



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

April 12, 2002

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Siouxland National Bank
Charter Number 16921**

**210 West 39th Street
South Sioux City, Nebraska 68776**

**Comptroller of the Currency
Omaha North Field Office
13710 FNB Parkway, Suite 110
Omaha, Nebraska 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.

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INSTITUTION'S CRA RATING

This institution is rated Satisfactory.

Siouxland National Bank (SNB) adequately meets the credit needs of its assessment area. The bank's primary lending activities are centered on agriculture and commercial borrowers.

- SNB meets the credit needs of its assessment area.
- The bank's lending efforts result in reasonable penetration of farms and businesses of different sizes.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.
- A majority of the bank's loans are within the assessment area.

DESCRIPTION OF INSTITUTION

SNB is a \$38 million bank located in Dakota County. The bank has a main branch and a motor bank, which are both located in South Sioux City, Nebraska. The bank is 100% owned by Siouxland National Corp., a \$2.9 million one-bank holding company located in South Sioux City, Nebraska. There are no legal or financial impediments limiting the bank's ability to help meet community credit needs.

As of December 31, 2001, SNB's loan portfolio comprised 57% of total assets. The bank's primary credit products are agriculture and commercial loans. The table below breaks down the loan portfolio by origination dollars and number of loans.

	% of origination dollars	% of origination # of loans
Commercial Loans	44%	28%
Agricultural/RE Loans	29%	20%
Residential RE Loans	20%	15%
Consumer Loans	7%	37%

SNB was rated "Satisfactory Record of Meeting Community Credit Needs" at the last CRA examination, dated February 20, 1997.

DESCRIPTION OF ASSESSMENT AREA

SNB's assessment area (AA) consists of Dakota County, Nebraska, which includes four block numbering areas (BNAs). Dakota County is located in the Sioux City IA-NE metropolitan

statistical area (MSA). The AA does not exclude any low- or moderate-income tracts and meets the requirements of the regulation. Individuals can refer to the CRA public file for a map outlining the bank's AA.

According to the 1990 U.S. Census, 16,742 people reside in the AA with 9,677 located in South Sioux City. The 1990 median family income for the Sioux City MSA was \$30,450. The updated 2001 median family income for the MSA is \$51,900. One (25%) BNA is moderate-income, two (50%) are middle-income, and one (25%) is upper-income. Family incomes in the area are 20% low-income, 19% moderate-income, 25% middle-income, and 36% upper-income. Thirteen percent of AA households have income below the poverty level. The median housing value in the AA is \$42,488, and 64% of housing is owner-occupied.

The local economy is stable, and the major employers include IBP (meat packing plant), BPI (meat packing biproduct plant), Great West Casualty (insurance), and the public school system. The Bureau of Labor Statistics reported 2.0% - 2.9% average unemployment rates as of March 2001 - February 2002 for Dakota County.

Examiners made one community contact during this CRA examination. The community contact is a local government leader. Discussions with the community contact revealed quality affordable housing and small business lending as the primary credit needs of the area. SNB offers and originates these types of loans.

Competition for financial services is strong in the AA. There are six financial institutions competing with SNB for loans and deposits within the AA. SNB is the smallest of these institutions. Competitors include locally owned banks ranging in asset size from \$72 million to \$148 million, as well as local branches of three large interstate financial institutions.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

The bank's average loan-to-deposit ratio is reasonable, given the institution's size, financial condition, and AA credit needs. SNB's ratio averaged 59% over the past 17 quarters and was 63% at December 31, 2001. The 17 quarter average of similarly situated banks ranged from 61% to 66%, with an average of 63%. This includes three bank's that are locally owned, full service financial institutions with similar products and services.

Lending in Assessment Area

SNB originates a majority of its loans within the AA. We reviewed a combined sample of 20 agricultural and commercial borrowers to determine the bank's lending to individuals in the AA. All loans were originated between February 20, 1997 and February 28, 2002. The following

table shows the findings of our sample:

ASSESSMENT AREA CONCENTRATION

	# of loans	% of total #	\$ of loans	% of total \$
Inside AA	12	60%	\$1,001,536	84%
Outside AA	8	40%	\$197,747	16%
Totals	20	100%	\$1,199,283	100%

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

SNB has a satisfactory record of lending to agricultural borrowers of different sizes. We reviewed a sample of 20 agricultural loans totaling \$1,213 million to determine the bank’s lending to farms of different sizes. All of the loans in this sample were made to farms located within the AA and were originated between January 1, 2000 and February 28, 2002. A majority of the bank’s lending was to smaller operations, those with less than \$250,000 in gross annual revenue, which approximates the demographic data. The following table shows the number, dollar volume, and corresponding percentages of the agricultural loan sample.

LOANS TO FARMS OF DIFFERENT SIZES					
Gross Revenue of Farms	# of loans	% of total #	\$ of loans	% of total \$	% of Farms in AA
< \$100,000	12	60%	\$402,566	33%	74%
\$100,000 - \$249,999	4	20%	\$104,035	9%	15%
> or = \$250,000	4	20%	\$706,235	58%	11%
Totals	20	100%	\$1,212,836	100%	100%

SNB’s record of lending to small businesses with revenues less than \$1 million is satisfactory. We reviewed 20 commercial loans totaling \$1,078 million to determine the bank’s lending to small businesses. All of the loans in this sample were made to businesses located within the AA and were originated between January 1, 2000 and February 28, 2002. A majority of the bank’s lending was to smaller operations, those with less than \$1 million in gross annual revenue. This is comparable to the 2001 Business Geodemographic Data, which shows 84% of businesses with

gross annual revenues of \$1 million or less. In addition, a community contact indicated that small business lending is one of the community's primary needs. The following table shows the number, dollar volume, and corresponding percentages of the commercial loan sample.

LOANS TO BUSINESSES OF DIFFERENT SIZES					
Gross Revenue of Businesses	# of loans	% of total #	\$ of loans	% of total \$	% of Businesses in AA
< = \$1 million	15	75%	\$794,308	74%	84%
> \$1 million	5	25%	\$283,734	26%	9%
Totals	20	100%	\$1,078,042	100%	93%*

* 7% of businesses in the AA had no reported income

Geographic Distribution of Loans

SNB's record of providing agricultural loans throughout the AA is adequate, given AA demographics. We sampled 20 out of 366 agricultural loans originating between January 1, 2000 to February 28, 2002 totaling \$1,213 million to determine loan dispersion throughout the AA. All of the loans in this sample were made to farms located within the AA. We compared our data to the percentage of farms located in each tract income category. All of the sampled agricultural loans were located in the middle- and upper-income BNA's. Performance is considered adequate because the moderate-income tract is located inside South Sioux City limits and according to the 2001 Business Geodemographic data only 3% of farms are located in the moderate-income tract. The following table shows the number, dollar volume, and corresponding percentages of the agricultural loan sample.

AGRICULTURAL BORROWER SAMPLE					
BNA	# of loans	% of total #	\$ of loans	% of total \$	% of Farms in the AA
Moderate	0	0%	\$0	0%	3%
Middle	17	85%	\$1,052,801	87%	91%
Upper	3	15%	\$160,035	13%	6%
Totals	20	100%	\$1,212,836	100%	100%

SNB's record of providing business loans throughout the AA is reasonable, given AA demographics. We sampled 20 out of 500 commercial loans originating between January 1, 2000 to February 28, 2002 totaling \$1,078 million to determine loan dispersion throughout the AA. All of the loans in this sample were made to businesses located within the AA. We compared our data to the percentage of businesses located in each tract. The following table

shows the number, dollar volume, and corresponding percentages of the commercial loan sample.

COMMERCIAL BORROWER SAMPLE					
BNA	# of loans	% of total #	\$ of loans	% of total \$	% of Businesses in the AA
Moderate	3	15%	\$655,387	61%	28%
Middle	9	45%	\$226,384	21%	42%
Upper	8	40%	\$196,271	18%	30%
Totals	20	100%	\$1,078,042	100%	100%

Our sample showed the bank made loans in all tracts and there were no conspicuous gaps.

Responses to Complaints

The bank has not received any complaints regarding CRA performance since the last CRA examination dated February 20, 1997.

Fair Lending Review

An analysis of 1998, 1999 and 2000 public comments and consumer complaint information was performed according to the OCC's risk based fair lending approach. Based on its analysis of the information, the OCC decided that a comprehensive fair lending examination would not need to be conducted in connection with the CRA evaluation this year. The latest comprehensive fair lending exam was performed in 1997.