



Comptroller of the Currency
Administrator of National Banks

Public Disclosure

November 24, 1997

Community Reinvestment Act Performance Evaluation

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

*203 South Sixth Street
Seward, Nebraska 68434*

**Office of the Comptroller of the Currency
Omaha South Field Office
11606 Nicholas Street, Suite 201
Omaha, Nebraska 68154**

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 CRA performance of The Jones National Bank and Trust Company of Seward, Seward, Nebraska prepared by The Office of the Comptroller of the Currency, as of November 24, 1997. 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.

A substantial majority of the bank's loans are made within its assessment area. The bank's lending efforts reflect a reasonable penetration to individuals of different income levels and farms of various sizes. The bank's loan-to-deposit ratio is strong compared to other institutions in the area.

Description of Institution

The Jones National Bank and Trust Company of Seward (JNB) is a \$118 million bank located in east central Nebraska. The bank is 100% owned by the Jones National Corporation, a one-bank holding company. JNB's main office is located in downtown Seward. In September 1997, the bank purchased the deposits and building of another institution in Seward and operates it as a full service branch. JNB has three automated teller machines (ATMs) that accept deposits and dispense cash. All ATMs are located in Seward.

JNB offers a full range of loan products, but is primarily agriculture-oriented. As of June 30, 1997, agricultural production and real estate loans represented 37% of the bank's loan portfolio, while residential one-to-four family real estate loans accounted for 30% of the portfolio. Commercial loans and consumer loans represented 21% and 12% of total loans respectively.

The bank received an Outstanding rating during its previous CRA examination dated November 22, 1994. There are no factors, including the bank's financial condition, which restrict the bank's ability to comply with the Community Reinvestment Act.

Description of the Bank's Assessment Area

JNB has designated all of Seward County and portions of Butler, Saline, and York Counties as its assessment area. All counties are located in Nebraska. The assessment area consists of eight block numbering areas (BNAs). Seven of the BNAs were designated middle-income in the 1990 census and one was designated upper-income. Based on 1990 census data, the population of the assessment area is 26,257. The 1997 statewide nonmetropolitan median family income is \$37,100. The 1990 census information indicated 12% of families in the assessment area are low-income, 16% moderate-income, 26% middle-income, and 46% upper-income. Ten percent of the households are below the poverty level and three percent receive public assistance. The median housing value is \$40,522 and 65% of the homes are owner-occupied. Agriculture is the primary industry in the area.

Five banks are chartered within the assessment area with total assets ranging from \$19 million to \$130 million. JNB is the second largest of the five banks. The bank also competes with credit unions and branches of banks chartered outside of the assessment area.

The primary needs identified by the bank are housing and small farm loans. We reviewed two community contacts we had on file which confirmed these as the community's main credit needs.

Conclusions with Respect to Performance Criteria

Lending to Borrowers of Different Income Levels and Farms of Different Sizes

The distribution of borrowers reflects reasonable dispersion among individuals of different income levels and farms of different sizes. To determine the bank's level of lending to farms of different sizes and borrowers of different income levels, we reviewed 20% of the borrowers with agricultural production loans originated since January 1, 1997 and 100% of the residential real estate purchase and refinance loans originated since January 1, 1997. As of June 30, 1997, agricultural and residential real estate loans represented 37% and 30% of the bank's loan portfolio respectively. The tables below summarize our findings.

Agricultural Loans					
Reporting Gross Revenue Information					
Annual Gross Revenues	Number of Borrowers	Percent By Number	\$ Volume (000's)	Percent By \$ Volume	All farms in Seward County (%)
\$0 - \$100,000	13	52%	\$146	32%	73%
\$100,001-\$250,000	10	40%	\$278	60%	27%
\$250,001-\$500,000	1	4%	\$8	2%	
\$500,001-\$1,000,000	1	4%	\$30	6%	
> \$1,000,000	0	0%	\$0	0%	
Total	25	100%	\$462	100%	100%

Residential Real Estate Loans					
Income Levels	Number	Percent By Number	\$ Volume (000's)	Percent By \$ Volume	Total Families in Assessment Area (%)
Low	4	7%	\$76,500	3%	12%
Moderate	14	25%	\$458,500	19%	16%
Middle	18	33%	\$668,200	27%	26%
Upper	19	35%	\$1,253,100	51%	46%
Total	55	100%	\$2,456,300	100%	100%

The bank actively participates in the Nebraska Energy Office's Dollar and Energy Saving Loan

Program. Since the November 22, 1994 CRA examination, the bank has originated 18 loans totaling \$91,070 under this program. JNB made 16 of the loans, totaling \$67,605, in Seward County. This comprised 33% of the total energy loans made in the county in the same time frame.

JNB participates in Seward County Housing Corporation's First Time Home Buyer Program. This program provides subsidized down payments for applicants with qualifying maximum incomes. In 1995, JNB originated four construction-permanent financing loans totaling \$188,200. One of the loans has since been paid off. The three remaining loans were to moderate-income borrowers.

The bank originates residential real estate loans for sale on the secondary market. During 1996 and year-to-date 1997, JNB originated 12 loans totaling \$1,093,100. Two of the twelve loans totaling 93,500 were to moderate-income borrowers. The remaining loans were to middle- and upper-income borrowers.

Lending in the Assessment Area

We used the agricultural and residential real estate loan samples described above as an indication of lending levels inside the bank's assessment area. A substantial majority of the bank's loans are made to borrowers who live within the assessment area. The tables below summarize our findings.

Agricultural Loans				
	Number	Percent By Number	\$ Volume (000's)	Percent By \$ Volume
Inside assessment area	40	95%	\$570	97%
Outside assessment area	2	5%	\$15	3%
Total	42	100%	\$585	100%

Residential Real Estate Loans				
	Number	Percent By Number	\$ Volume (000's)	Percent By \$ Volume
Inside assessment area	53	96%	\$2,209	90%
Outside assessment area	2	4%	\$247	10%
Total	55	100%	\$2,456	100%

We reviewed residential deeds of trust and mortgages filed in Seward County from April 1, 1997 through September 30, 1997. The bank provided financing on 13% of these properties, which was the highest percentage of any lender.

Loan-to-Deposit Ratio

JNB's loan-to-deposit ratio is strong in comparison to ratios of other area community banks. As of June 30, 1997, the bank's ten quarter average loan-to-deposit ratio was 70%. Other bank ratios ranged from 57% to 81% with an average loan-to-deposit ratio of 68%.

Geographic Distribution of Loans

An analysis of the geographic distribution of loans within the bank's assessment area was not meaningful. The bank's assessment area does not contain any low or moderate income BNAs.

Compliance with Antidiscrimination Laws and Regulations

Our review did not disclose any evidence of discrimination or other illegal credit practices.

Response to Substantiated Complaints

There were no consumer complaints against the bank since the last examination.