



**SMALL BANK**

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

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## **PUBLIC DISCLOSURE**

**November 08, 2006**

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**Siouxland National Bank  
Charter Number 16921**

**1001 West 29th Street, P.O. Box 987  
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.**

## **INSTITUTION'S CRA RATING:**

### **This institution is rated Satisfactory.**

Siouxland National Bank (SNB) does a satisfactory job of meeting the credit needs of its assessment area (AA). The bank's primary lending activities are to commercial, residential, and consumer borrowers.

- SNB's average lending level is satisfactory.
- SNB originates a majority of its loans within the AA.
- Lending to businesses of different sizes and consumers of different income levels is satisfactory.
- Lending to borrowers in different income tracts is satisfactory.

## **DESCRIPTION OF INSTITUTION**

SNB is a \$36 million bank located in Dakota County in northeastern Nebraska. The bank is 100% owned by Siouxland National Corp., a \$36 million, one-bank holding company located in South Sioux City, Nebraska. SNB has one branch, which is also located in South Sioux City, Nebraska. The bank does not have any deposit-taking automated teller machines. The bank's corporate structure has not changed since the last Community Reinvestment Act (CRA) examination.

SNB offers traditional loan and deposit products. As of June 30, 2006, the bank's loan portfolio totaled 64% of total assets. The loan portfolio consisted of 49% commercial, 31% residential real estate, 11% consumer, and 9% agricultural loans based on outstanding dollars.

SNB has no legal or financial impediments that prevent it from fulfilling its obligations under the CRA. SNB was rated "Satisfactory Record of Meeting Community Credit Needs" at the last CRA examination dated April 12, 2002.

## **LOAN SAMPLING AND DATA INTEGRITY**

We evaluated loans originated between April 12, 2002 and October 31, 2006. The number and dollar volume of loans were broken down by SNB's internal Call Report codes to determine the bank's primary credit products. Commercial loans were the bank's primary credit product based on the number and volume originated. Residential loans were also a primary product based on the number and volume originated. Consumer loans were also a primary product based on the number of loans originated. The primary products are representative of the bank's business

strategy. We found no problems with data integrity during our review of the loan sample. The following table shows the breakdown of loans originated and purchased since April 12, 2002.

Loan Portfolio Originations		
Loan Type	Originated Loans by Dollar	Originated Loans by Number
Commercial Loans	44%	26%
Residential Loans	30%	24%
Consumer Loans	9%	37%
Agricultural Loans	17%	13%
<b>Total</b>	<b>100%</b>	<b>100%</b>

*Source: Bank reports.*

## DESCRIPTION OF ASSESSMENT AREA

The bank's AA meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income geographies. The bank's AA consists of four contiguous census tracts (CTs). The bank's AA consists of CTs 101, 102, 103, and 104 in Dakota County. Three of the four (75%) CTs are middle-income geographies and one of four (25%) CTs is a moderate-income geography. Individuals can refer to the bank's CRA Public File for a map outlining the bank's AA.

According to the 2000 U.S. Census, the total population of the AA is 20,253. The 2000 U.S. Census estimated 21% of families in the AA were low-income, 19% moderate-income, 24% middle-income, and 36% upper-income. Eleven percent of the AA households are below the poverty level. The 2006 weighted average updated median family income is \$55,700 for metropolitan statistical areas in Nebraska. The median housing value in the AA is \$77,020 and 64% of housing is owner-occupied.

The local economy is stable. Unemployment is low at less than 4%. Major employers in the area include Tyson, BPI, the local school district, and local government. There are five other similarly situated financial institutions with branches within Dakota and Woodbury counties. These institutions range in size from approximately \$78 million to \$578 million in total assets. These institutions, along with local credit unions, provide the primary competition to SNB.

Examiners made one community contact with a local city official during the CRA examination. The community contact revealed that business loans are a primary credit needs within the community. SNB offers and originates these types of loans. The community contact felt that the credit needs of the community were being met.

## CONCLUSIONS ABOUT PERFORMANCE CRITERIA

## Loan-to-Deposit Ratio

SNB's average lending level is satisfactory. This is based on the bank's loan-to-deposit (LTD) ratio, size, financial condition, and the AA credit needs. SNB's June 30, 2006 net LTD ratio was 75%. SNB's quarterly average LTD ratio for the 21 quarters ending June 30, 2006 was 73%. SNB's average LTD ratio reasonably compares to the average LTD ratio of the five similarly situated banks in the AA. The five similarly situated banks have a 21-quarter average LTD ratio of 83%, and a range of 65% to 91%. Commercial banks with similar sizes located within Dakota and Woodbury counties were used as similarly situated banks for comparison.

## Lending in Assessment Area

SNB originates a majority of its loans within the AA. We reviewed a sample of 20 commercial, residential, and consumer loans to determine the bank's lending performance within the AA. All of the loans were originated between April 12, 2002 and October 31, 2006.

We found that 15 loans, or 75% of commercial, residential, and consumer loans were originated within the AA. Also, \$1,016,085, or 70% of loan volume, was originated within the AA. The table below shows the level of lending in and out of the AA.

Lending in Assessment Area										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Commercial Loans	5	71%	2	29%	7	\$520,887	58%	\$383,535	42%	\$904,422
Residential Loans	6	86%	1	14%	7	\$439,000	99%	\$3,000	1%	\$442,000
Consumer Loans	4	67%	2	33%	6	\$56,198	53%	\$49,205	47%	\$105,403
Totals	15	75%	5	25%	20	\$1,016,085	70%	\$435,740	30%	\$1,451,825

Source: Loan Sample.

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

SNB has a satisfactory record of lending to commercial borrowers of different sizes. We reviewed a sample of 20 commercial loans to determine the bank's lending to businesses of different sizes. All of the loans in this sample were located in the AA and were originated between January 1, 2004 and October 31, 2006.

SNB originated 95% of commercial loans by number and 93% by volume to business operations with gross annual revenues less than \$1,000,000. SNB's lending compares reasonably to AA demographics, as 56% of businesses report gross annual revenues less than \$1,000,000. The following table shows the breakdown of loans to businesses as compared to the AA demographics.

Borrower Distribution of Loans to Businesses in Assessment Area		
Business Revenues	≤\$1,000,000	>\$1,000,000
% of AA Businesses*	56%	6%

% of Bank Loans in AA by #	95%	5%
% of Bank Loans in AA by \$	93%	7%

Source: Loan sample, U.S. Census data.

\* 38% of AA businesses did not report revenue.

SNB has a satisfactory record of lending to residential borrowers of different income levels. We reviewed all residential loans originated between January 1, 2004 and December 31, 2005 to determine the bank's lending to individuals of different income levels. The loans were all located in the AA.

SNB originated 40% of its loans by number to low- and moderate-income borrowers. This percentage matches the 40% of AA households with low or moderate incomes. The following table shows the breakdown of loans to individuals as compared to the AA demographics.

<b>Borrower Distribution of Residential Real Estate Loans in Assessment Area</b>								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of Number	% of AA Families	% of Number	% of AA Families	% of Number	% of AA Families	% of Number	% of AA Families
Residential Loans	20%	21%	20%	19%	29%	24%	31%	36%

Source: HMDA data, U.S. Census data.

SNB has an outstanding record of lending to consumers of different income levels. We reviewed a sample of 20 consumer loans to determine the bank's lending to individuals of different income levels. All of the loans in this sample were located in the AA and were originated between January 1, 2004 and October 31, 2006.

SNB originated 70% of its loans by number to low- and moderate-income borrowers. This percentage exceeds the 40% of AA households with low or moderate incomes. The following table shows the breakdown of loans to individuals as compared to the AA demographics.

<b>Borrower Distribution of Consumer Loans in Assessment Area</b>								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of Number	% of AA Households	% of Number	% of AA Households	% of Number	% of AA Households	% of Number	% of AA Households
Consumer Loans	35%	22%	35%	18%	10%	21%	20%	39%

Source: Loan sample, U.S. Census data.

## Geographic Distribution of Loans

SNB's record of lending to commercial borrowers in different income tracts is satisfactory. We

reviewed a sample of 20 commercial loans to determine if the bank is lending in different income tracts. All of the loans in this sample were located in the AA and were originated between January 1, 2004 and October 31, 2006. The bank's AA does not include any low- or high-income census tracts.

SNB originated 30% of commercial loans to businesses in moderate-income census tracts. This is compared to 27% of AA businesses in moderate-income census tracts. The following table shows the breakdown of loans as compared to the AA demographics.

<b>Geographic Distribution of Loans to Businesses in Assessment Area</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of Number	% of AA Businesses	% of Number	% of AA Businesses	% of Number	% of AA Businesses	% of Number	% of AA Businesses
Commercial Loans	0%	0%	30%	27%	70%	73%	0%	0%

*Source: Loan sample, U.S. Census data.*

SNB's record of lending to residential borrowers in different income tracts is satisfactory. We reviewed all residential loans originated between January 1, 2004 and December 31, 2005 to determine if the bank is lending in different income tracts. The loans were all located in the AA. The bank's AA does not include any low- or high-income census tracts.

SNB originated 13% of residential loans to individuals in moderate-income census tracts. This is compared to 22% of AA owner-occupied housing in moderate-income census tracts. The following table shows the breakdown of loans as compared to the AA demographics.

<b>Geographic Distribution of Residential Real Estate Loans in Assessment Area</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of Number	% of AA Owner Occupied Housing	% of Number	% of AA Owner Occupied Housing	% of Number	% of AA Owner Occupied Housing	% of Number	% of AA Owner Occupied Housing
Residential Loans	0%	0%	13%	22%	87%	78%	0%	0%

*Source: HMDA data, U.S. Census data.*

SNB's record of lending to individual borrowers in different income tracts is satisfactory. We reviewed a sample of 20 consumer loans to determine if the bank is lending in different income tracts. All of the loans in this sample were located in the AA and were originated between January 1, 2004 and October 31, 2006. The bank's AA does not include any low- or high-income census tracts.

SNB originated 25% of consumer loans to individuals in moderate-income census tracts. This is compared to 30% of AA households in moderate-income census tracts. The following table shows the breakdown of loans as compared to the AA demographics.

<b>Geographic Distribution of Consumer Loans in Assessment Area</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of Number	% of AA Households	% of Number	% of AA Households	% of Number	% of AA Households	% of Number	% of AA Households
Consumer Loans	0%	0%	25%	30%	75%	70%	0%	0%

*Source: Loan sample, U.S. Census data.*

### **Responses to Complaints**

The Office of the Comptroller of the Currency and the bank have not received any complaints regarding the bank's CRA performance since the last CRA examination dated April 12, 2002.

### **Fair Lending or Other Illegal Credit Practices Review**

A review of SNB's compliance with the anti-discrimination requirements of the Fair Housing Act, the Equal Credit Opportunity Act, and Regulation B was completed February 25, 2005. The examination revealed no evidence of illegal discrimination or violations of fair lending laws and regulations. A comparative analysis was not completed as there was an insufficient loan volume. Loan samples are reviewed for technical compliance with Regulation B and with other explicit fair lending requirements.