



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

February 4, 2008

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The Jones National Bank and Trust Company of Seward
Charter Number: 3060

203 S. 6th Street
Seward, Nebraska 68434

Office of the Comptroller of the Currency

Omaha Field Office
13710 FNB Parkway Suite 110
Omaha, NE 68154

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 Jones National Bank and Trust Company of Seward (JNB&T) originates a majority of their loans in their assessment area (AA).
- The bank has a record of lending to farms and businesses of different sizes and their performance meets the standard for satisfactory performance.
- The loan-to-deposit ratio is lower than peer, but this is reasonable considering the competitive local lending environment and JNB&T's sales of loans on the secondary market.

SCOPE OF EXAMINATION

Home, consumer, business, and farm loans originated between January 1, 2005 and December 31, 2007 were sampled to evaluate JNB&T's performance under the Community Reinvestment Act (CRA). We determined the bank's primary products were farm and business loans based on dollar and number volume. A sample of twenty loans from each primary product was used to determine how many loans the bank originated in their AA. The bank's loan-to-deposit ratio was reviewed and compared to other institutions in the AA. Additionally, a review of the distribution of loans to borrowers of different incomes was performed and the bank's performance was compared to demographic characteristics in the AA. CRA-related complaints and lending to borrowers in low to moderate income census tracts (CTs) in the AA were also reviewed during this examination.

DESCRIPTION OF INSTITUTION

JNB&T is a \$178 MM institution located in Seward County, Nebraska. The main office and one branch are located in the town of Seward. An additional branch was opened in 2004 and is located in the neighboring town of Milford. The bank's primary focus is agricultural loans and commercial lending. There are four ATMs, one at the main office, one at each branch, and one south on Highway 15. The bank is 100% owned by Jones National Corporation. There are no legal or financial factors that impede the bank's ability to help meet the credit needs of the AA. At the last CRA examination, dated February 24, 2003, the bank received a "Satisfactory" rating.

The bank offers traditional loan and deposit products. As of December 31, 2007, net loans represented 65% of total assets. By dollar amount, the loan portfolio consisted of 41% agricultural loans, 30% commercial loans, 21% residential real estate loans, 7% consumer loans, and 1% other loans. The following table summarizes the bank's loans originated during the evaluation period by dollar and number volume, with the primary products in bold.

Loan Type	% by Dollars of Loans Originated/Purchased during evaluation period	% by Number of Loans Originated/Purchased during evaluation period
Farm Loans	47%	33%
Business Loans	28%	15%
Home Loans	17%	8%
Consumer Loans	8%	44%
Total	100%	100%

Source: Bank Reports

Additional information is available in the Public File.

DESCRIPTION OF ASSESSMENT AREA

In 2003, Seward County became part of the Lincoln MSA which changed the bank’s AA. The portions of Saline, Butler, and York Counties which had previously been part of the bank’s AA, could no longer be included. However, the entire Lincoln MSA which includes Seward and Lancaster Counties would be too large for the institution to reasonably serve. So for the purposes of this and future CRA examinations, the bank’s AA will include only Seward County. Three other similarly situated institutions exist in the county creating a strong competitive environment.

The county’s population is 16,496. All census tracts in Seward County are middle income and unemployment is low at 1.65%. The majority (82%) of business are non-farm operations. Farms total 18% of total businesses in the area. Most operations, whether farms or not, are small with less than nine employees.

The current portfolio is heavily weighted with agricultural loans and to a small degree consumer real estate. Both of these economies are currently stable in the AA. Grain and milk continue to have high prices and agricultural real estate values are also high.

One community contact was performed during this examination. An additional community contact which was performed in conjunction with another examination was also reviewed. The contacts indicated that small businesses have the most credit needs in the AA, but local financial institutions have been favorable in meeting these needs. JNB&T offers loans to these borrowers and business loans are considered a primary product.

Additional information is available in the Public File.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

The bank's loan-to-deposit ratio since the last CRA examination meets the standards for satisfactory performance. The quarterly average loan-to-deposit ratio since the last CRA examination was 76%, compared to an average of 89% for the three similarly situated institutions in the bank's AA. The bank’s loan-to-deposit ratio is low compared

to peer, but reasonable considering the competitive local lending environment and volume of loans sold on the secondary market.

Lending in Assessment Area

The bank originated a majority of its loans in the AA. A random sample of 40 farm and business loans showed 73% by number and 85% by dollar amount were located within JNB&T’s AA.

Table 1 - Lending in Seward County										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Farm	12	60%	8	40%	20	955,500	81%	228,020	19%	1,183,520
Business	17	85%	3	15%	20	761,396	92%	70,702	9%	832,098
Totals	29	73%	11	27%	40	1,716,896	85%	298,722	15%	2,015,618

Source: Bank Reports

Lending to Farms and Businesses of Different Sizes

JNB&T has a record of lending to farms and business of different sizes and their performance meets the standard for satisfactory performance.

The bank's performance for the distribution of loans to farms is generally similar to the demographic comparator by number. By dollar volume, the bank's performance is significantly lower than the demographic comparator. Our sample included two farm borrowers with revenues of more than \$1MM, and although these borrowers accounted for 10% of the sample by number, their larger loans accounted for 49% of the sample by dollar. Based on the number of bank loans to farms of less than \$1MM in revenues, we can conclude that the bank is making a satisfactory number of loans to farm borrowers of different sizes.

Table 2B - Borrower Distribution of Loans to Farms in Seward County				
Farm Revenues	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Farms	95%	5%	0%	100%
% of Bank Loans in AA by #	90%	10%	0%	100%
% of Bank Loans in AA by \$	51%	49%	0%	100%

Source: Loan Sample; Dun and Bradstreet 2006 Information

The bank's performance for the distribution of loans to businesses exceeds the demographic comparator, with 90% by number and 98% by dollar volume of loans to businesses with revenues under \$1MM. The demographic information provided by Dun and Bradstreet shows that 58% of businesses in the AA have revenues of less than \$1MM, 3% have revenues of more than \$1MM, and information for 39% of businesses was unavailable.

Table 2A - Borrower Distribution of Loans to Businesses in Seward County				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	58%	3%	39%	100%
% of Bank Loans in AA by #	90%	0%	10%	100%
% of Bank Loans in AA by \$	98%	0%	2%	100%

Source: Loan Sample; Dun and Bradstreet 2006 Information

Geographic Distribution of Loans

JNB&T's AA consists of four middle income census tracts; thus, an analysis of geographic distribution would not be meaningful.

Responses to Complaints

The bank has not received any complaints regarding their CRA performance.

Fair Lending or Other Illegal Credit Practices Review

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