

PUBLIC DISCLOSURE

November 22, 2021

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Security Savings Bank
Certificate Number: 15734

100 South West Street
Canton, South Dakota 57013

Federal Deposit Insurance Corporation
Division of Depositor and Consumer Protection
Kansas City Regional Office

1100 Walnut Street, Suite 2100
Kansas City, Missouri 64106

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.

||

TABLE OF CONTENTS

INSTITUTION RATING	1
DESCRIPTION OF INSTITUTION	2
DESCRIPTION OF ASSESSMENT AREAS.....	3
SCOPE OF EVALUATION.....	3
CONCLUSIONS ON PERFORMANCE CRITERIA.....	4
DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW.....	8
IOWA – Full-Scope Review	9
DESCRIPTION OF INSTITUTION’S OPERATIONS IN IOWA.....	9
SCOPE OF EVALUATION - IOWA.....	11
CONCLUSIONS ON PERFORMANCE CRITERIA IN IOWA.....	11
SOUTH DAKOTA – Full-Scope Review.....	15
DESCRIPTION OF INSTITUTION’S OPERATIONS IN SOUTH DAKOTA	15
SCOPE OF EVALUATION – SOUTH DAKOTA.....	17
CONCLUSIONS ON PERFORMANCE CRITERIA IN SOUTH DAKOTA	18
MINNESOTA – Full-Scope Review	22
DESCRIPTION OF INSTITUTION’S OPERATIONS IN MINNESOTA	22
SCOPE OF EVALUATION – MINNESOTA	24
CONCLUSIONS ON PERFORMANCE CRITERIA IN MINNESOTA.....	24
APPENDICES	27
INTERMEDIATE SMALL BANK PERFORMANCE CRITERIA.....	27
SUMMARY OF RATINGS FOR RATED AREAS	28
GLOSSARY	29

INSTITUTION RATING

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

An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

The Lending Test is rated Satisfactory.

- The loan-to-deposit ratio is reasonable given the bank's size, financial condition, and credit needs of the assessment areas.
- The bank originated a substantial majority of its small business, small farm, and home mortgage loans in its assessment areas.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment areas.
- The distribution of borrowers reflects reasonable penetration of loans among businesses and farms of different revenue sizes and individuals of different income levels.
- The bank did not receive any Community Reinvestment Act (CRA)-related complaints since the previous evaluation; therefore, this factor did not affect the Lending Test rating.

The Community Development Test is rated Satisfactory.

- The institution's community development performance demonstrates adequate responsiveness to community development needs in its assessment areas through community development loans, qualified investments, and community development services, as appropriate, considering the institution's capacity and the need and availability of such opportunities for community development in the institution's assessment areas.

DESCRIPTION OF INSTITUTION

Security Savings Bank is wholly-owned by Larch Bancorporation, Inc., Larchwood, Iowa, a one-bank holding company. The institution received a CRA rating of "Satisfactory" at its previous FDIC Performance Evaluation dated March 22, 2016, based on Interagency Small Institution Examination Procedures.

The bank's main office is located in Canton, South Dakota. It also operates seven other branch offices in South Dakota, Iowa, and Minnesota. Since the prior evaluation, the bank merged with the affiliated Exchange State Bank, Luverne, Minnesota, which included offices in Luverne, Ellsworth, and Hills, Minnesota. There have been no other changes to bank offices.

The institution offers a variety of loan products including agricultural, commercial, and home mortgage loans. The primary lending focus continues to be agricultural lending followed by commercial, and home mortgage lending. The bank also participates in various government-sponsored loan programs, such as those through the Small Business Administration (SBA) and Farm Service Agency. Further, the bank originates and sells home mortgage loans on the secondary market. Specifically, in 2020, the bank originated and sold 113 home mortgage loans totaling approximately \$19.5 million. The institution also provides a variety of deposit services, including checking, savings, and certificates of deposit. Alternative banking services include electronic banking, electronic periodic statements, person-to-person payments, and 12 cash-dispensing ATMs.

As of September 30, 2021, Security Savings Bank reported total assets of \$490,573,000; total loans of \$293,416,000; and total deposits of \$426,486,000. Examiners did not identify any financial, legal, or other impediments that affect the bank's ability to meet assessment area credit needs. The following table illustrates the bank's loan portfolio as of that date.

Loan Portfolio Distribution as of 9/30/2021		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	11,362	3.9
Secured by Farmland	128,173	43.7
Secured by 1-4 Family Residential Properties	29,344	10.0
Secured by Multifamily (5 or more) Residential Properties	1,889	0.6
Secured by Nonfarm Nonresidential Properties	29,568	10.1
Total Real Estate Loans	200,336	68.3
Commercial and Industrial Loans	16,090	5.5
Agricultural Production and Other Loans to Farmers	65,821	22.4
Consumer Loans	3,383	1.2
Obligations of State and Political Subdivisions in the U.S.	7,749	2.6
Other Loans	37	0.0
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	(0)	0.0
Total Loans	293,416	100.0
<i>Source: Reports of Condition and Income</i>		

DESCRIPTION OF ASSESSMENT AREAS

The CRA requires financial institutions to define one or more assessment areas within which its CRA performance will be evaluated. The bank has designated three assessment areas, one in each of the following states: South Dakota (Sioux Falls Assessment Area), Minnesota (Minnesota Nonmetropolitan Assessment Area), and Iowa (Iowa Nonmetropolitan Assessment Area). Therefore, the bank receives State ratings for all three aforementioned states. Several changes have occurred to the designated assessment areas since the prior evaluation. The most significant change is the addition of the Minnesota Nonmetropolitan Assessment Area following the merger with Exchange State Bank. Other changes include expanding the Sioux Falls Assessment Area to include all of Minnehaha and Lincoln counties. Further, Union County in South Dakota was removed from the South Dakota Assessment Area. The specifics details of each assessment area are discussed under the applicable State sections of this evaluation.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated March 22, 2016, to the current evaluation dated November 22, 2021. The merger with Exchange State Bank increased the institution's asset size to meet the definition of an Intermediate Small Bank; therefore, examiners used the Interagency Intermediate Small Institution Examination Procedures to evaluate CRA performance. These procedures include the Lending Test and the Community Development Test. Banks must achieve at least a Satisfactory rating under each test to obtain an overall Satisfactory rating. Refer to the Appendices for information on each test. This evaluation does not include any lending activity from affiliated entities.

Examiners used full-scope examination procedures to assess the bank's performance in all of the assessment areas. To assess overall performance, examiners gave slightly greater weight to the bank's performance in Iowa given the volume of loans, deposits and branches in that area.

Activities Reviewed

The bank's primary lending focus is agricultural lending, followed by commercial and home mortgage lending. This conclusion considered the bank's business strategy, volume of loans originated during the evaluation period, and data from Reports of Condition and Income.

Bank records indicate that the lending focus and product mix remained consistent throughout the evaluation period. Therefore, examiners analyzed all small farm, small business, and home mortgage loans originated, renewed, or extended in 2020 for the Assessment Area Concentration and Geographic Distribution performance criteria. Examiners further evaluated geographic distribution in the Sioux Falls Assessment area for all applicable loans. The assessment areas in Minnesota and Iowa consist solely of middle-income census tracts and therefore conclusions with respect to Geographic Distribution would not be meaningful. For the Borrower Profile criterion, a sampling of all three products was conducted to evaluate the bank's performance. The universe included loans that were originated and subsequently paid off during the review period. D&B data for 2020 provided a standard of comparison for the small business and small farm loans while the 2015 American Community Survey (ACS) data was used as a comparison for home mortgage loans.

The following table details the loan universes and samples selected for review.

Loan Products Reviewed				
Loan Category	Universe		Reviewed	
	#	\$(000s)	#	\$(000s)
Small Farm	796	83,312	63	7,942
Small Business	485	31,556	61	3,697
Home Mortgage	182	28,339	57	9,748
<i>Source: Bank Data</i>				

While both the number and dollar volume of loans are presented, examiners emphasized performance by number of loans because the number of loans is a better indicator of the number of individuals, businesses, and farms served. For the Community Development Test, bank management provided data on community development loans, qualified investments, and community development services from 2018 to present.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Security Savings Bank demonstrated satisfactory performance under the Lending Test. The loan-to-deposit ratio, assessment area concentration, geographic distribution, and borrower profile performance support this conclusion. Further, the bank's overall performance is consistent with the conclusions for Iowa, Minnesota, and South Dakota.

Loan-to-Deposit Ratio

The loan-to-deposit ratio is reasonable given the institution's size, financial condition, and credit needs of the assessment areas. The bank's loan-to-deposit ratio is generally in line with comparable banks. Examiners selected comparable institutions based on their asset size, branching structure, geographic location, and lending focus. However, the bank's loan-to-deposit ratio has been steadily declining since December 31, 2018. There has been a notable decrease in loans and increase in deposits during that time-period. The loan-to-deposit ratio, as of September 30, 2021, is 67.7 percent. Bank management attributed some of the loan decreases to competition from nonbank entities and local institutions. Further, the good growing years experienced by local farms in 2020 and 2021, coupled with government stimulus payments allowed borrowers of all types to pay down debt and increase deposits. See the following table for additional details.

Loan-to-Deposit (LTD) Ratio Comparison		
Bank	Total Assets as of 9/30/2021 (\$000s)	Average Net LTD Ratio (%)
Security Savings Bank Canton, South Dakota	490,573	90.0
Peoples Bank Rock Valley, Iowa	643,833	99.8
Premier Bank Rock Valley, Iowa	452,449	105.2
<i>Source: Reports of Condition and Income 3/31/2016 -9/30/2021</i>		

Assessment Area Concentration

As detailed in the following table, Security Savings Bank made a substantial majority of its small farm, small business, and home mortgage loans within its assessment areas.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Small Farm	720	90.5	76	9.5	796	77,080	92.5	6,232	7.5	83,312
Small Business	446	92.0	39	8.0	485	29,139	92.3	2,417	7.7	31,556
Home Mortgage	167	91.8	15	8.2	182	25,264	89.1	3,075	10.9	28,339

*Source: Bank Data
Due to rounding, totals may not equal 100.0%*

Geographic Distribution

As previously mentioned, geographic distribution was only evaluated in the Sioux Falls Assessment Area. The geographic distribution of loans reflects reasonable dispersion throughout that assessment area. The bank's reasonable small farm and business lending performance and excellent home mortgage lending performance in the Sioux Falls Assessment Area supports this conclusion. Examiners focused on the percentage of loans in moderate-income census tracts. Detailed discussion of the bank's performance under this criterion is included in the South Dakota section of the evaluation.

Borrower Profile

The distribution of borrowers reflects reasonable penetration among businesses and farms of different sizes and individuals of different income levels. The bank's reasonable performance in Iowa, Minnesota, and South Dakota supports this conclusion. Examiners focused on the percentage of loans to businesses and farms with gross annual revenues of \$1 million or less and home mortgage loans to low- and moderate-income borrowers. Detailed discussion of the bank's performance under this criterion is included in each State section of the evaluation.

Response to Complaints

The institution has not received any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the Lending Test rating.

COMMUNITY DEVELOPMENT TEST

Security Savings Bank's overall performance under the Community Development Test is Satisfactory. The institution demonstrated adequate responsiveness to the community development needs in its assessment areas through community development loans, qualified investments, and community development services. Examiners considered the bank's capacity and the need and availability of such opportunities. Since the bank was responsive to the community development needs of its assessment areas, community development activities benefitting the broader statewide or regional areas were also considered in the analysis; however, these activities received less weight.

Community Development Loans

Security Savings Bank originated 32 community development loans totaling \$22.3 million during the evaluation period. The volume of community development loans represents 4.5 percent of total assets and 7.7 percent of net loans as of September 30, 2021. Examiners compared the bank's level of community development lending to two similarly situated institutions, which reflect community development loans to total assets of 2.7 percent and 4.6 percent and community development loans to net loans of 3.2 percent and 4.8 percent. Security Savings Bank had ten loans totaling \$2.8 million originated under the SBA's Payroll Protection Program (PPP) related to the COVID-19 pandemic that qualified as community development loans. The comparable institutions' ratios did not include PPP-related loans due to the timing of their evaluations. Security Savings Bank's ratios without PPP loans represents 3.9 percent of assets and 6.7 percent of net loans.

The following tables show the Security Savings Bank's community development loans by assessment area, purpose, and year. Since Security Savings Bank has been responsive to the community development needs of its assessment areas, the institution received credit for three qualified loans totaling \$1.2 million that were made in a broader statewide area.

Community Development Loans by Assessment Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Iowa	0	0	0	0	8	2,801	0	0	8	2,801
Sioux Falls	0	0	0	0	7	16,170	2	150	9	16,320
Minnesota	2	302	2	600	8	1,084	0	0	12	1,986
Broader Statewide	1	821	0	0	2	357	0	0	3	1,178
Total	3	1,123	2	600	25	20,412	2	150	32	22,285

Source: Bank Data

Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2018	0	0	0	0	1	467	0	0	1	467
2019	0	0	0	0	2	4,446	2	150	4	4,596
2020	1	57	0	0	16	14,948	0	0	17	15,005
Year-to-Date 2021	2	1,066	2	600	6	551	0	0	10	2,217
Total	3	1,123	2	600	25	20,412	2	150	32	22,285

Source: Bank Data

Qualified Investments

Security Savings Bank purchased or donated 18 qualified investments totaling \$1.3 million during the evaluation period. The volume of qualified investments represented 0.3 percent of total assets and 2.2 percent of total securities as of September 30, 2021. Examiners compared the bank's level of qualified investments to two similarly situated institutions. The similarly situated institutions' qualified investments were 0.3 percent and 0.7 percent of total assets and 6.5 percent and 8.7

percent of total securities, respectively. The banks performance is comparable to peer banks as the qualified investments to total assets ratio is in line with similar banks. While the qualified investments to total securities ratio is usually included as a measurement, in this instance it does not provide for a good comparison given the high level of investments held at the subject institution in comparison to the peer banks. Since Security Savings Bank has been responsive to the community development needs of its assessment areas, the institution received credit for qualified investments that were made in a broader statewide area.

The following tables show Security State Bank's qualified investments by assessment area, purpose, and year. Further details on the bank's qualified investments are located later in the evaluation under the individual assessment areas.

Community Development Qualified Investments by Assessment Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Iowa	0	0	1	1	2	10	0	0	3	11
Sioux Falls	0	0	4	2	0	0	0	0	4	2
Minnesota	0	0	6	5	0	0	0	0	6	5
Broader Statewide	0	0	0	0	0	0	5	1,310	5	1,310
Total	0	0	11	8	2	10	5	1,310	18	1,328

Source: Bank Data

Qualified Investments										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2018	0	0	0	0	0	0	0	0	0	0
2019	0	0	0	0	0	0	0	0	0	0
2020	0	0	0	0	0	0	5	1,310	5	1,310
YTD 2021	0	0	0	0	0	0	0	0	0	0
Subtotal	0	0	0	0	0	0	5	1,310	5	1,310
Qualified Grants & Donations	0	0	11	8	2	10	0	0	13	18
Total	0	0	11	8	2	10	5	1,310	18	1,328

Source: Bank Data

Community Development Services

Security Savings Bank representatives provided 25 instances of financial expertise or technical assistance to various community development-related organizations during the evaluation period. Similarly situated institutions had services ranging from 98 to 126 instances. The following tables illustrate the bank's community development services by assessment area and year.

Community Development Services by Rated Area					
Rated Area	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
Iowa	0	4	9	0	13
Sioux Falls	0	2	3	0	5
Minnesota	0	0	7	0	7
Total	0	6	19	0	25

Source: Bank Data

Community Development Services					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2018	0	1	3	0	4
2019	0	1	4	0	5
2020	0	2	5	0	7
Year-to-Date 2021	0	2	7	0	9
Total	0	6	19	0	25

Source: Bank Data

In addition to community development services, Security Savings Bank offers alternative banking services that are readily accessible throughout all assessment areas, including to low- and moderate-income individuals. These include services such as internet and mobile banking, bill pay, and electronic periodic statements, amongst others.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Examiners did not identify any evidence of discriminatory or other illegal credit practices. Therefore, this consideration did not affect the institutions CRA rating.

IOWA – Full-Scope Review

CRA RATING FOR IOWA: SATISFACTORY

The Lending Test is rated: Satisfactory

The Community Development Test is rated: Satisfactory

DESCRIPTION OF INSTITUTION'S OPERATIONS IN IOWA

Security Savings Bank has designated one assessment area in Iowa, the Iowa Nonmetropolitan Assessment Area. This assessment area contains all of Lyon County and census tract 0704.00 in Sioux County, Iowa. According to ACS data, the assessment area contains all middle-income census tracts. Census tract 0704.00 in Sioux County was considered underserved for the entire evaluation period. The bank operates three offices in the assessment area located in the towns of Larchwood, Inwood, and George. There are also six ATMs in this assessment area.

Economic and Demographic Data

The Iowa Nonmetropolitan Assessment Area primarily includes small, rural communities and is therefore, heavily dependent on the agricultural economy. Per bank management, the overall economy is stable and is supported by an agriculture economy that has been strong in recent years. In 2020 and 2021, yields were good and commodity prices were better than average. Further, management noted that various government programs further bolstered the agriculture economy, but these programs are not guaranteed in the future. Land prices in the Iowa Nonmetropolitan Assessment Area have continued to increase making it cost prohibitive for many smaller operations to expand or new farmers to enter the industry. Many individuals commute to larger towns for employment such as Larchwood and Sioux Falls, South Dakota. Management noted that the primary employers in the assessment area include local school districts, local government, health care facilities, and a couple larger manufacturing companies. Management also noted that the area has not been significantly impacted by the effects of the COVID-19 pandemic and major employers in the area did not have significant layoffs or closures. However, some smaller businesses, especially local restaurants, were affected. The following table illustrates select demographic characteristics of the assessment area.

Demographic Information of the Assessment Area						
Iowa Nonmetropolitan Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	4	0.0	0.0	100.0	0.0	0.0
Population by Geography	16,027	0.0	0.0	100.0	0.0	0.0
Housing Units by Geography	6,699	0.0	0.0	100.0	0.0	0.0
Owner-Occupied Units by Geography	4,966	0.0	0.0	100.0	0.0	0.0
Occupied Rental Units by Geography	1,185	0.0	0.0	100.0	0.0	0.0
Vacant Units by Geography	548	0.0	0.0	100.0	0.0	0.0
Businesses by Geography	1,486	0.0	0.0	100.0	0.0	0.0
Farms by Geography	548	0.0	0.0	100.0	0.0	0.0
Family Distribution by Income Level	4,384	13.4	17.1	29.6	40.0	0.0
Household Distribution by Income Level	6,151	18.5	14.6	20.5	46.4	0.0
Median Family Income Non-MSAs - IA		\$61,681	Median Housing Value			\$109,735
			Median Gross Rent			\$546
			Families Below Poverty Level			6.5%
<i>Source: 2015 ACS and 2020 D&B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

The local housing market has been relatively stable. Management indicated that smaller communities in the assessment area have more affordable housing available than Larchwood, which serves as a bedroom community to Sioux Falls. The following table presents the FFIEC-estimated median family income levels for nonmetropolitan Iowa for 2020.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2020 (\$69,200)	<\$34,600	\$34,600 to <\$55,360	\$55,360 to <\$83,040	≥\$83,040
<i>Source: FFIEC</i>				

Competition

Competition for financial services in the assessment area is relatively high. Competition includes community, regional, and national banks as well as non-bank entities, such as Farm Credit Services. According to FDIC Deposit Market Share data as of June 30, 2020, 12 FDIC-insured institutions were operating in the assessment area. Security Savings Bank ranks fifth in deposit market share at approximately 6.3 percent.

There is a high level of demand and competition for small farm and small business loans in the assessment area as evidenced by the 2019 aggregate CRA data, which is the most recent year available. Security Savings Bank is not required to collect or report its small business or small farm loan data, and it has not elected not to do so. As such, the analysis of small business loans does not include comparisons against aggregate data; however, the aggregate data is included to demonstrate the level of demand for small business and small farm loans. In 2019, 18 financial institutions reported 513 small farm loans and 36 financial institutions reported 714 small business loans.

Finally, there is a relatively high level of competition for home mortgage loans within the assessment area as evidenced by the 2020 Peer Mortgage Data. While Security Savings Bank is not required to report and therefore, not compared to the Peer Mortgage Data, the data gives support to the level of competition. In 2020, 60 financial institutions originated 629 home mortgage loans within the Iowa Nonmetropolitan Assessment Area.

Community Contacts

Examiners reviewed two community contact interviews previously conducted with representatives from organizations active in the business and agricultural industries in the area. The community contacts provided comments on the local economy, indicating that the area is recovering well from any setbacks related to the COVID-19 pandemic. Both indicated that the primary credit needs are agricultural lending. The contacts stated that local financial institutions are meeting the area's credit needs.

Credit and Community Development Needs and Opportunities

Considering information from the community contacts, bank management, and demographic and economic data, examiners determined that agricultural lending presents the primary credit need in the assessment area, followed by commercial and home mortgage lending. Furthermore, the assessment area's community development needs are related to community services and economic development. There is also opportunity for revitalization or stabilization within the underserved census tract.

SCOPE OF EVALUATION - IOWA

Examiners reviewed the bank's small farm, small business, and home mortgage lending performance in the Iowa Nonmetropolitan Assessment Area, as these products are all lending focuses in the assessment area. Small farm lending received greater weight when drawing overall conclusions as agricultural lending is the bank's primary lending focus, followed by small business and home mortgage lending. Refer to the overall Scope of Evaluation section for additional information.

CONCLUSIONS ON PERFORMANCE CRITERIA IN IOWA

LENDING TEST

Security Savings Bank demonstrated satisfactory performance under the Lending Test in the Iowa Nonmetropolitan Assessment Area. The bank's reasonable borrower profile performance with regard to small farm, small business, and home mortgage lending supports this conclusion.

Geographic Distribution

The assessment area does not include any low- and moderate-income geographies, and a review of the Geographic Distribution criterion would not result in meaningful conclusions. Therefore, this criterion was not evaluated.

Borrower Profile

The distribution of borrowers reflects reasonable penetration among farms and businesses of different revenue sizes and individuals of different income levels. The bank's reasonable small farm, small business lending, and home mortgage lending performance supports this conclusion.

Small Farm Loans

The distribution of borrowers reflects reasonable penetration among farms of different sizes. The bank's performance in lending to farms with gross annual revenues of \$1 million or less is somewhat less than comparable D&B data. Management stated that the competition is high for farm loans in this assessment area making it more difficult to make loans to farms of all sizes including smaller farms. The aggregate data previously referenced coupled with the competition from non-financial institution entities such as Farm Credit Services supports this reasoning. Further, of the nine loans in the sample with revenues over \$1 million, two were to the same borrower, slightly skewing the percentages. The following table provides details.

Distribution of Small Farm Loans by Gross Annual Revenue Category					
Iowa Nonmetropolitan Assessment Area					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
<=\$1,000,000	97.8	32	78.0	4,151	67.4
>\$1,000,000	2.0	9	22.0	2,005	32.6
Revenue Not Available	0.2	0	0.0	0	0.0
Total	100.0	41	100.0	6,156	100.0

*Source: 2020 D&B Data, Bank Data.
Due to rounding, totals may not equal 100.0%*

Small Business Loans

The distribution of borrowers reflects reasonable penetration among businesses of different sizes. The bank's performance in lending to businesses with gross annual revenues of \$1 million or less appears considerably lower than the comparable D&B data. However, the sample data is skewed as seven of the 14 loans with revenues over \$1 million were to two businesses. Further, when comparing the bank's borrower profile performance for small businesses to other banks operating in the assessment area, the bank's performance is comparable. When considering this information along with the previously discussed competition for loans in the assessment area, the bank's performance is reasonable. The following table provides details.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Iowa Nonmetropolitan Assessment Area					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	85.6	19	57.6	562	25.7
>\$1,000,000	4.8	14	42.4	1,623	74.3
Revenue Not Available	9.6	0	0.0	0	0.0
Total	100.0	33	100.0	2,185	100.0

*Source: 2020 D&B Data, Bank Data.
Due to rounding, totals may not equal 100.0%*

Home Mortgage Loans

The distribution of borrowers reflects reasonable penetration among individuals of different income levels. The following table indicates that Security Savings Bank's lending performance to low- and moderate-income borrowers is generally in line with ACS data.

Distribution of Home Mortgage Loans by Borrower Income Level					
Iowa Nonmetropolitan Assessment Area					
Borrower Income Level	% of Families	#	%	\$(000s)	%
Low	13.4	2	7.4	275	6.2
Moderate	17.1	4	14.8	581	13.2
Middle	29.6	8	29.6	1,590	36.0
Upper	40.0	9	33.3	1,555	35.2
Not Available	0.0	4	14.8	414	9.4
Total	100.0	27	100.0	4,415	100.0

*Source: 2015 ACS; Bank Data
Due to rounding, totals may not equal 100.0%*

COMMUNITY DEVELOPMENT TEST

Security Savings Bank demonstrated adequate responsiveness to the community development needs of the Iowa Nonmetropolitan Assessment Area through community development loans, qualified investments, and community development services. Examiners determined there is limited opportunity for community development activities in the Iowa Nonmetropolitan Assessment Area, primarily due to its rural location and small population. Further, the assessment area is comprised of all middle-income census tracts indicating there are less opportunities to serve low- and moderate-income individuals.

Community Development Loans

The bank originated eight community development loans totaling approximately \$2.8 million in the assessment area, all for economic development. This activity includes three PPP loans totaling \$2.1 million that promoted economic development.

Qualified Investments

The bank made three qualified investments totaling \$11,000 in the assessment area, all of which were donations. Two donations were for economic development and one was to an organization that provides community services.

Community Development Services

Bank representatives provided 13 instances of financial expertise or technical assistance to community development organizations in the assessment area. Of these services, four were to organizations that promote community services targeted to low- and moderate- income individuals, and nine were to organizations that promote economic development.

SOUTH DAKOTA – Full-Scope Review

CRA RATING FOR SOUTH DAKOTA: SATISFACTORY

The Lending Test is rated: Satisfactory

The Community Development Test is rated: Satisfactory

DESCRIPTION OF INSTITUTION'S OPERATIONS IN SOUTH DAKOTA

Security Savings Bank has designated one assessment area in South Dakota, the Sioux Falls Assessment Area, which contains a portion of the Sioux Falls MSA consisting of Lincoln and Minnehaha counties. The assessment area consists of 12 upper-, 24 middle-, and 17 moderate-income census tracts. Security Savings Bank has two offices in the assessment area including its main office in Canton and a branch office in Sioux Falls. There are also three ATMs located in this assessment area. While all types of loans are originated in this assessment area, the bank's primary focus is on agricultural and commercial lending.

Economic and Demographic Data

The Sioux Falls Assessment Area is experiencing a stable to growing economy. The Sioux Falls Assessment Area contains both rural and urban areas. Per bank management, the city of Sioux Falls is the hub for many industries; therefore, jobs continue to be created and the population continues to grow. Regarding the rural areas in the assessment area, management stated that the agriculture economy has been relatively stable in recent years with 2020 seeing good yields and decent commodity prices. Again, management noted that various government programs bolstered the agricultural economy, but most were likely one-time programs. The COVID-19 pandemic continues to have a very small negative impact on the local economy. Management noted that the primary employers in the assessment area include local school districts, local government, health care facilities, and some manufacturing companies.

The following table illustrates select demographic characteristics of the assessment area.

Demographic Information of the Assessment Area						
Sioux Falls Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	53	0.0	32.1	45.3	22.6	0.0
Population by Geography	228,816	0.0	29.5	47.7	22.9	0.0
Housing Units by Geography	93,533	0.0	32.7	45.4	21.9	0.0
Owner-Occupied Units by Geography	58,782	0.0	21.5	51.8	26.7	0.0
Occupied Rental Units by Geography	29,395	0.0	53.2	33.8	13.0	0.0
Vacant Units by Geography	5,356	0.0	43.7	38.5	17.8	0.0
Businesses by Geography	23,714	0.0	36.5	36.0	27.5	0.0
Farms by Geography	1,093	0.0	9.5	61.8	28.6	0.0
Family Distribution by Income Level	57,695	18.8	17.9	24.4	38.9	0.0
Household Distribution by Income Level	88,177	21.9	18.1	18.8	41.2	0.0
Median Family Income MSA - 43620 Sioux Falls, SD MSA		\$72,948	Median Housing Value			\$160,629
			Median Gross Rent			\$725
			Families Below Poverty Level			7.2%
<i>Source: 2015 ACS and 2020 D&B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

The local housing market has been strong with the low interest rates experienced in recent years. Management indicated the construction of multifamily housing continues to be robust due to the population growth in Sioux Falls. Management indicated that the smaller communities in the assessment area have more affordable housing available; however, there is a need for affordable housing within the city of Sioux Falls.

The following table presents the 2020 FFIEC-estimated median family income levels for the Sioux Falls, SD MSA.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2020 (\$86,200)	<\$43,100	\$43,100 to <\$68,960	\$68,960 to <\$103,440	≥\$103,440
<i>Source: FFIEC</i>				

Competition

The competition for financial services in the Sioux Falls Assessment Area is high for all types of loans. Competition includes community banks, regional, national banks, and other finance companies. According to FDIC Deposit Market Share data as of June 30, 2020, 33 FDIC-insured institutions were operating in the assessment area. Security Savings Bank ranks 21st in deposit market share with just a fraction of 1 percent.

Security Savings Bank operates in a highly competitive market for small farm and small business loans as well, as evidenced by the 2019 aggregate CRA data. The institution is not required to collect or report its small business or small farm loan data, and it has not elected not to do so. The aggregate data is included to demonstrate the level of demand for small business and small farm loans. In 2019, 25 lenders reported 589 small farm loans and 73 lenders reported 5,851 small business loans. Further, bank management stated that the Farm Service Agency presents significant competition for agricultural-related lending in this assessment area, as well.

There is a high level of competition for home mortgage loans within the assessment area as evidenced by the 2020 Peer Mortgage Data. As previously mentioned, Security Savings Bank is not required to report yet the data gives support to the level of competition. In 2020, 214 lenders originated 22,482 home mortgage loans within the Sioux Falls Assessment Area.

Community Contact

Examiners reviewed one community contact interview previously conducted with a representative from an organization active in the agricultural industry in the area. The contact mentioned the area had wet growing conditions in 2019 and 2020 that stressed area small farms. The contact stated that agricultural lending is the primary credit need for the non-Sioux Falls portions of the assessment. The contact stated that local financial institutions are meeting the area's credit needs.

Credit and Community Development Needs and Opportunities

Considering information from the community contacts, bank management, and demographic and economic data, examiners determined that agricultural and commercial lending represent the primary credit needs in the assessment area, followed by home mortgage lending. Furthermore, the assessment area's community development needs are related to community services, affordable housing, and economic development.

SCOPE OF EVALUATION – SOUTH DAKOTA

In the Sioux Falls Assessment area, examiners reviewed small farm, small business, and home mortgage lending performance. The originated all of these types of loans; however, small farm lending received greater weight when drawing overall conclusions as agricultural lending is the primary lending focus, followed by small business and home mortgage lending. Refer to the overall Scope of Evaluation section for additional information.

CONCLUSIONS ON PERFORMANCE CRITERIA IN SOUTH DAKOTA

LENDING TEST

Security Savings Bank demonstrated satisfactory performance under the Lending Test in the Sioux Falls Assessment Area. The bank's reasonable geographic distribution and borrower profile performance support this conclusion.

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. The bank's reasonable small farm and business lending performance and excellent home mortgage lending performance supports this conclusion.

Small Farm Loans

As shown in the following table, the geographic distribution of small farm loans reflects reasonable dispersion throughout the assessment area when compared to D&B data. While performance is slightly lower than D&B in the moderate-income census tracts, it is notable that the moderate-income census tracts are primarily comprised of residential neighborhoods rather than rural farmland. Given this information and the level of competition in the assessment area, Security Savings Bank's performance is reasonable. See the table below for additional information.

Geographic Distribution of Small Farm Loans					
Sioux Falls Assessment Area					
Tract Income Level	% of Farms	#	%	\$(000s)	%
Low	0.0	0	0.0	0	0.0
Moderate	9.5	2	2.5	275	4.5
Middle	61.8	48	60.8	3,073	50.2
Upper	28.6	29	36.7	2,769	45.3
Not Available	0.0	0	0.0	0	0.0
Totals	100.0	79	100.0	6,117	100.0
<small>Source: 2020 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%</small>					

Small Business Loans

The geographic distribution of small business loans reflects reasonable dispersion throughout the assessment area. As indicated below, lending in the moderate-income census tracts is less than the D&B data. However, as previously mentioned, the moderate-income census tracts are comprised of residential neighborhoods rather than commercial neighborhoods. Given this information and the level of competition for business loans in the assessment area, Security Savings Bank's performance is deemed reasonable. Please refer to the following table for additional information.

Geographic Distribution of Small Business Loans					
Sioux Falls Assessment Area					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	0.0	0	0.0	0	0.0
Moderate	36.5	18	14.2	2,432	20.4
Middle	36.0	81	63.8	5,419	45.5
Upper	27.5	28	22.0	4,064	34.1
Not Available	0.0	0	0.0	0	0.0
Totals	100.0	127	100.0	11,915	100.0

Source: 2020 D&B Data; Bank Data
Due to rounding, totals may not equal 100.0%

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects excellent dispersion throughout the assessment area. As indicated below, lending in the moderate-income census tracts exceeds the D&B data. See the following table.

Geographic Distribution of Home Mortgage Loans					
Sioux Falls Assessment Area					
Tract Income Level	% of Owner-Occupied Housing Units	#	%	\$(000s)	%
Low	0.0	0	0.0	0	0.0
Moderate	21.5	39	54.2	4,819	42.8
Middle	51.8	21	29.2	3,777	33.5
Upper	26.7	12	16.7	2,669	23.7
Not Available	0.0	0	0.0	0	0.0
Total	100.0	72	100.0	11,265	100.0

Source: 2015 ACS, Bank Data
Due to rounding, totals may not equal 100.0%

Borrower Profile

The distribution of borrowers reflects an excellent penetration among farms and businesses of different revenue sizes and to individuals of different income levels. The bank's excellent small farm and small business and reasonable home mortgage lending performance supports this conclusion.

Small Farm Loans

The distribution of borrowers reflects excellent penetration among farms and small businesses of different sizes. All of the sampled loans were to farms with gross annual revenues of \$1 million or less, while comparable D&B data shows that 97.8 percent of farms have gross annual revenues of \$1 million or less.

Small Business Loans

The distribution of borrowers reflects excellent penetration among businesses of different sizes. Specifically, the bank's performance in lending to businesses with gross annual revenues of \$1 million or less exceeds the comparable D&B data. The following table provides details.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Sioux Falls Assessment Area					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	85.7	17	94.4	1,110	95.7
>\$1,000,000	4.9	1	5.6	50	4.3
Revenue Not Available	9.4	0	0.0	0	0.0
Total	100.0	18	100.0	1,160	100.0

*Source: 2020 D&B Data, Bank Data.
Due to rounding, totals may not equal 100.0%*

Home Mortgage Loans

Security Savings Bank's performance of originating loans to borrowers of different income levels is reasonable. Of the 20 loans reviewed for this assessment area, income information was only available for five. The remaining loans were either for rental properties or loans to employees for which income information was not available. For the five loans with income information, only 20 percent were to moderate-income borrowers while 80 percent were originated to upper-income borrowers. However, it should be noted that the bank is originating and selling home mortgages on the secondary market within this assessment area, and those loans are not reflected in the table below. Further, Security Savings Bank continues to serve borrowers of all income levels as it refers borrowers to other lenders for government program loans, which are typically for borrowers that do not qualify for traditional financing. Finally, there is also a high level of competition for home mortgage loans within the Sioux Falls Assessment Area. As previously mentioned, there were 214 lender originating home mortgage loans in 2020. Given this information, the bank's performance is considered reasonable. See the following table for details.

Distribution of Home Mortgage Loans by Borrower Income Level					
Sioux Falls Assessment Area					
Borrower Income Level	% of Families	#	%	\$(000s)	%
Low	18.8	0	0.0	0	0.0
Moderate	17.9	1	5.0	94	2.2
Middle	24.4	0	0.0	0	0.0
Upper	38.9	4	20.0	1,511	35.8
Not Available	0.0	15	75.0	2,610	61.9
Total	100.0	20	100.0	4,215	100.0

*Source: 2015 ACS; Bank Data
Due to rounding, totals may not equal 100.0%*

COMMUNITY DEVELOPMENT TEST

Security Savings Bank has demonstrated adequate responsiveness to the community development needs of the Sioux Falls Assessment Area through community development loans, qualified investments, and community development services.

Community Development Loans

The bank originated nine community development loans totaling approximately \$16.3 million in the Sioux Falls Assessment Area. Of these nine loans, seven loans totaling approximately \$16.1 million were for economic development and the remaining two loans totaling \$150,000 were for revitalization or stabilization of the assessment area. This activity includes one PPP loan totaling \$192,000, which promoted economic development in the assessment area. The following are notable examples of the bank's community development loans in the Sioux Falls Assessment Area:

- The bank originated four loans totaling approximately \$9.0 million to facilitate the construction and opening of a new business. These loans helped create 30 new jobs for low- and moderate-income individuals.
- The bank made a loan for approximately \$7.0 million to construct and open a new business that will create approximately 25 new jobs for low- and moderate-income individuals.

Qualified Investments

The bank made four qualified investments totaling \$2,000 in the assessment area. The qualified investments were all donations to organizations that promote community services targeted to low- and moderate-income individuals

Community Development Services

Bank representatives provided five instances of financial expertise or technical assistance to community development organizations in the Sioux Falls Assessment Area. Of these services, three were to organizations that promote economic development and two were to organizations that community services to low- and moderate-income individuals.

MINNESOTA – Full-Scope Review

CRA RATING FOR MINNESOTA: SATISFACTORY

The Lending Test is rated: Satisfactory

The Community Development Test is rated: Satisfactory

DESCRIPTION OF INSTITUTION'S OPERATIONS IN MINNESOTA

Security Savings Bank has designated the Minnesota Nonmetropolitan Assessment Area as its sole assessment area in Minnesota. The assessment area includes all of Rock County and census tracts 1052.00 and 1053.00 in Nobles County. The assessment area contains all middle-income census tracts. The institution operates three full-service offices and three ATMs in this assessment area. The branches are located in Luverne, Ellsworth, and Hills.

Economic and Demographic Data

The Minnesota Nonmetropolitan Assessment Area primarily includes small, rural communities. Due to its rural nature, the assessment area is heavily dependent on the agricultural economy. Management stated that the agriculture economy has been relatively stable in recent years with 2020 seeing good yields and good commodity prices. Again, management noted that various government programs supported the agricultural economy; however, these are not likely sustainable programs. The strength in the agricultural industry has supported the local towns. Per management, while there has been little lasting negative impact from the COVID-19 pandemic, some small businesses were affected. Management noted that the primary employers in the assessment area include local school districts, local government, and health care facilities. The following table illustrates select demographic characteristics of the assessment area.

Demographic Information of the Assessment Area						
Minnesota Nonmetropolitan Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	5	0.0	0.0	100.0	0.0	0.0
Population by Geography	15,209	0.0	0.0	100.0	0.0	0.0
Housing Units by Geography	6,718	0.0	0.0	100.0	0.0	0.0
Owner-Occupied Units by Geography	4,840	0.0	0.0	100.0	0.0	0.0
Occupied Rental Units by Geography	1,329	0.0	0.0	100.0	0.0	0.0
Vacant Units by Geography	549	0.0	0.0	100.0	0.0	0.0
Businesses by Geography	1,193	0.0	0.0	100.0	0.0	0.0
Farms by Geography	383	0.0	0.0	100.0	0.0	0.0
Family Distribution by Income Level	4,206	17.6	18.7	24.8	39.0	0.0
Household Distribution by Income Level	6,169	23.2	15.5	18.9	42.4	0.0
Median Family Income Non-MSAs - MN		\$63,045	Median Housing Value			\$113,107
			Median Gross Rent			\$608
			Families Below Poverty Level			7.4%
<i>Source: 2015 ACS and 2020 D&B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

The local housing market has been relatively stable. Management indicated that the assessment area has a supply of affordable housing available. The following table presents the FFIEC-estimated median family income levels for nonmetropolitan Minnesota for 2020.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2020 (\$70,900)	<\$35,450	\$35,450 to <\$56,720	\$56,720 to <\$85,080	≥\$85,080
<i>Source: FFIEC</i>				

Competition

The Minnesota Nonmetropolitan Assessment Area is moderately competitive for financial services. Competition includes community, regional, and national banks, and other finance companies. According to FDIC Deposit Market Share data as of June 30, 2020, 11 FDIC-insured institutions were operating in the assessment area. Security Savings Bank ranks second in deposit market share with 17.2 percent of deposits.

With regard to small farm and small business loans, Security Savings Bank operates in a highly competitive market. The institution is not required to collect or report its small business or small farm loan data, and it has not elected not to do so. The 2019 CRA aggregate data is included to

demonstrate the level of demand for these loan types. For small farm loans, 18 lenders reported 338 small farm loans and 31 lenders reported 373 small business loans.

Security Savings Bank operates in a relatively competitive market for mortgage loans within the assessment area as evidenced by the 2020 Peer Mortgage Data. As previously mentioned, Security Savings Bank is not required to report yet the data gives support for the level of competition. In 2020, 75 lenders originated 507 home mortgage loans within the Minnesota Nonmetropolitan Assessment Area.

Community Contacts

Examiners reviewed two community contact interviews previously conducted with representatives from business development organizations active in the area. One contact stated that the farmers are doing better than previous years due to PPP loans and availability of USDA funds. The other contact identified the primary credit needs of the area as agricultural due to the area being largely rural in nature. However, the contact also identified secondary credit needs as commercial and home mortgage.

Credit and Community Development Needs and Opportunities

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that agricultural loans represent the assessment area's primary credit need, followed by commercial and home mortgage loans. The assessment area's community development needs are related to community services and economic development.

SCOPE OF EVALUATION – MINNESOTA

The bank's small business, small farm, and home mortgage lending performance were reviewed in the Minnesota Nonmetropolitan Assessment Area, as these products are all lending focuses in the assessment area. Small farm lending received greater weight when drawing overall conclusions as agricultural lending is the primary lending focus, followed by small business and home mortgage lending. Refer to the overall Scope of Evaluation section for additional information.

CONCLUSIONS ON PERFORMANCE CRITERIA IN MINNESOTA

LENDING TEST

Security Savings Bank demonstrated satisfactory performance under the Lending Test in the Minnesota Nonmetropolitan Assessment Area. The bank's reasonable borrower profile performance supports this conclusion.

Geographic Distribution

The assessment area does not include any low- and moderate-income geographies, and a review of the Geographic Distribution criterion would not result in meaningful conclusions. Therefore, this criterion was not evaluated.

Borrower Profile

The distribution of borrowers reflects reasonable penetration among farms and businesses of different revenue sizes and to individuals of different income levels. The bank's excellent small farm and reasonable small business and home mortgage lending performance supports this conclusion.

Small Farm Loans

The distribution of borrowers reflects excellent penetration among farms of different sizes. All of the sampled loans were to farms with gross annual revenues of \$1 million or less, while comparable D&B data shows that 97.4 percent of farms have gross annual revenues of \$1 million or less.

Small Business Loans

The distribution of borrowers reflects reasonable penetration among businesses of different sizes. While bank performance is slightly below comparable data, it is important to note that two of the three loans with revenues over \$1 million were to a single borrower, skewing the data. The following table provides details.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Minnesota Nonmetropolitan Assessment Area					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	80.5	7	70.0	131	37.2
>\$1,000,000	5.0	3	30.0	221	62.8
Revenue Not Available	14.5	0	0.0	0	0.0
Total	100.0	10	100.0	352	100.0

*Source: 2020 D&B Data, Bank Data.
Due to rounding, totals may not equal 100.0%*

Home Mortgage Loans

Security Savings Bank's performance of originating loans to borrowers of different income levels is reasonable. The bank's lending to low- and moderate-income borrowers is comparable to ACS data. See the following table for details.

Distribution of Home Mortgage Loans by Borrower Income Level					
Minnesota Nonmetropolitan Assessment Area					
Borrower Income Level	% of Families	#	%	\$(000s)	%
Low	17.6	2	20.0	98	8.8
Moderate	18.7	2	20.0	202	18.1
Middle	24.8	1	10.0	130	11.6
Upper	39.0	4	40.0	513	45.9
Not Available	0.0	1	10.0	175	15.7
Total	100.0	10	100.0	1,118	100.0

*Source: 2015 ACS; Bank Data
Due to rounding, totals may not equal 100.0%*

COMMUNITY DEVELOPMENT TEST

Security Savings Bank demonstrated adequate responsiveness to the community development needs of the Nonmetropolitan Minnesota Assessment Area through community development loans, qualified investments, and community development services. Examiners determined there is somewhat limited opportunities for community development activities in the assessment area, primarily due to its rural location and absence of low- or moderate-income census tracts.

Community Development Loans

Security Savings Bank originated 12 community development loans totaling approximately \$1.9 million in the Nonmetropolitan Minnesota Assessment Area. Of these loans, two loans totaling \$600,000 were for community services, eight loans totaling approximately \$1.0 million were for economic development, and the remaining two loans totaling \$302,000 were for affordable housing. This activity includes six PPP loans totaling \$471,000, which promoted economic development.

Qualified Investments

The bank made six qualified investments totaling \$5,000 in the assessment area, which were all donations to organizations that promote community services targeted to low- and moderate-income individuals.

Community Development Services

Bank representatives provided seven instances of financial expertise or technical assistance to community development organizations in the Minnesota Nonmetropolitan Assessment Area. All of these services were to organizations that promote economic development.

APPENDICES

INTERMEDIATE SMALL BANK PERFORMANCE CRITERIA

Lending Test

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by considering the following criteria:

- 1) The bank's loan-to-deposit ratio, adjusted for seasonal variation, and, as appropriate, other lending-related activities, such as loan originations for sale to the secondary markets, community development loans, or qualified investments;
- 2) The percentage of loans, and as appropriate, other lending-related activities located in the bank's assessment area(s);
- 3) The geographic distribution of the bank's loans;
- 4) The bank's record of lending to and, as appropriate, engaging in other lending-related activities for borrowers of different income levels and businesses and farms of different sizes; and
- 5) The bank's record of taking action, if warranted, in response to written complaints about its performance in helping to meet credit needs in its assessment area(s).

Community Development Test

The Community Development Test considers the following criteria:

- 1) The number and amount of community development loans;
- 2) The number and amount of qualified investments;
- 3) The extent to which the bank provides community development services; and
- 4) The bank's responsiveness through such activities to community development lending, investment, and service needs.

SUMMARY OF RATINGS FOR RATED AREAS

Rated Area	Lending Test	Community Development Test	Rating
Iowa	Satisfactory	Satisfactory	Satisfactory
South Dakota	Satisfactory	Satisfactory	Satisfactory
Minnesota	Satisfactory	Satisfactory	Satisfactory

GLOSSARY

Aggregate Lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

American Community Survey (ACS): A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five year estimates based on population thresholds.

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

Assessment Area: A geographic area delineated by the bank under the requirements of the Community Reinvestment Act.

Census Tract: A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

Combined Statistical Area (CSA): A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

Community Development: For loans, investments, and services to qualify as community development activities, their primary purpose must:

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms; or
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies.

Community Development Corporation (CDC): A CDC allows banks and holding companies to make equity type of investments in community development projects. Bank CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Bank CDCs are also tailored to their financial and marketing needs. A CDC may purchase, own, rehabilitate, construct, manage, and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization.

Community Development Financial Institutions (CDFIs): CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

A certified CDFI must meet eligibility requirements. These requirements include the following:

- Having a primary mission of promoting community development;
- Serving an investment area or target population;
- Providing development services;
- Maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means;
- Not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

Community Development Loan: A loan that:

- (1) Has as its primary purpose community development; and
- (2) Except in the case of a wholesale or limited purpose bank:
 - (i) Has not been reported or collected by the bank or an affiliate for consideration in the bank's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and
 - (ii) Benefits the bank's assessment area(s) or a broader statewide or regional area including the bank's assessment area(s).

Community Development Service: A service that:

- (1) Has as its primary purpose community development;
- (2) Is related to the provision of financial services; and
- (3) Has not been considered in the evaluation of the bank's retail banking services under § 345.24(d).

Consumer Loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Core Based Statistical Area (CBSA): The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

Distressed Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as distressed if it is in a county that meets one or more of the following triggers:

- (1) An unemployment rate of at least 1.5 times the national average;
- (2) A poverty rate of 20 percent or more; or
- (3) A population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family. Other family is further classified into “male householder” (a family with a male householder and no wife present) or “female householder” (a family with a female householder and no husband present).

FFIEC-Estimated Income Data: The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

Full-Scope Review: A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

Home Mortgage Loans: Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Limited-Scope Review: A limited-scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area.

Performance under applicable tests is often analyzed using only quantitative factors (e.g., geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a geography.

Low Income Housing Tax Credit: The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended. It is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department distributes low-income housing tax credits to housing credit agencies through the Internal Revenue Service. The housing agencies allocate tax credits on a competitive basis.

Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits. Or, they may sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains throughout the compliance period, usually 30 years.

Market Share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Median Income: The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

Metropolitan Division (MD): A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area (MSA): CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 and less than 120 percent in the case of a geography.

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 and less than 80 percent in the case of a geography.

Multi-family: Refers to a residential structure that contains five or more units.

Nonmetropolitan Area (also known as non-MSA): All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified Investment: A lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated Area: A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

Rural Area: Territories, populations, and housing units that are not classified as urban.

Small Business Investment Company (SBIC): SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures. These SBIC debentures are then sold to private investors. An SBIC's success is linked to the growth and profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

Small Business Loan: A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

Small Farm Loan: A loan included in "loans to small farms" as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

Underserved Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for population size, density, and dispersion indicating the area's population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

Upper-Income: Individual income that is 120 percent or more of the area median income, or a median family income that is 120 percent or more in the case of a geography.

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, "urban" consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

"Urban" excludes the rural portions of "extended cities"; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.