



## PUBLIC DISCLOSURE

January 31, 2017

## COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The Security National Bank of Sioux City, Iowa  
Charter Number 3124

601 Pierce Street  
Sioux City, IA 51101

Office of the Comptroller of the Currency

Sioux Falls Field Office  
4900 S. Minnesota Avenue, Suite 300  
Sioux Falls, SD 57108

**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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## General Information and Overall CRA Rating

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 (LMI) neighborhoods, consistent with the 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 Security National Bank of Sioux City, Iowa (SNB) issued by the OCC, the institution's supervisory agency, for the evaluation period starting January 1, 2014 and ending January 31, 2017. The agency rates the performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.

**INSTITUTION'S CRA RATING: This institution is rated Satisfactory.**

**The Lending Test is rated: Satisfactory.**

**The Community Development Test is rated: Satisfactory.**

- Management originates and purchases a substantial majority of its loans to customers located in the bank's assessment areas (AAs).<sup>1</sup>
- SNB's loan-to-deposit ratio is reasonable when considering the bank's size, financial condition, and the credit needs of its AAs.
- The geographic distribution of loans represents excellent dispersion among census tracts (CTs) in the AAs.
- The income distribution of loans represents reasonable penetration of AA demographics.
- Community development (CD) activities represent adequate responsiveness to AA needs and opportunities.

### Scope of Examination

SNB was evaluated under the Intermediate Small Bank examination procedures, which include a Lending Test and a CD Test for the Sioux City IA-NE-SD Multistate Metropolitan Statistical Area (MMSA) and the State of Iowa. The Lending Test evaluates the bank's record of meeting the credit needs of its AAs through its lending

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<sup>1</sup> The net loan-to-deposit ratio and percentage of loans and other lending-related activity in the assessment area only apply to the institution overall. No discussion of these performance criteria applies to sections of the performance evaluation relating to states and multistate metropolitan areas.

activities. The CD Test evaluates the bank's record of responding to the CD needs of its AAs through CD lending and providing qualified investments, donations, and services.

The Lending Test covers SNB's performance from January 1, 2014 to September 30, 2016. The Lending Test evaluated agriculture, commercial, and consumer loans originated by management during the evaluation period, as these loan types were determined to be the primary loan products in SNB's individual AAs. Refer to Appendix A for a list of primary products identified in each AA.

To evaluate lending performance, we selected a random sample of loans originated and purchased during the evaluation period for each primary loan product type in each AA. Examiners initially sampled 20 loans per primary product type in each AA and used that information in the lending analysis. The agriculture and commercial loan samples in the Sioux City IA-NE-SD MMSA AA were expanded to 60 loans because the initial analysis did not result in satisfactory findings. Loan data was compared to 2010 U.S. Census data.

The CD Test covers SNB's performance from February 3, 2014 to January 31, 2017. We reviewed all CD loans, investments, donations, and services submitted by SNB management to ensure they met the regulatory definition of CD. We excluded from this evaluation some items submitted for consideration because they did not meet the definition or purpose of CD.

## **Description of Institution**

SNB is an intrastate financial institution headquartered in Sioux City, Iowa. SNB had total assets of \$953 million and tier one capital of \$97.7 million as of December 31, 2016. SNB is wholly owned by Security National Corporation (SNC), a three bank holding company headquartered in Dakota Dunes, South Dakota. As of December 31, 2016, SNC had consolidated total assets of \$1.4 billion.

SNB operates nine full service branches, one motor bank, four deposit-taking automatic teller machines (ATMs), and 10 cash-dispensing ATMs in Iowa. The main office, motor bank, three branches, three deposit-taking ATMs, and seven cash-dispensing ATMs are located in Sioux City. SNB operates one branch and one cash-dispensing ATM in each of the following towns: Akron, Merville, and Lawton. One branch and one deposit-taking ATM are located in Mapleton and one branch is located in Climbing Hill.

SNB purchased substantially all of the assets of First Trust & Savings Bank in Merville, Iowa on May 1, 2015. The acquisition included the branch and ATM locations in Merville, Lawton, and Climbing Hill as described above. No other mergers, acquisitions, branch openings, or branch closings occurred during the evaluation period.

SNB's primary business focus is consistent with the traditional community bank model. SNB offers a full range of credit products within its AAs, including agriculture, commercial, consumer, and residential real estate loans. As of December 31, 2016, net

loans totaled \$516.3 million and represented 54 percent of total assets. SNB's loan portfolio is comprised of the following loan types as of December 31, 2016:

Category	Percent of Gross Loans
Real Estate Loans	51.40
Agriculture Loans	39.52
1-4 Family Residential Loans	25.32
Commercial and Industrial Loans	9.74
Consumer Loans	2.00

Source: December 31, 2016 call report

In addition to lending products, SNB also provides a wide range of retail deposit products to its customers including free checking and savings accounts.

There are no known legal, financial, or other factors impeding the bank's ability to meet the credit needs of its AAs. SNB received a Satisfactory rating in its last Performance Evaluation dated February 3, 2014.

## Selection of Areas for Full-Scope Review

In the state and multistate metropolitan area (MMA) where the bank has an office, a sample of AAs within that state/MMA was selected for full-scope reviews. Refer to the "Scope" section under the State and MMA Rating section for details regarding how the areas were selected.

## Ratings

The bank's overall rating is a blend of the MMA rating and state rating. The rating for the Sioux City IA-NE-SD MMSA AA was weighted more heavily than the State of Iowa rating because this AA accounts for the largest portion of SNB's branch locations, deposit activity, and loan volume.

## Conclusions with Respect to Performance Criteria

SNB's performance under the Lending Test is satisfactory. SNB's loan-to-deposit ratio is reasonable. A substantial majority of SNB's loans are originated to or purchased from affiliate banks to borrowers located inside the bank's AAs.

### Loan-to-Deposit Ratio

SNB's loan-to-deposit ratio is reasonable given the bank's size, financial condition, and the AA's credit needs. SNB's average quarterly loan-to-deposit ratio was 68 percent for the 12 quarters from December 31, 2013 to September 30, 2016. The ratio ranged from a quarterly low of 65 percent to a quarterly high of 74 percent.

SNB's average loan-to-deposit ratio is slightly lower than the average loan-to-deposit ratio of other community banks operating in SNB's AAs; however, the ratio is

reasonable. The average quarterly loan-to-deposit ratio for competitor banks was 86 percent for the 12 quarters from December 31, 2013 to September 30, 2016. The ratio ranged from an average quarterly low of 71 percent to an average quarterly high of 97 percent. The competitor banks ranged in size from \$152.9 million to \$729.1 million.

### Lending in Assessment Area

SNB originates and purchases a substantial majority of its loans to customers within its AAs. We reviewed 40 agriculture loans, 20 commercial loans, and 20 consumer loans originated between January 1, 2014 and September 30, 2016 to assess performance with this criterion. Management originated 84 percent of its loans by dollar and 76 percent of its loans by number to borrowers within the bank's AAs.

Table 1 details lending within the bank's AAs by number and dollar amount of loans.

Loan Type	Number of Loans					Dollars of Loans (in 000s)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Agriculture Loans	30	75	10	25	40	7,952	67	3,921	33	11,873
Commercial Loans	14	70	6	30	20	12,948	99	101	1	13,049
Consumer Loans	17	85	3	15	20	160	86	26	14	186
<b>Total</b>	<b>61</b>	<b>76</b>	<b>19</b>	<b>24</b>	<b>80</b>	<b>21,060</b>	<b>84</b>	<b>4,048</b>	<b>16</b>	<b>25,108</b>

Source: Loan sample

### Fair Lending or Other Illegal Credit Practices Review

Pursuant to 12 CFR 25.28(c) and 195.28(c), in determining a national bank's (bank) or federal savings association's (FSA) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank or FSA or in any AA by an affiliate whose loans have been considered as part of the bank or FSA's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice and the U.S. Department of Housing and Urban Development (HUD), and the Consumer Financial Protection Board (CFPB).

The OCC did not identify evidence of discriminatory or other illegal credit practices with respect to this institution.

The OCC will consider any evidence of discriminatory or other illegal credit practices relative to this institution that other regulators may provide to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information provided concerns activities that occurred during the evaluation period addressed in this performance evaluation.

## **Multistate Metropolitan Area Rating**

### **Sioux City IA-NE-SD Multistate Metropolitan Area**

**CRA Rating for the Sioux City IA-NE-SD MMSA<sup>2</sup>: Satisfactory.**

**The Lending Test is rated: Satisfactory.**

**The Community Development Test is rated: Satisfactory.**

SNB's performance in the Sioux City IA-NE-SD MMSA meets the standards for satisfactory performance.

- The geographic distribution of loans represents excellent dispersion among CTs in the AA.
- The distribution of loans to farms and businesses of different sizes reflects reasonable penetration of AA demographics.
- SNB's CD activities demonstrated adequate responsiveness to the CD needs and opportunities in the AA.

### **DESCRIPTION OF INSTITUTION'S OPERATIONS IN SIOUX CITY IA-NE-SD MMSA**

The Sioux City IA-NE-SD MMSA includes Plymouth and Woodbury counties in Iowa, Dakota and Dixon counties in Nebraska, and Union county in South Dakota. SNB limits the Sioux City IA-NE-SD MMSA AA to Plymouth and Woodbury counties in Iowa, Dakota County in Nebraska, and Union county in South Dakota because it cannot reasonably serve the entire MMSA. The AA meets the requirements of the CRA regulation and does not arbitrarily exclude LMI geographies.

During the evaluation period, SNB operated eight branches, one motor bank, three deposit-taking ATMs, and 10 cash-dispensing ATMs in the Sioux City IA-NE-SD MMSA AA. This AA represents SNB's major market and includes the bank's main branch, which is home to SNB's senior management team. SNB reported total deposits of \$721.4 million in the Sioux City IA-NE-SD MMSA AA as of June 30, 2016. This represents 94 percent of SNB's total deposits as of that date. According to FDIC market share information as of June 30, 2016, SNB ranked first in deposit market share in Plymouth and Woodbury counties with a market share of 23 percent. Management originated \$1.2 billion in loans in the Sioux City IA-NE-SD MMSA AA during the evaluation period. This represents 94 percent of SNB's loan originations by dollar during the evaluation period.

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<sup>2</sup>This rating reflects performance within the multistate metropolitan area. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan area.

The Sioux City IA-NE-SD MMSA AA included 39 CTs in 2016. One CT was low-income, seven were moderate-income, 22 were middle-income, and eight were upper-income. The income level of one CT was unknown.

One-hundred and sixty-three thousand people lived in the Sioux City IA-NE-SD MMSA AA in 2016. The population included 42 thousand families in 2016 and 62 thousand households. Of the families, 19 percent were low-income, 19 percent were moderate-income, 23 percent were middle-income, and 39 percent were upper-income. The FFIEC updated median family income was \$60,900 in 2016. Of the households, 23 percent were low-income, 16 percent were moderate-income, 20 percent were middle-income, and 41 percent were upper-income. Eleven percent of the AA's households lived below the poverty level. The weighted-average of median household income was \$49,756 in 2016.

There were 66 thousand housing units in the Sioux City IA-NE-SD MMSA AA during 2016. Sixty-six percent of the total housing units are owner-occupied and 27 percent are renter-occupied. The median age of housing units in the AA is 49 years and the weighted average median cost of housing is \$109 thousand. The weighted average of monthly gross rent is \$594.

The Sioux City IA-NE-SD MMSA AA included 12 thousand businesses in 2016. Eighty-nine percent of businesses are non-farm businesses and 11 percent are farms. Seventy-two percent of the AA's total businesses employ between one and four people and 81 percent reported gross annual revenue (GAR) under \$1 million.

The economy in the Sioux City IA-NE-SD MMSA AA was favorable during the evaluation period. According to the Bureau of Labor Statistics, the unemployment rate for the Sioux City IA-NE-SD MMSA ranged from a high of 4.80 percent in January 2014 to a low of 3.0 percent in September, October, and November 2015 and May 2016. The unemployment rate for the MMSA was 3.90 percent in December 2016. This is slightly above the December 2016 unemployment rate for the State of Iowa of 3.60 percent but below the national unemployment rate of 4.70 percent in December 2016. Major employers in the Sioux City IA-NE-SD MMSA AA include two health care systems, the Sioux City school system, a meat packing plant, three colleges, and the United States Air Force.

Competition in the Sioux City IA-NE-SD MMSA AA is strong. Competition includes local community banks and branches of larger regional and national institutions. As of June 30, 2016, there were 33 institutions with 94 offices located in the Sioux City IA-NE-SD MMSA AA.

We reviewed two recent community contacts in the Sioux City IA-NE-SD MMSA AA in conjunction with this examination. The first contact was the President of a neighborhood housing services organization in Sioux City. The contact identified affordable housing loans as the primary credit need in the AA. The second contact was a loan manager at a government organization that provides services to the agriculture

industry. He identified farm loans as a primary credit need in the AA. SNB offers both of these types of loans.

## SCOPE OF EVALUATION IN SIOUX CITY IA-NE-SD MMSA

SNB operates one AA in the Sioux City IA-NE-SD MMSA. The rating for the MMA is solely based on a full-scope review of this area.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN SIOUX CITY IA-NE-SD MMSA

SNB’s performance under the Lending Test and the CD Test in the Sioux City IA-NE-SD MMSA is rated Satisfactory. The distribution of loans to businesses and farms of different sizes reflects reasonable penetration of AA demographics. The distribution of agriculture and commercial loans to CTs of different income levels reflects excellent dispersion of AA demographics. The volume of CD loans, investments, donations, and services reflects adequate responsiveness to CD needs and opportunities in the MMSA.

### LENDING TEST

SNB’s performance under the Lending Test in the Sioux City IA-NE-SD MMSA is rated “Satisfactory.”

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

The distribution of loans to businesses and farms of different sizes reflects reasonable penetration of AA demographics.

#### Agriculture Loans

The distribution of agriculture loans to farms of different sizes is poor. Ninety-eight percent of farms in the Sioux City IA-NE-SD MMSA AA reported annual gross farm revenues of \$1 million or less in 2016. Forty-seven percent of SNB’s loans by number and 32 percent of its loans by dollar were to farms with annual gross farm revenues of \$1 million or less.

Table 2 includes the data used to evaluate the borrower distribution of the bank’s agriculture loans in the Sioux City IA-NE-SD MMSA AA.

Table 2 - Borrower Distribution of Loans to Farms in Sioux City MMSA AA				
Farm Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Farms	98.13	1.33	0.54	100.00
% of Bank Loans in AA by #	47	53	0	100.00
% of Bank Loans in AA by \$	32	68	0	100.00

Source: 2010 U.S. Census data, Loan sample

Discussion with management indicates the results of our loan sample are skewed because our analysis evaluates performance on a loan-by-loan basis rather than a borrower-by-borrower basis. Management noted that many of SNB's large agriculture borrowers originate several loans a year while the smaller agriculture borrowers typically only originate one or two loans annually.

Management tracked the income level of all agriculture borrowers with loans originated during the evaluation period. Review of this information indicates, in aggregate, 77 percent of agriculture borrowers by number in the Sioux City IA-NE-SD MMSA AA are small farms. While this is much higher than the results of the OCC sample, it remains below the demographic standard of 98 percent.

### Commercial Loans

The distribution of commercial loans to businesses of different sizes is reasonable. Seventy-nine percent of businesses in the Sioux City IA-NE-SD MMSA AA reported GAR of \$1 million or less in 2016. Sixty-two percent of SNB's loans by number and 19 percent of its loans by dollar were to businesses with GAR of \$1 million or less.

Table 3 includes the data used to evaluate the borrower distribution of the bank's commercial loans in the Sioux City MMSA AA.

<b>Table 3 - Borrower Distribution of Loans to Businesses in Sioux City MMSA AA</b>				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Business	78.57	7.12	14.31	100.00
% of Bank Loans in AA by #	62	36	2	100.00
% of Bank Loans in AA by \$	19	80	1	100.00

*Source: 2010 U.S. Census data, Loan sample*

In our sample, the average loan amount to a business with GAR of \$1 million or less was \$107 thousand and the average loan amount to a business with GAR of more than \$1 million was \$749 thousand. Four loans at or above \$1 million skewed the average loan amount and the percentage of loans by dollar to businesses with GAR more than \$1 million. Management tracked the income level of all businesses who originated commercial loans during the evaluation period. Review of this information indicates, in aggregate, 69 percent of commercial borrowers by number in the Sioux City IA-NE-SD MMSA AA are small businesses. This is near the demographic standard of 79 percent.

### **Geographic Distribution of Loans**

The distribution of agriculture and commercial loans to CTs of different income levels reflects excellent dispersion of AA demographics.

### Agriculture Loans

The distribution of agriculture loans to CTs of different income levels is reasonable. No farms are located in the low-income CT in the Sioux City IA-NE-SD MMSA AA. Three percent of farms are located in the moderate-income CTs in the Sioux City IA-NE-SD MMSA AA. Management did not make any loans to farms located in moderate-income CTs. Additional review of AA demographics indicates only 36 farms are located in the moderate-income CTs. The low volume of farms, coupled with the high level of competition, results in a low opportunity to lend to these farms and a reasonable conclusion.

Table 4 includes the data used to evaluate the geographic distribution of the bank's agriculture loans in the Sioux City IA-NE-SD MMSA AA.

<b>Table 4 - Geographic Distribution of Loans to Farms in Sioux City MMSA AA</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Farms	% of Number of Loans	% of AA Farms	% of Number of Loans	% of AA Farms	% of Number of Loans	% of AA Farms	% of Number of Loans
Farm Loans	0	0	3	0	74	82	23	18

Source: 2010 U.S. Census data, Loan sample

### Commercial Loans

The distribution of commercial loans to CTs of different income levels is excellent. One percent of businesses are located in the low-income CT in the Sioux City IA-NE-SD MMSA AA. Twenty-one percent of businesses are located in the moderate-income CTs in the Sioux City IA-NE-SD MMSA AA. Fifty percent of SNB's commercial loans were to businesses located in moderate-income CTs.

Table 5 includes the data used to evaluate the geographic distribution of the bank's commercial loans in the Sioux City IA-NE-SD MMSA AA.

<b>Table 5 - Geographic Distribution of Loans to Businesses in Sioux City MSA AA</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Business Loans	1	0	21	50	48	46	30	4

Source: 2010 U.S. Census data, Loan sample

### **Responses to Complaints**

Neither the bank nor the OCC received any complaints related to SNB's CRA performance in the Sioux City IA-NE-SD MMSA AA during the evaluation period.

## **COMMUNITY DEVELOPMENT TEST**

SNB's performance under the CD Test in the Sioux City IA-NE-SD MMSA is rated Satisfactory. CD activities demonstrated adequate responsiveness to CD needs and opportunities in the AA. CD loans, investments, and donations totaled \$5.4 million during the evaluation period. This represents 5.89 percent of the tier one capital allocated to the Sioux City IA-NE-SD MMSA as of December 31, 2016. Forty bank employees provided service hours to 33 qualified CD organizations in the Sioux City IA-NE-SD MMSA during the evaluation period.

### **Number and Amount of CD Loans**

Management made nine CD loans totaling \$4.9 million in the Sioux City IA-NE-SD MMSA AA during the evaluation period. The CD loans provided funding to organizations that provide community services and affordable housing to the AA, as well as an organization that revitalized a moderate-income CT in the AA.

### **Number and Amount of Qualified Investments**

Management purchased one CD investment totaling \$325 thousand during the evaluation period. The bond provided funding to make improvements to a school district that primarily serves LMI students.

Management also made 97 donations totaling \$225 thousand during the evaluation period. The donations primarily served organizations that provide community services to the Sioux City IA-NE-SD MMSA AA; however, some supported an organization that provides affordable housing to the AA.

### **Extent to Which the Bank Provides Community Development Services**

The availability of banking services to LMI people and areas is satisfactory. SNB's main location, motor bank, one deposit-taking ATM, and two cash dispensing ATMs are located in moderate-income CTs. This represents 19 percent of branch, deposit-taking ATM, and cash dispensing ATM locations. Demographic information indicates 18 percent of the Sioux City IA-NE-SD MMSA AA's population lives in low- or moderate-income CTs. Hours and services available at the locations in moderate-income CTs are consistent with those offered at branches in middle- and upper-income geographies. Online and mobile banking services are also available to all customers.

Forty bank employees provided service hours to 33 qualified CD organizations in the Sioux City IA-NE-SD MMSA AA during the evaluation period. Examples of CD services provided by management include:

- Several members of management serve on the Board of Directors of organizations that provide community services to LMI individuals in the AA.

- One member of management serves as the Advisor to the Executive Director of an organization that provides affordable housing to LMI individuals in the AA.
- One member of management serves as a crime advocate for victims of domestic violence.

### **Responsiveness to Community Development Needs**

Management's CD activities represent adequate responsiveness to CD needs in the Sioux City IA-NE-SD MMSA AA. CD activities are consistent with the needs identified by a community contact in the AA.

## State Rating

### State of Iowa

**CRA Rating for the State of Iowa<sup>3</sup>: Satisfactory.**

**The Lending Test is rated: Satisfactory.**

**The Community Development Test is rated: Outstanding.**

SNB's performance in the State of Iowa meets the standards for satisfactory performance.

- The distribution of loans to farms of different sizes and households of different income levels reflects reasonable penetration of AA demographics.
- SNB's CD activities demonstrated outstanding responsiveness to the CD needs and opportunities in the AA.

### DESCRIPTION OF INSTITUTION'S OPERATIONS IN IOWA

SNB's operations in the non-multistate metropolitan portion of Iowa are limited to Monona County. Management considers all of Monona County as the Mapleton AA; however, branch and ATM locations are limited to the town of Mapleton, Iowa. The AA meets the requirements of the CRA regulation and does not arbitrarily exclude LMI geographies.

During the evaluation period, SNB operated one branch and one deposit-taking ATM in the Mapleton AA. SNB reported total deposits of \$45.6 million in the Mapleton AA as of June 30, 2016. This represents six percent of SNB's total deposits as of that date. According to FDIC market share information as of June 30, 2016, SNB ranked third in deposit market share in Monona County with a market share of 15 percent. Management originated \$84.9 million in loans in the Mapleton AA during the evaluation period. This represents six percent of SNB's loan originations by dollar during the evaluation period.

The Mapleton AA included four CTs in 2016. All four of the CTs are middle-income. Nine thousand people lived in the Mapleton AA in 2016. The population included three thousand families in 2016 and four thousand households. Of the families, 19 percent were low-income, 22 percent were moderate-income, 26 percent were middle-income, and 33 percent were upper-income. The FFIEC updated median family income was \$63,300 in 2016. Of the households, 26 percent were low-income, 17 percent were moderate-income, 21 percent were middle-income, and 36 percent were upper-income.

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<sup>3</sup> For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation does not reflect performance in the parts of this state contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

Twelve percent of the AA's households lived below the poverty level. The weighted-average of median household income was \$40,491 in 2016.

There were five thousand housing units in the Mapleton AA during 2016. Sixty-four percent of the total housing units are owner-occupied and 25 percent are renter-occupied. The median age of housing units in the AA is 60 years and the weighted average median cost of housing is \$72 thousand. The weighted average of monthly gross rent is \$510.

The Mapleton AA included 913 businesses in 2016. Seventy-nine percent of businesses are non-farm businesses and 21 percent are farms. Seventy-nine percent of the AA's total businesses employ between one and four people and 84 percent reported GAR under \$1 million.

The economy in the Mapleton AA fluctuated during the evaluation period. According to the Bureau of Labor Statistics, the unemployment rate for Monona County ranged from a high of 6.0 percent in January 2016 to a low of 3.0 percent in November 2016. The unemployment rate in Monona County was 4.50 percent in December 2016. This is above the December 2016 unemployment rate for the State of Iowa of 3.60 percent and slightly below the national unemployment rate of 4.70 percent in December 2016. Major employers in the Mapleton AA include a large trucking company, health care systems, and school systems.

Competition in the Mapleton AA is moderate. Competition primarily includes local and regional community banks. As of June 30, 2016, there were nine institutions with 11 offices located in the Mapleton AA.

We completed one community contact in the Mapleton AA in conjunction with this examination. The contact was the Executive Director of an organization that provides economic development assistance to businesses in Monona County. The contact identified small business loans as the primary credit need in the AA.

## **SCOPE OF EVALUATION IN IOWA**

SNB operates one AA in Iowa. The rating for the State of Iowa is solely based on a full-scope review of this area.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN IOWA**

SNB's performance under the Lending Test in the State of Iowa is rated Satisfactory. The bank's performance under the CD Test in the State of Iowa is rated Outstanding. The distribution of loans to farms of different sizes and households of different income levels reflects reasonable penetration of AA demographics. The volume of CD loans, investments, donations, and services reflects excellent responsiveness to CD needs and opportunities in the AA.

## LENDING TEST

SNB's performance under the Lending Test in the State of Iowa is rated "Satisfactory."

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

#### Agriculture Loans

The distribution of agriculture loans to farms of different sizes is reasonable. One-hundred percent of farms in the Mapleton AA reported annual gross farm revenues of \$1 million or less in 2016. Eighty-five percent of SNB's loans by number and 84 percent of its loans by dollar were to farms with annual gross farm revenues of \$1 million or less.

Table 6 includes the data used to evaluate the borrower distribution of the bank's agriculture loans in the Mapleton AA.

Table 6 - Borrower Distribution of Loans to Farms in Mapleton AA				
Farm Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Farms	100	0	0	100.00
% of Bank Loans in AA by #	85	0	15	100.00
% of Bank Loans in AA by \$	84	0	16	100.00

Source: 2010 U.S. Census data, Loan sample

#### Consumer Loans

The distribution of consumer loans to households of different income levels is excellent. In 2016, 26 percent of the households in the Mapleton AA were low-income and 17 percent of the households in the Mapleton AA were moderate-income. Thirty percent of SNB's consumer loans were to low-income households and 35 percent of SNB's consumer loans were to moderate-income households.

Table 7 includes the data used to evaluate the borrower distribution of the bank's consumer loans in the Mapleton AA.

Table 7 - Borrower Distribution of Loans to Consumers in Mapleton AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer	26	30	17	35	21	20	36	15

Source: 2010 U.S. Census data, Loan sample

### **Geographic Distribution of Loans**

There are no LMI CTs in the Mapleton AA. A geographic analysis of this AA would not be meaningful.

### **Responses to Complaints**

Neither the bank nor the OCC received any complaints related to SNB's CRA performance in the Mapleton AA during the evaluation period.

## **COMMUNITY DEVELOPMENT TEST**

SNB's performance under the CD Test in the State of Iowa is rated Outstanding. CD activities demonstrated excellent responsiveness to CD needs and opportunities in the AA. CD loans, investments, and donations totaled \$523 thousand during the evaluation period. This represents 9.48 percent of the tier one capital allocated to the State of Iowa as of December 31, 2016. One employee provided service hours to two qualified CD organizations in the Mapleton AA during the evaluation period.

### **Number and Amount of Community Development Loans**

Management made two CD loans totaling \$70 thousand in the Mapleton AA during the evaluation period. The loans provided funding to an organization that provides economic development assistance to small businesses.

SNB also made one CD loan totaling \$446 thousand that benefited the broader statewide area during the evaluation period. The loan provided funds to an organization that provides services to LMI individuals in Iowa.

### **Number and Amount of Qualified Investments**

Management made six donations totaling \$12 thousand that supported the Mapleton AA during the evaluation period. The donations were given to organizations that provide community services to LMI individuals and economic development activities to the Mapleton AA.

### **Extent to Which the Bank Provides Community Development Services**

There are no LMI CTs in the Mapleton AA. An analysis of branch and ATM locations would not be meaningful.

One bank employee provided service hours to two qualified CD organizations in the Mapleton AA during the evaluation period. The employee served on the Board of Directors at an organization that provides economic development assistance to small businesses in the Mapleton AA and taught financial literacy classes at a school that primarily serves LMI students.

## **Responsiveness to Community Development Needs**

Management's CD activities represent excellent responsiveness to limited CD needs and opportunities in the Mapleton AA. The Mapleton AA is a rural area with no LMI CTs and no distressed or underserved middle-income CTs. Traditional community service and affordable housing organizations that are present in metropolitan areas are not located in the Mapleton AA. CD activities provided by SNB in the Mapleton AA are consistent with the needs identified by a community contact in the AA.

## Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and nonmetropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

<b>Time Period Reviewed</b>	Lending Test: 1/1/2014 to 9/30/2016 Community Development Test: 2/3/2014 to 1/31/2017	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
The Security National Bank of Sioux City, Iowa (SNB) Sioux City, Iowa	Small loans to businesses, small loans to farms, consumer loans, CD loans, investments, and services	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
None	Not applicable	Not applicable
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Sioux City IA-NE-SD Multistate MSA	Full-Scope	Metropolitan AA including Woodbury, Plymouth, Dakota, and Union counties. Primary products are agriculture and commercial loans.
State of Iowa Mapleton AA	Full-Scope	Nonmetropolitan AA including Monona County. Primary products are agriculture and consumer loans.

## Appendix B: Summary of Multistate Metropolitan Area and State Ratings

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Overall Bank:	Lending Test Rating	Community Development Test Rating	Overall Bank/State/Multistate Rating
The Security National Bank of Sioux City, Iowa	Satisfactory	Satisfactory	Satisfactory
Sioux City IA-NE-SD Multistate MSA	Satisfactory	Satisfactory	Satisfactory
Mapleton AA	Satisfactory	Outstanding	Satisfactory