



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

January 3, 2012

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Siouxland National Bank
Charter Number 16921

1001 West 29th Street
P. O. Box 987
South Sioux City, NE 68776-0987

Office of the Comptroller of the Currency

Sioux Falls Field Office
4900 South Minnesota Avenue, Suite 300
Sioux Falls, South Dakota 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.

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

The major factors that support this rating include:

- Siouxland National Bank's (SNB) average loan-to-deposit (LTD) ratio of 66 percent is reasonable.
- A majority of the loans originated to borrowers are located in the assessment area (AA).
- The bank's distribution of loans represents satisfactory penetration among businesses of different sizes and individuals of different income levels.
- Lending to borrowers in different income tracts is satisfactory with reasonable dispersion.

SCOPE OF EXAMINATION

SNB was evaluated under the Small Bank examination procedures, which includes a lending test. The lending test evaluates the bank's record of meeting the credit needs of its AA through its lending activities. The lending test for SNB covers its performance from January 1, 2009 through December 23, 2011, as this is representative of its lending strategy since the previous CRA examination.

The number and dollar volume of loans were determined by SNB's internal Call Report codes to determine the bank's primary products. The primary products were determined to be commercial loans based on the number and volume originated and consumer loans based on the number of loans originated. To evaluate the bank's business lending performance, we selected a sample of commercial and consumer loans originated since January 1, 2009.

The following table shows the breakdown of loans originated and purchased since January 1, 2009.

Loan Portfolio Originations		
Loan Type	Originated Loans by Number	Originated Loans by Dollar
Commercial Loans	19.44%	21.50%
Consumer Loans	42.70%	5.48%
Residential Loans*	28.28%	40.58%
Agricultural Loans	9.58%	32.44%
Total	100%	100%

Source: Sampled loan data from 2009 to 2011.

* When we reviewed the residential RE loans by purchase, refinance, and home improvement, we determined that none of the types of residential RE loans were primary products.

DESCRIPTION OF INSTITUTION

SNB is a \$47MM bank located in South Sioux City, NE... The bank is 100 percent owned by Siouxland National Corporation, a one-bank holding company located in South Sioux City, NE. SNB has one branch that is also located in South Sioux City, NE. The bank operates four cash dispensing automated teller machines, all which are located within the AA. There have been no significant changes to SNB's corporate structure, including merger or acquisition activities, since the last Community Reinvestment Act (CRA) examination. The bank offers a full range of loan and deposit products and services. As of September 30, 2011 loans totaled \$27 million, or 57 percent of total assets. As of September 30, 2011 bank's loan portfolio consisted of 41 percent commercial, 37 percent residential real estate, 15 percent agricultural, and 7 percent consumer based on outstanding dollars. The bank's current business strategy is controlled, profitable growth. The bank continues to focus on residential real estate loans that are sold on the secondary market.

There are no legal or financial impediments to SNB's ability to meet the credit needs of its AA. The bank was rated "Satisfactory" at its last CRA examination dated November 8, 2006. This Performance Evaluation assesses the bank's CRA activities from November 8, 2006 through December 23, 2011.

DESCRIPTION OF ASSESSMENT AREA

The bank has only one AA, which includes all of Dakota County, NE. The bank's AA consists of the four contiguous census tracts (CTs) 101, 102, 103, and 104 in Dakota County. The AA is part of the Siouxland metropolitan statistical area (MSA). The AA consists of one (25 percent) moderate income CT and three (75 percent) middle income CTs. The AA is serviced by 8 financial institutions based on the FDIC Deposit Market Share Report, with 2 of the 8 bank's being large (over \$1 billion) institutions. These other institutions and local credit unions provide competition for SNB.

According to the 2000 census, there were 20,253 people in the AA, consisting of 7,083 households. The 2011 HUD weighted averaged MSA updated median family income is \$58,800. The distribution of family incomes within the AA is 21 percent low income, 19 percent moderate income, 24 percent middle income, and 36 percent upper income.

Overall, the local economy in South Sioux City is stable. According to the U.S. Bureau of Labor Statistics, the Nebraska state unemployment average as of November 2011 is 4.1 percent, significantly below the national unemployment rate of 8.6 percent. The major employers include Tyson, Beef Products, Inc., Great West Casualty, Phillips Kiln, the local school district, the local government, and the new community college.

We did not identify any unmet credit needs in SNB’s AA. Examiners made one community contact during this CRA examination. The contact identified housing and small business loans as the primary credit needs of the community and indicated local financial institutions are involved in the community, including SNB.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

SNB’s LTD ratio is reasonable given the bank’s size, financial condition, and lending opportunities available in the AA. The bank’s September 30, 2011 LTD ratio is 62.2 percent. The bank’s LTD ratio averaged 65.6 percent for the past 20 quarters since the last CRA examination. SNB’s ratio ranged from a quarterly low of 57.3 percent and a high of 74.4 percent during that time period. SNB’s average LTD ratio is reasonable when compared with five other financial institutions of similar size, location, and product offerings. The five similarly situated banks have a 20-quarter average of 79.8 percent, with a high of 101.6 percent and a low of 62 percent. SNB originates and sells loans on the secondary market. SNB sold 69 loans totaling \$9.8 million during the assessment period. If these loans were kept on the books, the LTD ratio would improve.

Lending in Assessment Area

A majority of loans are originated within the AA. We reviewed a sample of 20 commercial and consumer loans to determine the bank’s lending performance within the AA. All of the loans tested were originated between January 1, 2009 and December 23, 2011. We found that 15 of the 20, or 75percent of loans sampled, and \$648 thousand, or 88percent of loan volume, were originated within the AA.

The following table details the bank’s lending within the AA by number and dollar volume of loans.

Loan Type	Number of Loans					Dollars of Loans (\$000)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Commercial	8	80%	2	20%	10	579	94%	40	6%	619
Consumer	7	70%	3	30%	10	68	60%	45	40%	113
Totals	15	75%	5	25%	20	647	88%	85	12%	732

Source: Sampled loan data from 2009-2011.

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

Overall borrower distribution is reasonable for loans to small businesses and loans to consumers.

SNB’s distribution of loans to businesses reflects reasonable penetration among businesses of different sizes. We reviewed a sample of 20 commercial loans originated in the AA since January 1, 2009 to determine the bank's lending to businesses of different sizes. SNB originated 70 percent of commercial loans and 64 percent by volume to businesses with gross annual revenues less than \$1 million. SNB’s lending reasonably compares to the 69 percent of AA businesses with gross annual revenues of less than \$1 million.

Table 2A - Borrower Distribution of Loans to Businesses in Assessment Area				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of Bank Loans in AA by #	70%	30%	0%	100%
% of Bank Loans in AA by \$	64%	36%	0%	100%
% of AA Businesses	69%	4%	27%*	100%

Source: Sampled loan data from 2009-2011 and US Census data.

*27% of AA businesses did not report revenue.

SNB’s distribution of consumer loans to households of low and moderate-income levels is reasonable. We reviewed a sample of 20 consumer loans originated since January 1, 2009 to determine the bank's lending to individuals of different income levels. SNB originated 45 percent of its loans by number to low and moderate- income borrowers, which reasonably compares to the 40 percent of AA individuals with low or moderate incomes.

Table 2B - Borrower Distribution of Consumer Loans in Assessment Area								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of Number of Loans	% of AA Households						
Consumer Loans	20%	22%	25%	18%	25%	21%	30%	39%

Source: Sampled loan data from 2009-2011 and US Census data.

Geographic Distribution of Loans

Overall geographic distribution of loans is satisfactory and shows reasonable dispersion in moderate-income tracts.

SNB’s lending to commercial borrowers in different income tracts reflects excellent dispersion. We reviewed a sample of 20 commercial loans originated in the AA since January 1, 2009 to determine if the bank is lending to businesses in different income tracts. SNB originated

43 percent of commercial loans to businesses in moderate-income tracts compared to 25 percent of AA businesses in moderate-income census tracts.

Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% 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	% of AA Businesses
Commercial	0%	0%	43%	25%	57%	75%	0%	0%

Source: Sampled loan data from 2009-2011 and US Census data.

SNB’s record of lending to consumer borrowers in different income tracts reflects poor dispersion. We reviewed a sample of 20 consumer loans, originated since January 1, 2009, to determine if the bank is lending to individuals in different income tracts. SNB originated 15 percent of consumer loans to individuals in moderate-income census tracts compared to 30 percent of AA households in moderate-income tracts.

Census Tract Income Level	Low		Moderate		Middle		Upper	
	% 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	% of AA Households
Consumer Loans	0%	0%	15%	30%	85%	70%	0%	0%

Source: Sampled loan data from 2009-2011 and US Census data.

Responses to Complaints

SNB did not receive any CRA complaints during the evaluation period.

Fair Lending or Other Illegal Credit Practices Review

We found no evidence of illegal discrimination or other illegal credit practices.