banks range from 48% to 76%.

Lending in Assessment Area

SJNB's lending in the AA is good, as it extends a majority of its loan products in the AA. Specifically, we found SJNB made 95% of the number and 99% of the dollar amount of loans in the AA. The sample included 40 loans originated, purchased, or committed this year or in the prior two years. The loan sample included 20 loans of each of the two primary products.

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

The volume of lending to farms and to businesses of different sizes is satisfactory. Examiners selected a sample of 20 agricultural loans and 20 commercial loans. These products represent the majority of loans originated from January 1, 2005, through April 12, 2007.

The distribution for agricultural loans is satisfactory. The agricultural loan sample indicates 70% of the number were granted to farms with revenues less than or equal to \$1 million. The agricultural demographic data shows that 96% of farms in the AA have revenues less than or equal to \$1 million.

Borrower Distribution of Loans to Farms in AA				
Farm Revenues	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Farms	96%	4%	0%	100%
% of Bank Loans in AA by #	70%	10%	20%	100%
% of Bank Loans in AA by \$	71%	17%	12%	100%

Source: Loan sample; 2006 Business Geodemographic Data.

The distribution for commercial loans is satisfactory. The commercial loan sample indicates 65% of the number were granted to commercial businesses with revenues less than or equal to \$1 million. Business demographic data shows that 48% of commercial businesses in the AA have revenues less than or equal to \$1 million, with 51% of businesses having an unknown revenue.

Borrower Distribution of Loans to Businesses in AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	48%	1%	51%	100%
% of Bank Loans in AA by #	65%	5%	30%	100%
% of Bank Loans in AA by \$	55%	15%	30%	100%

Source: Loan sample; 2006 Business Geodemographic Data.

Geographic Distribution of Loans

An analysis of the distribution of credit within the assessment area would not be meaningful, as the AA does not have any low- or moderate-income tracts.

Responses to Complaints

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

Fair Lending Review

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.