

# **PUBLIC DISCLOSURE**

November 18, 2024

## **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 .....	1
DESCRIPTION OF ASSESSMENT AREAS.....	2
SCOPE OF EVALUATION .....	3
CONCLUSIONS ON PERFORMANCE CRITERIA.....	4
DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW.....	9
IOWA – Full-Scope Review .....	10
DESCRIPTION OF INSTITUTION’S OPERATIONS IN IOWA.....	10
SCOPE OF EVALUATION – IOWA .....	12
CONCLUSIONS ON PERFORMANCE CRITERIA IN IOWA.....	12
MINNESOTA – Full-Scope Review .....	14
DESCRIPTION OF INSTITUTION’S OPERATIONS IN MINNESOTA .....	14
SCOPE OF EVALUATION – MINNESOTA .....	16
CONCLUSIONS ON PERFORMANCE CRITERIA IN MINNESOTA .....	16
SOUTH DAKOTA – Full-Scope Review.....	19
DESCRIPTION OF INSTITUTION’S OPERATIONS IN SOUTH DAKOTA .....	19
SCOPE OF EVALUATION – SOUTH DAKOTA.....	21
CONCLUSIONS ON PERFORMANCE CRITERIA IN SOUTH DAKOTA .....	21
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 areas, 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 farm, small business, 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 farms and businesses of different revenue sizes and individuals of different income levels.
- The institution has not received any Community Reinvestment Act (CRA)-related complaints since the previous evaluation; therefore, this criterion did not affect the 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 owned by Larch Bancorporation, Inc., Larchwood, Iowa, a one-bank holding company. The institution received a Satisfactory CRA rating at its previous FDIC Performance Evaluation dated November 22, 2021, based on Interagency Intermediate Small Institution Examination Procedures. Security Savings Bank continues to operate from its main office in Canton, South Dakota, as well as from seven branches in Iowa, Minnesota, and South Dakota.

The bank offers a variety of credit products, including commercial, agricultural, home mortgage, and consumer loans. In addition, the bank offers loan products through various government-sponsored programs and sells home mortgage loans to secondary market investors. Agricultural lending continues to be the institution's primary business focus, followed by commercial and home

mortgage lending. Security Savings Bank also offers a full line of traditional deposit products, including checking, savings, certificates of deposit, individual retirement, and health savings accounts. Alternative banking services include internet and mobile banking, bill payment, mobile check deposit, electronic periodic statements, and 11 ATMs.

As of September 30, 2024, Security Savings Bank reported total assets of \$513.6 million, total loans of \$401.7 million, and total deposits of \$458.0 million. The following table illustrates the institution's loan portfolio; however, it does not include home mortgage loans originated by the bank and subsequently sold to secondary market investors. Examiners did not identify any financial, legal, or other impediments that affect the bank's ability to meet the credit needs of its assessment areas.

<b>Loan Portfolio Distribution as of 9/30/2024</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction, Land Development, and Other Land Loans	17,944	4.5
Secured by Farmland	152,396	37.9
Secured by 1-4 Family Residential Properties	45,390	11.3
Secured by Multifamily (5 or more) Residential Properties	4,739	1.2
Secured by Nonfarm Nonresidential Properties	63,955	15.9
<b>Total Real Estate Loans</b>	<b>284,424</b>	<b>70.8</b>
Commercial and Industrial Loans	32,034	8.0
Agricultural Production and Other Loans to Farmers	72,563	18.1
Consumer Loans	4,272	1.0
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	8,372	2.1
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
<b>Total Loans</b>	<b>401,665</b>	<b>100.0</b>
<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 their CRA performance will be evaluated. Security Savings Bank has designated three assessment areas, one in each of the following states: Iowa, Minnesota, and South Dakota. Therefore, the bank receives ratings for each of those states. The institution has not made any changes to its assessment areas; however, the delineation of the Sioux Falls, SD MSA changed during the evaluation period, resulting in the multi-state Sioux Falls, SD-MN MSA. Since the delineation of the MSA did not occur until 2024, this change did not impact the current performance evaluation. The assessment areas are discussed in further detail under the applicable State sections of the evaluation.

## SCOPE OF EVALUATION

### General Information

The evaluation covers the period from the prior evaluation dated November 22, 2021, to the current evaluation dated November 18, 2024. Examiners used Intermediate Small Institution Examination Procedures to evaluate Security Savings Bank's CRA performance. These procedures include two tests: 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.

Examiners used full-scope examination procedures to assess the bank's performance in each assessment area. To assess overall performance, examiners gave equal weight to all three rated areas, since the bank's lending, deposit, and branch activity is similar among each state, as depicted in the table below.

Rated Area Breakdown of Loans, Deposits, and Branches						
Rated Area	Loans		Deposits		Branches	
	\$(000s)	%	\$(000s)	%	#	%
Iowa	137,461	34.6	162,442	35.3	3	37.5
Minnesota	112,199	28.2	183,764	39.9	3	37.5
South Dakota	147,774	37.2	114,396	24.8	2	25.0
Total	397,434	100.0	460,602	100.0	8	100.0
Source: Bank Data						

### Activities Reviewed

Security Savings 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, renewed, extended, or purchased during the evaluation period; and data from Reports of Condition and Income. Bank records and management indicated that the lending focus and product mix remained relatively consistent throughout the evaluation period. Therefore, for the Lending Test, all small farm and small business loans originated, renewed, extended, or purchased in 2023 and all home mortgage loans reported on the institution's 2022 and 2023 Home Mortgage Disclosure Act (HMDA) Loan Application Registers were analyzed. These loans were considered representative of the bank's lending during the entire evaluation period. The bank was not required to report HMDA data in 2021.

Examiners reviewed the entire universes of small farm, small business, and home mortgage loans to evaluate the Assessment Area Concentration criterion. Specifically, examiners reviewed 546 small farm loans totaling \$70.9 million, 376 small business loans totaling \$34.0 million, and 62 home mortgage loans totaling \$10.8 million originated in 2022 and 42 home mortgage loans totaling \$7.1 million originated in 2023.

For the Geographic Distribution analysis, examiners reviewed all small farm, small business, and home mortgage loans located in the Sioux Falls Assessment Area. This criterion was not evaluated for the Nonmetropolitan Iowa and Nonmetropolitan Minnesota assessment areas as they consist

entirely of middle-income geographies.

For the Borrower Profile analysis, examiners reviewed a random sample of small farm and small business loans, and all home mortgage loans originated within the assessment areas. Small farm and small business loans were sampled for this criterion as revenue data was not readily available. Specifically, examiners reviewed 73 small farm loans totaling \$9.1 million and 80 small business loans totaling \$7.4 million, as well as 54 home mortgage loans totaling \$7.1 million originated in 2022 and 35 home mortgage loans totaling \$5.9 million originated in 2023.

D&B data for 2023 provided a standard comparison for the bank's small farm and small business lending performance. In addition, 2022 and 2023 HMDA aggregate lending data and 2020 U.S. Census data provided a standard of comparison for the home mortgage lending performance. Examiners placed more weight on the comparison to aggregate lending data since it is typically a better indicator of market conditions and loan demand.

While both 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 farms, businesses, and individuals served. For the Lending Test, the loan products received slightly different weight per assessment area. Details regarding product weighting are provided under the Scope of Evaluation for each rated area.

For the Community Development Test, bank management provided data on community development loans, qualified investments, and community development services since the prior evaluation. Furthermore, qualified investments made prior to the evaluation period that remain outstanding were also considered.

## **CONCLUSIONS ON PERFORMANCE CRITERIA**

### **LENDING TEST**

Security Savings Bank demonstrated satisfactory performance under the Lending Test. The bank's performance under all performance criterion supports this conclusion. The bank's performance was consistent in all three rated areas.

### **Loan-to-Deposit Ratio**

Security Savings Bank's loan-to-deposit ratio is reasonable given the institution's size, financial condition, and credit needs of the assessment areas. As shown in the following table, the bank's net loan-to-deposit ratio averaged 76.1 percent over the past 12 calendar quarters, which is in line with the ratios of similarly situated institutions. The comparable institutions were selected based on their asset size, branching structure, geographic location, and lending focus.

Loan-to-Deposit (LTD) Ratio Comparison		
Bank	Total Assets as of 9/30/2024 (\$000s)	Average Net LTD Ratio (%)
Security Savings Bank, Canton, South Dakota	513,608	76.1
Peoples Bank, Rock Valley, Iowa	1,006,508	94.1
Premier Bank, Rock Valley, Iowa	678,172	100.2
Rivers Edge Bank, Marion, South Dakota	306,229	77.4
Source: Reports of Condition and Income 12/31/2021 – 9/30/2024		

### **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 Areas										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans				Total \$
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Small Farm	487	89.2	59	10.8	546	62,607	88.3	8,332	11.7	70,939
Small Business	335	89.1	41	10.9	376	29,625	87.2	4,367	12.8	33,992
Home Mortgage										
2022	54	87.1	8	12.9	62	7,133	66.0	3,672	34.0	10,805
2023	35	83.3	7	16.7	42	5,874	83.0	1,203	17.0	7,077
Subtotal	89	85.6	15	14.4	104	13,007	72.7	4,875	27.3	17,882
Source: HMDA Data and Bank Data										

### **Geographic Distribution**

The geographic distribution of loans reflects reasonable dispersion throughout the assessment areas. The institution's reasonable performance in South Dakota supports this conclusion. Examiners focused on the percentage of loans in the low- and moderate-income census tracts. Detailed discussion of the bank's performance is included in the South Dakota section of the evaluation.

### **Borrower Profile**

The distribution of borrowers reflects reasonable penetration among farms and businesses of different sizes and individuals of different income levels. The bank's reasonable performance in all three rated areas supports this conclusion. Examiners focused on the percentage of loans to farms and businesses 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 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 broader statewide or regional areas were also considered in the analysis; however, these activities received less weight. The bank's overall performance is consistent with the conclusions for all three rated areas.

### Community Development Loans

Security Savings Bank originated 30 community development loans totaling \$4.9 million during the evaluation period. The volume of community development loans represents 1.0 percent of total assets and 1.2 percent of net loans as of September 30, 2024.

Examiners compared the bank's level of community development lending to two similarly situated institutions. Since the evaluation timeframes for the comparable institutions varied slightly, examiners excluded loans originated through the time-limited Small Business Administration's Payroll Protection Program for comparison purposes. Community development loans for the comparable banks ranged from 1.5 percent to 8.6 percent of total assets and 1.9 percent to 11.4 percent of net loans.

The following tables show community development lending activity by rated area, purpose, and year.

Community Development Loans by Rated Area										
Rated Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Iowa	0	0	0	0	7	896	3	433	10	1,329
Minnesota	1	110	1	131	5	350	0	0	7	591
South Dakota	0	0	0	0	7	1,967	2	170	9	2,137
Broader Statewide	1	110	0	0	2	735	0	0	3	845
Nationwide	0	0	0	0	1	30	0	0	1	30
<b>Total</b>	<b>2</b>	<b>220</b>	<b>1</b>	<b>131</b>	<b>22</b>	<b>3,978</b>	<b>5</b>	<b>603</b>	<b>30</b>	<b>4,932</b>
Source: Bank Data										



Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2021 (Partial)	0	0	0	0	0	0	0	0	0	0
2022	2	220	1	131	11	1,880	0	0	14	2,231
2023	0	0	0	0	7	1,860	0	0	7	1,860
Year-to-Date 2024	0	0	0	0	4	238	5	603	9	841
<b>Total</b>	<b>2</b>	<b>220</b>	<b>1</b>	<b>131</b>	<b>22</b>	<b>3,978</b>	<b>5</b>	<b>603</b>	<b>30</b>	<b>4,932</b>
<i>Source: Bank Data</i>										

### **Qualified Investments**

Security Savings Bank made 43 qualified investments totaling \$3.2 million during the evaluation period, representing 0.6 percent of total assets and 5.4 percent of total securities as of September 30, 2024. Of the qualified investments, one investment of \$431,000 was made during a prior evaluation period but was outstanding at the start of this evaluation. In addition, 34 qualified investments were donations totaling \$125,000. The bank's qualified investment activity includes two qualified investments totaling \$665,000 that benefited a broader statewide area outside of its assessment areas and 6 qualified investments totaling \$1.4 million involving low-income credit unions located nationwide.

Examiners compared the bank's level of qualified investments to two similarly situated institutions. The qualified investments of these institutions ranged from 0.1 percent to 1.4 percent of total assets and 0.8 to 13.7 percent of total securities. The following tables show Security Savings Bank's qualified investments by rated area, purpose, and year.

Community Development Qualified Investments by Rated Area										
Rated Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Iowa	0	0	5	1	6	87	0	0	11	88
Minnesota	0	0	7	21	0	0	0	0	7	21
South Dakota	0	0	17	986	0	0	0	0	17	986
Broader Statewide	0	0	0	0	0	0	2	665	2	665
Nationwide	0	0	6	1,390	0	0	0	0	6	1,390
<b>Total</b>	<b>0</b>	<b>0</b>	<b>35</b>	<b>2,398</b>	<b>6</b>	<b>87</b>	<b>2</b>	<b>665</b>	<b>43</b>	<b>3,150</b>
<i>Source: Bank Data</i>										

Community Development Qualified Investments										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	0	0	0	0	0	0	1	431	1	431
2021 (Partial)	0	0	0	0	0	0	1	234	1	234
2022	0	0	7	2,360	0	0	0	0	7	2,360
2023	0	0	0	0	0	0	0	0	0	0
Year-to-Date 2024	0	0	0	0	0	0	0	0	0	0
<b>Subtotal</b>	<b>0</b>	<b>0</b>	<b>7</b>	<b>2,360</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>665</b>	<b>9</b>	<b>3,025</b>
Qualified Grants & Donations	0	0	28	38	6	87	0	0	34	125
<b>Total</b>	<b>0</b>	<b>0</b>	<b>35</b>	<b>2,398</b>	<b>6</b>	<b>87</b>	<b>2</b>	<b>665</b>	<b>43</b>	<b>3,150</b>
<i>Source: Bank Data</i>										

### **Community Development Services**

Security Savings Bank representatives provided 45 instances of financial expertise or technical assistance to various community development-related organizations during the evaluation period. The bank's level of community development services is less than the level of the two comparable institutions, which reported between 86 and 165 community development services during similar evaluation periods; however, the bank significantly increased its services since the prior evaluation, when they had 25 services. The tables below summarize the distribution of community development services by rated area, purpose, and year.

Community Development Services by Rated Area					
Rated Area	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
Iowa	0	13	13	0	26
Minnesota	0	1	3	0	4
South Dakota	0	6	9	0	15
<b>Total</b>	<b>0</b>	<b>20</b>	<b>25</b>	<b>0</b>	<b>45</b>
<i>Source: Bank Data</i>					

Community Development Services					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2021 (Partial)	0	0	0	0	0
2022	0	8	10	0	18
2023	0	6	9	0	15
Year-to-Date 2024	0	6	6	0	12
<b>Total</b>	<b>0</b>	<b>20</b>	<b>25</b>	<b>0</b>	<b>45</b>
<i>Source: Bank Data</i>					

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 online and mobile banking, mobile deposit, bill pay, and electronic periodic statements.

### **DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

The bank's compliance with the laws relating to discrimination and other illegal credit practices was reviewed, including the Fair Housing Act and the Equal Credit Opportunity Act. Examiners did not identify any discriminatory or other illegal credit practices.

## 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 Nonmetropolitan Iowa Assessment Area. This assessment area contains all of Lyon County and Census Tract 704.00 in the western portion of Sioux County, Iowa. Based on the 2020 U.S. Census, the assessment area contains all middle-income census tracts. Census Tract 704.00 in Sioux County was considered underserved for the entire evaluation period. The bank has three branches in the assessment area, located in Larchwood, Inwood, and George, in addition to six ATMs.

#### **Economic and Demographic Data**

The assessment area primarily consists of small, rural communities and is heavily dependent on the agricultural economy. The following table provides select demographic data for the Nonmetropolitan Iowa Assessment Area.

Demographic Information of the Nonmetropolitan Iowa 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	16,063	0.0	0.0	100.0	0.0	0.0
Housing Units by Geography	6,756	0.0	0.0	100.0	0.0	0.0
Owner-Occupied Units by Geography	5,055	0.0	0.0	100.0	0.0	0.0
Occupied Rental Units by Geography	1,022	0.0	0.0	100.0	0.0	0.0
Vacant Units by Geography	679	0.0	0.0	100.0	0.0	0.0
Businesses by Geography	2,199	0.0	0.0	100.0	0.0	0.0
Farms by Geography	648	0.0	0.0	100.0	0.0	0.0
Family Distribution by Income Level	4,471	14.9	18.7	24.1	42.4	0.0
Household Distribution by Income Level	6,077	15.5	16.2	20.7	47.6	0.0
Median Family Income Non-MSAs - IA		\$71,763	Median Housing Value			\$147,548
			Median Gross Rent			\$688
			Families Below Poverty Level			4.0%
Source: 2020 U.S. Census and 2024 D&B Data; Due to rounding, totals may not equal 100.0% (* ) The NA category consists of geographies that have not been assigned an income classification.						

The following table presents the FFIEC-estimated median family income levels in nonmetropolitan Iowa.

<b>Median Family Income Ranges</b>				
<b>Median Family Incomes</b>	<b>Low &lt;50%</b>	<b>Moderate 50% to &lt;80%</b>	<b>Middle 80% to &lt;120%</b>	<b>Upper ≥120%</b>
2022 (\$78,900)	<\$39,450	\$39,450 to <\$63,120	\$63,120 to <\$94,680	≥\$94,680
2023 (\$86,300)	<\$43,150	\$43,150 to <\$69,040	\$69,040 to <\$103,560	≥\$103,560
2024 (\$86,700)	<\$43,350	\$43,350 to <\$69,360	\$69,360 to <\$104,040	≥\$104,040
<i>Source: FFIEC</i>				

### **Competition**

The assessment area is relatively competitive for financial services. According to June 30, 2023, Reports of Condition and Income filed by financial institutions, six other banks with deposits ranging between \$36.0 million and \$201.4 million operate either a main office or a branch office within the assessment area. Of these institutions, Security Savings Bank ranked second with 20.6 percent deposit market share. Management indicated there is also competition from non-FDIC insured entities, such as Compeer Financial and agricultural equipment dealers.

There is also a moderate level of competition for home mortgage loans among banks, credit unions, and non-depository mortgage lenders. In 2023, 56 lenders reported 254 residential mortgage loans originated or purchased. Security Savings Bank ranked 7<sup>th</sup> with a market share of 5.1 percent.

### **Community Contact**

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in identifying the credit and community development needs. This information helps determine whether local financial institutions are responsive to these needs. It also shows what credit and community development opportunities are available. Examiners conducted an interview with a representative from an organization active in the agricultural industry in the area. The contact stated that historically the agricultural economy was very good; however, it has been declining the past few years. In 2023, producers experienced record yields and good prices, but in 2024, yields were down due to poor weather conditions and crop prices dropped significantly. Land prices and equipment costs continue to increase, and Federal subsidies have not been as good since the COVID-19 pandemic. Given these factors, the contact is starting to see an increase in agricultural loan demand. Livestock operations are doing well, and prices have remained high. The contact also noted there are a few beginning farmers in the area.

### **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 represents the primary credit need in the assessment area, followed by commercial and home mortgage lending. Furthermore, community development needs are related to revitalization or stabilization, community services, and economic development.

## SCOPE OF EVALUATION – IOWA

Examiners reviewed the bank’s small farm, small business, and home mortgage lending performance, as well as community development activities, for the Nonmetropolitan Iowa Assessment Area. Small farm lending received the most weight when drawing conclusions as agricultural lending is the primary focus in the assessment area. Small business and home mortgage lending received equal, but lesser weight. 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 Nonmetropolitan Iowa Assessment Area. The institution’s performance under the Borrower Profile criterion 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 small farm loans reflects reasonable penetration of loans to farms with gross annual revenues of \$1 million or less. Although the bank’s performance lags the D&B data, 2022 Census of Agriculture data shows that 45.6 percent of farm operations in Lyon and Sioux counties did not report having interest expense, and 49.6 of producers reported a primary occupation other than farming. As such, the bank’s performance is deemed reasonable.

Distribution of Small Farm Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
<=\$1,000,000	98.2	15	53.6	1,622	38.5
>\$1,000,000	1.7	11	39.3	2,340	55.5
Revenue Not Available	0.2	2	7.1	253	6.0
<b>Total</b>	<b>100.0</b>	<b>28</b>	<b>100.0</b>	<b>4,215</b>	<b>100.0</b>
<i>Source: 2023 D&amp;B Data, Bank Data; Due to rounding, totals may not equal 100.0%</i>					

### *Small Business Loans*

The distribution of small business loans reflects reasonable penetration of loans to businesses with gross annual revenues of \$1 million or less. The bank’s performance lags the D&B data; however,

it is reasonable considering that 62.0 and 14.6 percent of businesses have gross annual revenue less than \$100,000 and \$50,000, respectively. These smaller businesses may not need loans to operate. Furthermore, the bank's performance is in-line with 2022 CRA aggregate data, which shows that 52.8 percent of small business lending is to those with \$1 million or less gross annual revenue.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	89.6	16	53.3	753	26.3
>\$1,000,000	3.1	10	33.3	2,074	72.3
Revenue Not Available	7.3	4	13.3	40	1.4
<b>Total</b>	<b>100.0</b>	<b>30</b>	<b>100.0</b>	<b>2,867</b>	<b>100.0</b>
<i>Source: 2023 D&amp;B Data, Bank Data; Due to rounding, totals may not equal 100.0%</i>					

### ***Home Mortgage Loans***

As shown in the table below, the distribution of borrowers reflects reasonable penetration among individuals of different income levels, including low- and moderate-income borrowers, when compared to aggregate data.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	14.9	11.0	2	9.5	169	7.1
2023	14.9	10.6	1	7.7	15	1.3
Moderate						
2022	18.7	27.7	5	23.8	572	23.9
2023	18.7	28.7	3	23.1	183	15.4
Middle						
2022	24.1	25.0	3	14.3	272	11.3
2023	24.1	24.4	3	23.1	301	25.4
Upper						
2022	42.4	23.8	6	28.6	885	36.9
2023	42.4	24.4	3	23.1	468	39.5
Not Available						
2022	0.0	12.5	5	23.8	498	20.8
2023	0.0	11.8	3	23.1	220	18.5
<b>Totals</b>						
<b>2022</b>	<b>100.0</b>	<b>100.0</b>	<b>21</b>	<b>100.0</b>	<b>2,396</b>	<b>100.0</b>
<b>2023</b>	<b>100.0</b>	<b>100.0</b>	<b>13</b>	<b>100.0</b>	<b>1,186</b>	<b>100.0</b>
<i>Source: 2020 U.S. Census; Bank Data, 2022 &amp; 2023 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

## **COMMUNITY DEVELOPMENT TEST**

Security Savings Bank demonstrated adequate responsiveness to the community development needs of the Nonmetropolitan Iowa Assessment Area through community development loans, qualified investments, and community development services, considering the institution's capacity and the need and availability of such opportunities. Examiners determined there is limited opportunity for community development activities in the Nonmetropolitan Iowa 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 10 community development loans totaling \$1.3 million in the Nonmetropolitan Iowa Assessment Area. The loans were particularly responsive to the economic development needs and to support revitalization or stabilization.

### **Qualified Investments**

The bank made 11 qualified investments totaling \$88,000 in the Nonmetropolitan Iowa Assessment Area. Of the qualified investments, 5 totaling \$1,000 supported community services targeted to low- and moderate-income individuals and 6 totaling \$87,000 supported economic development.

### **Community Development Services**

Bank personnel provided 26 instances of financial expertise or technical assistance to organizations providing economic development and community services for low- and moderate-income individuals in the assessment area.

## **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**

The Nonmetropolitan Minnesota Assessment Area comprises all of Rock County (portion of the Sioux Falls, SD-MN MSA) and Census Tracts 1052.00 and 1053.00 in the western and southern portions of Nobles County, Minnesota. Based on the 2020 U.S. Census, the assessment area contains all middle-income census tracts. Security Savings Bank operates three branches in the assessment area, located in Ellsworth, Hills, and Luverne, in addition to three ATMs.

### **Economic and Demographic Data**

This assessment area primarily consists of small, rural communities and is heavily dependent on the agricultural economy. The following table provides select demographic data for the Nonmetropolitan Minnesota Assessment Area.



Demographic Information of the Nonmetropolitan Minnesota 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	15,113	0.0	0.0	100.0	0.0	0.0
Housing Units by Geography	6,775	0.0	0.0	100.0	0.0	0.0
Owner-Occupied Units by Geography	4,805	0.0	0.0	100.0	0.0	0.0
Occupied Rental Units by Geography	1,366	0.0	0.0	100.0	0.0	0.0
Vacant Units by Geography	604	0.0	0.0	100.0	0.0	0.0
Businesses by Geography	1,643	0.0	0.0	100.0	0.0	0.0
Farms by Geography	450	0.0	0.0	100.0	0.0	0.0
Family Distribution by Income Level	4,224	20.1	21.1	23.1	35.7	0.0
Household Distribution by Income Level	6,171	22.2	14.7	18.6	44.5	0.0
Median Family Income MSA - 43620 Sioux Falls, SD-MN MSA		\$83,517	Median Housing Value			\$142,718
Median Family Income Non-MSAs - MN		\$74,710	Median Gross Rent			\$683
			Families Below Poverty Level			6.2%
Source: 2020 U.S. Census and 2024 D&B Data Due to rounding, totals may not equal 100.0% (* ) The NA category consists of geographies that have not been assigned an income classification.						

The following table presents the FFIEC-estimated median family income levels in nonmetropolitan Minnesota.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2022 (\$83,600)	<\$41,800	\$41,800 to <\$66,880	\$66,880 to <\$100,320	≥\$100,320
2023 (\$90,400)	<\$45,200	\$45,200 to <\$72,320	\$72,320 to <\$108,480	≥\$108,480
2024 (\$90,300)	<\$45,150	\$45,150 to <\$72,240	\$72,240 to <\$108,360	≥\$108,360
Source: FFIEC				

### **Competition**

The assessment area is moderately competitive for financial services. According to June 30, 2023, Reports of Condition and Income filed by financial institutions, five other banks with deposits ranging between \$10.5 million and \$153.3 million operate either a main office or a branch office within the assessment area. Of these institutions, Security Savings Bank ranked first with 34.0 percent deposit market share. Management indicated there is also competition from non-FDIC insured entities, such as Compeer Financial and agricultural equipment dealers.

There is also a moderate level of competition for home mortgage loans among banks, credit unions, and non-depository mortgage lenders. In 2023, 58 lenders reported 218 residential mortgage loans originated or purchased. Security Savings Bank ranked 6<sup>th</sup> with a market share of 4.6 percent.

### **Community Contact**

Examiners conducted an interview with a representative from an organization active in the agricultural industry in the assessment area. The contact stated that the overall trend of the agricultural economy has been declining the past few years. Specifically, within recent years many dairy operations in the area had to close as many producers struggled with rising input costs and lower prices. This has also resulted in small to mid-sized operations seeking financing programs or financial assistance to help offset rising costs. Land prices continue to remain steady and larger farming operations continue to grow to be viable. In 2024, soybean yields were down due to drought conditions at the end of 2023 and flooding in the Spring; however, corn yields were slightly up from 2023. The area experienced some livestock losses in 2024 due to flooding and extreme heat. The contact also noted there has been an increase in the number of beginning farmers in the area.

### **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 represents the primary credit need in the assessment area, followed by commercial and home mortgage lending. Furthermore, community development needs are related to community services, economic development, and affordable housing.

## **SCOPE OF EVALUATION – MINNESOTA**

Examiners reviewed the bank's small farm, small business, and home mortgage lending performance, as well as community development activities, for the Nonmetropolitan Minnesota Assessment Area. Small farm lending received the most weight when drawing conclusions as agricultural lending is the primary focus in the assessment area. Small business and home mortgage lending received equal, but lesser weight. 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 Nonmetropolitan Minnesota Assessment Area. The bank's performance under the Borrower Profile criterion 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, and home mortgage lending performance supports this conclusion.

### ***Small Farm Loans***

The distribution of borrowers reflects reasonable penetration among farms with gross annual revenues of \$1 million or less when compared to D&B data.

Distribution of Small Farm Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
<=\$1,000,000	97.2	23	92.0	2,589	84.1
>\$1,000,000	1.2	1	4.0	450	14.6
Revenue Not Available	1.6	1	4.0	38	1.2
<b>Total</b>	<b>100.0</b>	<b>25</b>	<b>100.0</b>	<b>3,077</b>	<b>100.0</b>
Source: 2023 D&B Data, Bank Data; Due to rounding, totals may not equal 100.0%					

### ***Small Business Loans***

As illustrated in the following table, the distribution of borrowers reflects reasonable penetration among businesses with gross annual revenues of \$1 million or less when compared to D&B data.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	83.7	17	85.0	1,200	73.9
>\$1,000,000	3.8	3	15.0	423	26.1
Revenue Not Available	12.5	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>20</b>	<b>100.0</b>	<b>1,623</b>	<b>100.0</b>
Source: 2023 D&B Data and Bank Data					

### ***Home Mortgage Loans***

As shown in the following table, the distribution of borrowers reflects reasonable penetration among individuals of different income levels, including low- and moderate-income borrowers, when compared to aggregate data.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	17.0	13.2	1	10.0	130	8.8
2023	17.0	12.8	2	20.0	140	9.7
Moderate						
2022	20.5	26.0	3	30.0	290	19.6
2023	20.5	23.9	1	10.0	39	2.7
Middle						
2022	22.5	22.2	1	10.0	125	8.5
2023	22.5	24.8	1	10.0	250	17.4
Upper						
2022	40.1	22.8	3	30.0	747	50.5
2023	40.1	18.3	2	20.0	449	31.3
Not Available						
2022	0.0	15.8	2	20.0	186	12.6
2023	0.0	20.2	4	40.0	558	38.9
Totals						
2022	100.0	100.0	10	100.0	1,478	100.0
2023	100.0	100.0	10	100.0	1,436	100.0
Source: 2020 U.S. Census; Bank Data, 2022 & 2023 HMDA Aggregate Data, “—” data not available. 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, considering the institution’s capacity and the need and availability of such opportunities. Opportunity for community development activities in the assessment area are limited 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

Security Savings Bank originated 7 community development loans totaling \$591,000 in the Nonmetropolitan Minnesota Assessment Area. Most of these loans, 5 totaling \$350,000, helped promote economic development. The remaining loans provided community services to low- and moderate-income individuals and assisted with affordable housing in the assessment area.

**Qualified Investments**

The bank made 7 qualified investments totaling \$21,000 in the Nonmetropolitan Minnesota Assessment Area. All the investments supported community services targeted to low- and moderate-income individuals.

**Community Development Services**

Bank staff provided 4 instances of financial expertise or technical assistance that supported economic development and community services for low- and moderate-income individuals in the assessment area.

**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’s Sioux Falls Assessment Area comprises Lincoln and Minnehaha counties in South Dakota, which is a portion of the Sioux Falls, SD-MN MSA. Based on the 2020 U.S. Census, the assessment area contains 2 low-, 15 moderate-, 30 middle-, and 12 upper-income census tracts, as well as 1 census tract that does not have an income designation. The bank’s main office in Canton and two ATMs are in a middle-income census tract and the Sioux Falls branch and one ATM are in a moderate-income census tract.

**Economic and Demographic Data**

The assessment area is comprised of South Dakota’s largest city, Sioux Falls, as well as a few growing communities just outside the city limits, including Brandon, Harrisburg, Hartford, and Tea. Bank management stated that the economy is healthy and growing; however, there has been a significant decrease in building permits recently. There has also been a significant decline in the demand for multi-family housing. The assessment area also includes rural areas that are more reliant on the agricultural economy. The following table provides select demographic data for the Sioux Falls Assessment Area.

Demographic Information of the Sioux Falls Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	60	3.3	25.0	50.0	20.0	1.7
Population by Geography	262,375	1.8	22.5	53.3	21.8	0.5
Housing Units by Geography	104,600	3.0	25.4	51.9	18.7	1.1
Owner-Occupied Units by Geography	64,662	1.1	18.2	56.1	24.6	0.0
Occupied Rental Units by Geography	34,132	6.3	35.7	45.2	9.5	3.2
Vacant Units by Geography	5,806	4.6	45.3	43.9	6.2	0.0
Businesses by Geography	41,233	9.9	23.6	42.0	21.9	2.5
Farms by Geography	1,653	2.8	10.2	63.5	23.0	0.4
Family Distribution by Income Level	62,753	18.0	17.6	24.4	39.9	0.0
Household Distribution by Income Level	98,794	22.3	17.0	19.4	41.2	0.0
Median Family Income MSA - 43620 Sioux Falls, SD-MN MSA		\$83,517	Median Housing Value			\$207,646
			Median Gross Rent			\$834
			Families Below Poverty Level			5.3%
Source: 2020 U.S. Census and 2024 D&B Data; Due to rounding, totals may not equal 100.0% (* ) The NA category consists of geographies that have not been assigned an income classification.						

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

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2022 (\$90,700)	<\$45,350	\$45,350 to <\$72,560	\$72,560 to <\$108,840	≥\$108,840
2023 (\$102,500)	<\$51,250	\$51,250 to <\$82,000	\$82,000 to <\$123,000	≥\$123,000
2024 (\$102,400)	<\$51,200	\$51,200 to <\$81,920	\$81,920 to <\$122,880	≥\$122,880
Source: FFIEC				

### **Competition**

The assessment area is highly competitive for financial services. According to June 30, 2023, Reports of Condition and Income filed by financial institutions, 41 other banks with deposits ranging between \$2.3 million and \$452.1 billion operate either a main office or a branch office within the assessment area. Of these institutions, Security Savings Bank ranked 24<sup>th</sup> with less than 0.1 percent deposit market share. Two large national banks maintain 97.0 percent of the deposit market share.

There is also a high level of competition for home mortgage loans. In 2023, 190 lenders reported 6,948 residential mortgage loans originated or purchased. Security Savings Bank ranked 61<sup>st</sup> with a market share of 0.2 percent.

### **Community Contact**

Examiners relied on a recent interview with a representative from a community development organization active in the Sioux Falls Assessment Area. The contact stated that the economic conditions of the area are strong. The current housing market favors sellers and the interest rate climate makes purchasing more difficult for buyers. New start-up businesses may struggle to get started; however, the commercial landscape is strong overall. The contact also opined that affordable housing is a significant need in the area.

### **Credit and Community Development Needs and Opportunities**

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

## **SCOPE OF EVALUATION – SOUTH DAKOTA**

Examiners reviewed the bank's small farm, small business, and home mortgage lending performance, as well as community development activities, for the Sioux Falls Assessment Area. When drawing conclusions, small farm and small business lending received more weight than home mortgage lending, based on the lending focus in the assessment area. 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 institution's performance under the Geographic Distribution and Borrower Profile criteria supports this conclusion.

### **Geographic Distribution**

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. Reasonable small farm and small business lending performance and excellent home mortgage lending performance supports this conclusion. Examiners focused on the percentage of loans in low- and moderate-income census tracts.

### ***Small Farm Loans***

The geographic distribution of small farm loans reflects reasonable dispersion throughout the assessment area. As noted in the following table, the bank's lending performance is similar to D&B data.

Geographic Distribution of Small Farm Loans					
Tract Income Level	% of Farms	#	%	\$(000s)	%
Low	2.9	0	0.0	0	0.0
Moderate	10.1	5	6.9	573	8.9
Middle	63.5	60	83.3	5,077	78.8
Upper	23.1	7	9.7	792	12.3
Not Available	0.4	0	0.0	0	0.0
<b>Totals</b>	<b>100.0</b>	<b>72</b>	<b>100.0</b>	<b>6,442</b>	<b>100.0</b>
<i>Source: 2023 D&amp;B Data; Bank Data; Due to rounding, totals may not equal 100.0%</i>					

### ***Small Business Loans***

The geographic distribution of small business loans reflects reasonable dispersion. As noted in the table below, none of the small business loans were in low-income census tracts; however, there are only two low-income census tracts, and there are several financial institutions in closer proximity. Furthermore, the bank's lending performance in moderate-income census tracts is slightly lower than D&B data, but the dispersion is reasonable considering the significant level of competition and the bank's small market share.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	10.0	0	0.0	0	0.0
Moderate	23.7	13	10.2	2,924	22.8
Middle	41.9	92	71.9	7,457	58.2
Upper	21.9	23	18.0	2,423	18.9
Not Available	2.5	0	0.0	0	0.0
<b>Totals</b>	<b>100.0</b>	<b>128</b>	<b>100.0</b>	<b>12,804</b>	<b>100.0</b>
<i>Source: 2023 D&amp;B Data; Bank Data; Due to rounding, totals may not equal 100.0%</i>					

### ***Home Mortgage Loans***

The geographic distribution of home mortgage loans reflects excellent dispersion throughout the assessment area. The following table shows that the bank did not originate or purchase any loans in low-income census tracts in 2022 or 2023; however, this performance is in line with aggregate data. The bank's lending in moderate-income census tracts slightly exceeds aggregate data in 2022 and significantly exceeds aggregate data in 2023.



Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	1.1	1.0	0	0.0	0	0.0
2023	1.1	0.8	0	0.0	0	0.0
Moderate						
2022	18.2	16.4	9	39.1	955	29.3
2023	18.2	16.4	2	16.7	218	6.7
Middle						
2022	56.1	58.3	11	47.8	1,568	48.1
2023	56.1	58.6	7	58.3	2,140	65.8
Upper						
2022	24.6	24.3	3	13.0	736	22.6
2023	24.6	24.2	3	25.0	894	27.5
Not Available						
2022	0.0	0.0	0	0.0	0	0.0
2023	0.0	0.0	0	0.0	0	0.0
Totals						
2022	100.0	100.0	23	100.0	3,260	100.0
2023	100.0	100.0	12	100.0	3,252	100.0
Source: 2020 U.S. Census; Bank Data, 2022 & 2023 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

### **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 and small business lending performance and excellent home mortgage lending performance supports this conclusion.

### ***Small Farm Loans***

As illustrated in the table on the following page, The distribution of small farm loans reflects reasonable penetration of loans to farms with gross annual revenues of \$1 million or less. Although the bank's performance lags D&B data, 2022 Census of Agriculture data shows that 60.1 percent of farm operations in Minnehaha and Lincoln counties did not report having interest expense, and 60.6 of producers reported a primary occupation other than farming. Furthermore, the bank did not rely on revenue information for 30.0 percent of the sampled loans, which is significantly more than the D&B data and somewhat skews the results. Given this information, the bank's performance is deemed reasonable.

Distribution of Small Farm Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
<=\$1,000,000	98.6	12	60.0	1,465	83.0
>\$1,000,000	0.8	2	10.0	200	11.3
Revenue Not Available	0.6	6	30.0	100	5.7
<b>Total</b>	<b>100.0</b>	<b>20</b>	<b>100.0</b>	<b>1,765</b>	<b>100.0</b>
<i>Source: 2023 D&amp;B Data and Bank Data</i>					

### ***Small Business Loans***

The distribution of small business loans reflects reasonable penetration of loans to businesses with gross annual revenues of \$1 million or less. As illustrated in the table below, the bank's performance lags D&B data; however, it is reasonable considering that 71.0 and 17.5 percent of businesses have gross annual revenue less than \$100,000 and \$50,000, respectively. These smaller businesses may not need loans to operate. The bank's performance is in line with 2022 CRA aggregate data, which shows that 52.2 percent of small business lending is to those with \$1 million or less gross annual revenue. Furthermore, the bank did not rely on revenue information for 23.3 percent of the sampled loans, which is more than the D&B data and this could skew the data. Given this information, the bank's performance is deemed reasonable.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	90.7	19	63.3	1,871	64.9
>\$1,000,000	2.7	4	13.3	950	33.0
Revenue Not Available	6.6	7	23.3	60	2.1
<b>Total</b>	<b>100.0</b>	<b>30</b>	<b>100.0</b>	<b>2,881</b>	<b>100.0</b>
<i>Source: 2023 D&amp;B Data, Bank Data; Due to rounding, totals may not equal 100.0%</i>					

### ***Home Mortgage Loans***

As illustrated in the table on the following page, the distribution of home mortgage loans reflects excellent penetration among individuals of different income levels. In 2022 and 2023, Security Savings Bank's lending to moderate-income borrowers is lower than aggregate data; however, its lending to low-income borrowers exceeds aggregate data in 2023 and in 2022 it significantly exceeds aggregate data.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	18.5	7.0	11	47.8	1,067	32.7
2023	18.5	7.4	2	16.7	218	6.7
Moderate						
2022	17.9	20.0	1	4.3	176	5.4
2023	17.9	21.1	1	8.3	30	0.9
Middle						
2022	24.6	23.2	2	8.7	481	14.8
2023	24.6	24.8	1	8.3	188	5.8
Upper						
2022	39.0	34.9	2	8.7	525	16.1
2023	39.0	32.3	6	50.0	2,107	64.8
Not Available						
2022	0.0	15.0	7	30.4	1,011	31.0
2023	0.0	14.3	2	16.7	709	21.8
Totals						
2022	100.0	100.0	23	100.0	3,260	100.0
2023	100.0	100.0	12	100.0	3,252	100.0
Source: 2020 U.S. Census; Bank Data, 2022 & 2023 HMDA Aggregate Data, "--" data not available. 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 Sioux Falls Assessment Area through community development loans, qualified investments, and community development services, considering the institution's capacity and the need and availability of such opportunities.

### Community Development Loans

The institution originated 9 community development loans totaling \$2.1 million in the Sioux Falls Assessment Area. Most of these loans, 7 totaling \$2.0 million, helped promote economic development. The remaining loans provided revitalization or stabilization to low- or moderate-income geographies.

### Qualified Investments

The bank made 17 qualified investments totaling \$986,000 that provided community services targeted to low- and moderate-income individuals.

**Community Development Services**

Security Savings Bank personnel provided 15 instances of financial expertise or technical assistance that supported economic development and community services for low- and moderate-income individuals in the assessment area.

## **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

<b>Rated Area</b>	<b>Lending Test</b>	<b>Community Development Test</b>	<b>Rating</b>
Iowa	Satisfactory	Satisfactory	Satisfactory
Minnesota	Satisfactory	Satisfactory	Satisfactory
South Dakota	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.