

PUBLIC DISCLOSURE

April 11, 2022

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Security Savings Bank
RSSD# 616540

1015 Market Street
Gowrie, Iowa 50543

Federal Reserve Bank of Chicago
230 South LaSalle Street
Chicago, Illinois 60604-1413

NOTE: This document is an evaluation of this bank'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 bank. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this bank. The rating assigned to this bank does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial bank.

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BANK'S CRA RATING

Security Savings Bank is rated **Satisfactory**.

Security Savings Bank is meeting the credit needs of its assessment area based on an analysis of the bank's lending activities. The loan-to-deposit ratio is reasonable given the bank's size, financial condition, and the assessment area credit needs. A majority of small business, small farm, and consumer closed-end loans were originated in the assessment area. The geographic distribution of loans reflects reasonable dispersion throughout the assessment area, and lending distribution reflects excellent penetration among individuals of different income levels, including low- and moderate-income, and businesses and farms of different sizes. Neither Security Savings Bank, nor this Reserve Bank have received any Community Reinvestment Act (CRA)-related complaints since the previous evaluation.

SCOPE OF EXAMINATION

Security Savings Bank's performance was evaluated using the Federal Financial Institutions Examination Council's (FFIEC) Small Institution CRA Examination Procedures. Performance was evaluated in the context of information about the institution and its assessment area, including the bank's asset size, financial condition, competition, and economic and demographic characteristics.

The evaluation included a full scope review of the bank's Non-Metropolitan Statistical Area (Non-MSA) Iowa assessment area. The Non-MSA Iowa (IA) assessment area consists of portions of Boone County, Calhoun County, Hamilton County, and Webster County.

Loan products reviewed include small business, small farm, and consumer closed-end loans with a sample period of January 1, 2021, to December 31, 2021. These products are considered the bank's primary business lines based on volume of loan originations by number and dollar amount. Greater weight was given to small farm performance, as agricultural loans represent 48.5 percent of the loan portfolio.

Performance in the assessment area was evaluated using streamlined assessment method for small banks based on the following performance criteria:

- ***Loan-to-Deposit Ratio*** – An 18-quarter average loan-to-deposit ratio from September 30, 2017 to December 31, 2021, was calculated for the bank and compared to a sample of local competitors.
- ***Lending in the Assessment Area*** – A sample of the bank's small business, small farm, and consumer closed-end loans originated from January 1, 2021 to December 31, 2021, were reviewed to determine the percentage of loans originated in the assessment area.

- ***Geographic Distribution of Lending in the Assessment Area*** – A sample of the bank’s small business, small farm, and consumer closed-end loans originated in the assessment area, from January 1, 2021 to December 31, 2021, were analyzed to determine the extent to which the bank is making loans in geographies of different income levels.
- ***Lending to Borrowers of Different Income and to Businesses and Farms of Different Sizes*** – A sample of the bank’s small business, small farm, and consumer closed-end loans originated in the assessment area, from January 1, 2021 to December 31, 2021, were reviewed to determine the distribution among borrowers of different income levels, particularly those considered low- or moderate-income, and to businesses and farms with different revenue sizes.
- ***Response to Substantiated Complaints*** – Neither Security Savings Bank nor this Reserve Bank received any CRA-related complaints since the previous evaluation.

In addition, two community representatives from economic development organizations were contacted in connection with this evaluation to provide information regarding local economic and socio-economic conditions in the assessment area.

DESCRIPTION OF INSTITUTION

Security Savings Bank is a subsidiary of Security Financial, Inc., a one-bank holding company located in Farnhamville, Iowa. The bank operates its main office in Gowrie, Iowa, as well as six branch offices located in Boxholm, Dayton, Farnhamville, Harcourt, Lehigh, and Stratford, Iowa. In addition, the bank operates three cash-only Automated Teller Machines (ATMs) located at the Dayton, Gowrie, and Stratford branches. Since the previous evaluation, the bank acquired one new branch location, which is the branch located in Stratford, Iowa. In addition to its network of offices and ATMs, the bank maintains a website (www.securitysavingsbank.com) that provides information on loan and deposit products, as well as access to online banking capabilities.

Security Savings Bank offers a range of traditional loan and deposit products and services. While the bank is primarily an agricultural lender, it offers commercial, residential real estate, and consumer loan products. In addition, traditional deposit products are also offered and are inclusive of checking and savings accounts, NOW accounts, and business accounts. As demonstrated in the chart below, the bank’s agricultural, commercial, and residential real estate lending represent 48.5 percent, 23.8 percent, and 17.3 percent, respectively, of the loan portfolio by dollar volume. According to the Uniform Bank Performance Report (UBPR), the bank reported total assets of \$153.9 million and total deposits of \$130.2 million as of December 31, 2021.

According to the June 30, 2021, Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report, Security Savings Bank ranks 9th of 19 financial institutions operating within the assessment area. The bank held \$127.9 million in deposits, representing a market share of 5.3

percent. The financial institutions comprising the largest percentage of the deposit market share are First State Bank (13.4 percent), Availa Bank (10.1 percent), and United Bank of Iowa (10.0 percent).

Details of the allocation of the bank’s loan portfolio are provided in the following table.

Composition of Loan Portfolio As of December 31, 2021		
Loan Type	Dollar Volume (\$ in 000s)	% of Portfolio
Agricultural	\$44,506	48.5
Commercial	\$21,801	23.8
Residential Real Estate	\$15,844	17.3
Consumer	\$3,514	3.8
Other	\$6,096	6.6
Total	\$91,761	100.0
<i>Note: Percentages may not total to 100.0 percent due to rounding.</i>		

There are no known legal, financial, or other factors impeding the bank’s ability to help meet the credit needs in its communities.

The bank was rated satisfactory under the CRA at its previous evaluation conducted on February 26, 2018.

DESCRIPTION OF ASSESSMENT AREA

Security Savings Bank is an intrastate bank that operates seven branch locations in the Non-Metropolitan Statistical Area of Iowa (Non-MSA IA), consisting of portions of Boone, Calhoun, Hamilton, and Webster Counties. The assessment area includes one census tract within Boone County, one census tract within Calhoun County, one census tract within Hamilton County, and two census tracts within Webster County. Since the previous evaluation, the census tract within Calhoun County changed income designations from moderate-income to middle-income and is also designated as distressed and underserved due to population loss and the remote, rural nature of the geography. In addition, the census tract within Boone County changed income designations from upper-income to middle-income since the previous evaluation. The remaining tracts in Webster and Hamilton Counties are middle-income census tracts representing no change since the previous evaluation. There are no low- or moderate-income census tracts within the assessment area.

Further, since the previous evaluation the Office of Management and Budget (OMB) revised delineations and announced the enlargement of the Ames, IA MSA #11180, from only Story County to also include Boone County. As a result, Boone County, which was previously a part of Non-MSA, Iowa is now delineated as part of the Ames, IA MSA. However, the bank, and for the

purposes of this evaluation, maintains the census tract in Boone County (207.00) as part of their sole Non-MSA, IA assessment area due to the lack of a substantial presence within the Ames, IA MSA.

Additional assessment area demographic information is provided in the following table.

Assessment Area: 2021 IA Non MSA								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	802	20.0
Moderate-income	0	0.0	0	0.0	0	0.0	811	20.3
Middle-income	5	100.0	4,002	100.0	304	7.6	1,062	26.5
Upper-income	0	0.0	0	0.0	0	0.0	1,327	33.2
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	5	100.0	4,002	100.0	304	7.6	4,002	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	0	0	0.0	0.0	0	0.0	0	0.0
Moderate-income	0	0	0.0	0.0	0	0.0	0	0.0
Middle-income	6,587	4,652	100.0	70.6	1,249	19.0	686	10.4
Upper-income	0	0	0.0	0.0	0	0.0	0	0.0
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
Total Assessment Area	6,587	4,652	100.0	70.6	1,249	19.0	686	10.4
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	0	0.0	0	0.0	0	0.0	0	0.0
Middle-income	735	100.0	680	100.0	29	100.0	26	100.0
Upper-income	0	0.0	0	0.0	0	0.0	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	735	100.0	680	100.0	29	100.0	26	100.0
	Percentage of Total Businesses:			92.5		3.9		3.5
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	0	0.0	0	0.0	0	0.0	0	0.0
Middle-income	275	100.0	271	100.0	4	100.0	0	0.0
Upper-income	0	0.0	0	0.0	0	0.0	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	275	100.0	271	100.0	4	100.0	0	0.0
	Percentage of Total Farms:			98.5		1.5		0.0

2021 FFIEC Census Data & 2021 Dun & Bradstreet information according to 2015 ACS

Note: Percentages may not add to 100.0 percent due to rounding

Population Characteristics

The following table presents changes in population within the counties comprising the assessment area, as well as the state of Iowa from 2010 and 2015, according to the 2011 to 2015 U.S. Census Bureau American Community Survey (ACS). Population in the assessment area in 2015 was 14,459. In addition, reviewing the counties that comprise the bank’s assessment area, Hamilton and Webster Counties saw a decrease in population of 2.4 percent and 1.9 percent, respectively from 2010 to 2015. During the same period, Boone and Calhoun Counties saw slight increases in population with Calhoun County experiencing the largest increase at 2.5 percent. Overall, the counties that make up the assessment area remained relatively stable from 2010 to 2015, similar to the state of Iowa, which increased in population by 1.6 percent during the same period. One community representative indicated that many rural counties in Iowa lose population to larger cities as individuals seek out education and job opportunities in urban areas, which contributes to the losses seen in Hamilton and Webster Counties. Further, community representatives mentioned that housing developers and affordable housing organizations, have had sustained difficulties in the construction of new housing because of increased supply cost and dated infrastructure, which has also impacted the area’s ability to attract, and retain, permanent residents.

Population Change			
Area	2010 Population	2015 Population	Percentage Change (%)
Assessment Area	N/A	14,459	N/A
Boone County, Iowa	26,306	26,401	0.4
Calhoun County, Iowa	9,670	9,914	2.5
Hamilton County, Iowa	15,673	15,297	-2.4
Webster County, Iowa	38,013	37,295	-1.9
State of Iowa	3,046,355	3,093,526	1.6
<i>Source: 2010 U.S. Census Bureau Decennial Census 2011 - 2015 U.S. Census Bureau American Community Survey</i>			

Income Characteristics

The following table presents median family income (MFI) for families living in the assessment area, comparing Boone County, Calhoun County, Hamilton County, Webster County, and the state of Iowa. According to the U.S. Census Bureau, the assessment area is comprised of 4,002 families, of which 20.0 percent are designated as low-income, 20.3 percent are moderate-income, 26.5 percent are middle-income, and 33.2 percent are upper-income. Families living below the poverty level within the assessment area is 7.6 percent, which is slightly lower than the state of Iowa’s poverty rate of 8.1 percent. According to the 2011-2015 American Community Survey (ACS), the median family income (MFI) for the assessment area was \$60,763, which is lower than the state of Iowa, which had a median family income of 67,466 in 2015. Further, from 2010 to 2015 the MFI increased within Calhoun County and the state of Iowa as a whole, which saw increases of 7.4 percent and 0.2 percent, respectfully. During the same period, Boone County, Hamilton

County, and Webster County all experienced declines in MFI at 4.9 percent, 9.7 percent, and 4.4 percent, respectfully. Community representatives indicated that the decrease in median family income in these areas is likely due to the lack of emerging higher wage jobs in the area, and potentially some loss of higher paying jobs as many skilled individuals migrate to urban metropolitan areas in search of higher wage jobs, causing businesses to struggle to retain skilled talent. The same community representative indicated that since COVID-19, wages in the area have been increasing, as many businesses in the area have job openings and are struggling to fill those positions in a timely manner, which is causing businesses to raise wages to attract labor.

Median Family Income Change 2010 and 2015			
Area	2010 Median Family Income (\$)	2015 Median Family Income (\$)	Percentage Change (%)
Assessment Area	N/A	60,763	N/A
Boone County, Iowa	72,820	69,260	-4.9
Calhoun County, Iowa	54,488	58,512	7.4
Hamilton County, Iowa	66,940	60,427	-9.7
Webster County, Iowa	58,944	56,373	-4.4
State of Iowa	67,302	67,466	0.2
<i>Source: 2006 - 2010 U.S. Census Bureau American Community Survey 2011 - 2015 U.S. Census Bureau American Community Survey Median Family Incomes have been inflation-adjusted and are expressed in 2015 dollars.</i>			

Housing Characteristics

The bank’s assessment area includes 6,587 housing units. The majority of housing units are owner-occupied at 70.6 percent, whereas rental units account for 19.0 percent of total units. Within the assessment area, 10.4 percent of housing units are vacant, which is marginally higher than the percentage of vacant units within the state of Iowa, which is 8.7 percent of total housing units.

A common method to compare relative affordability of housing across geographic areas is the affordability ratio, which is defined in Appendix C – Glossary. A higher ratio generally suggests more affordable housing opportunities. Based on the 2011-2015 American Community Survey data, the affordability ratio for the assessment area was 0.54, which is above the state of Iowa at 0.41. As such, the affordability ratio suggests that housing within the assessment area is more affordable when compared to the state of Iowa as a whole.

The following table represents recent housing cost burden for individuals within the assessment area and the state of Iowa. The cost burden is a measure of affordability via a comparative analysis of individuals of different income levels that spend 30.0 percent or more of their income on housing costs. As evidenced by the following table, low-income individuals are generally

impacted at a higher rate than moderate-income individuals as both renters and owners. Hamilton County has the lowest proportion of renters who meet the cost burden criteria at 28.4 percent as well as the lowest proportion of owners who meet the cost burden criteria at 12.9 percent. On the contrary, Webster County has the highest proportion of renters who meet the cost burden criteria at 39.8 percent as well as the highest proportion of owners who meet the cost burden criteria at 16.6 percent. Calhoun, Hamilton, and Boone County have fewer renters who meet the cost burden criteria at 36.1 percent, 28.4 percent, and 31.1 percent, respectfully, than the state of Iowa at 38.2 percent. In addition, Calhoun and Hamilton County have a lower proportion of owners who meet the cost burden criteria than the state of Iowa. However, Webster and Boone County have a larger proportion of owners who meet the cost burden criteria at 16.6 percent and 16.4 percent, respectfully, than the state of Iowa at 15.4 percent.

Community representatives indicated that there is a need for additional affordable housing in the area. In addition, one community representative highlighted that affordable housing organizations and individuals in the area are struggling to build additional housing as construction costs are unusually high due to labor and supply costs as a result of the COVID-19 pandemic. In addition, the same community representative noted that to build additional affordable housing, organizations and individuals must address the aging infrastructure in more rural areas, which can greatly add to the cost of constructing new affordable housing.

2020 Housing Cost Burden						
Area	Cost Burden (%) - Renters			Cost Burden (%) - Owners		
	Low-Income	Moderate-Income	All Renters	Low-Income	Moderate-Income	All Owners
Assessment Area	66.3	20.0	35.2	55.0	22.6	15.4
Boone County, Iowa	62.8	22.8	31.1	65.3	26.5	16.4
Calhoun County, Iowa	71.7	10.0	36.1	48.4	11.7	12.9
Hamilton County, Iowa	62.9	10.3	28.4	49.2	29.8	12.9
Webster County, Iowa	67.7	23.4	39.8	52.8	21.1	16.6
State of Iowa	71.3	21.3	38.2	57.5	25.1	15.4
<i>Cost Burden is housing cost that equals 30 percent or more of household income</i>						
<i>Source: U.S. Department of Housing and Urban Development (HUD), 2013-2017 Comprehensive Housing Affordability Strategy</i>						

Employment Conditions

The table below shows unemployment statistics for Boone, Calhoun, Hamilton, and Webster Counties, as well as the state of Iowa. The unemployment rates within Boone, Calhoun, and Hamilton Counties are lower than the state of Iowa’s unemployment rate at 5.3 percent in 2020. The assessment area, based on individual county statistics, appears to have experienced unemployment at a similar rate as the rest of the state of Iowa. Webster County saw the highest

unemployment rate in 2020, during the COVID-19 pandemic, at 5.3 percent which was similar to the state of Iowa’s unemployment for the same period.

Community representatives indicated that the COVID-19 pandemic had a large impact on retail, small businesses, and other small organizations that rely on a small number of workers because of issues retaining and recruiting employees amid concerns about COVID-19. Further, community representatives mentioned that most areas in Iowa, including the counties that comprise the assessment area, are now at full employment yet still have additional demand for labor. Economic conditions continue to improve and return to a pre-pandemic state within the assessment area as well as the state of Iowa. Since the previous evaluation, the assessment area has not experienced any major layoffs or company closures.

Unemployment Rates (%)					
Area	2016	2017	2018	2019	2020
Boone County, Iowa	2.8	2.4	2.2	2.4	4.1
Calhoun County, Iowa	3.7	3.0	2.6	2.6	4.1
Hamilton County, Iowa	3.7	3.2	2.8	2.9	4.4
Webster County, Iowa	4.0	3.7	3.3	3.1	5.3
State of Iowa	3.6	3.1	2.6	2.8	5.3

Source: Bureau of Labor Statistics (BLS), Local Area Unemployment Statistics

Industry Characteristics

According to location quotients developed by the U.S. Bureau of Labor Statistics, the assessment area contains a diverse employment base and is most heavily impacted by the industries of agriculture, health care, retail, and manufacturing. As mentioned previously, a community representative indicated that the COVID-19 pandemic had a large impact on the retail industry. Further, a representative also noted that, while leading industries within the area were impacted by the COVID-19 pandemic in 2020, local businesses have since recovered.

Community Contacts

Two community representatives were contacted during the evaluation to provide information regarding local economic and demographic conditions. The representatives provided information on housing, employment, and economic development needs within the assessment area, as well as providing information about how the COVID-19 pandemic affected the economy in the area. The representatives stated that there are challenges within their respective areas in which local financial institutions can participate in addressing. Community representatives indicated that there is a sustained need for additional affordable housing in the assessment area as there are not currently enough affordable housing options to accommodate additional growth of businesses in the area who continue to need additional labor. Another community contact stated that there is a

need for additional labor as businesses recover from the COVID-19 pandemic and address the return to normal operations. In addition, community representatives highlighted that the assessment area has struggled to retain population as many individuals leave the area to attend school and look for employment in more urban areas of Iowa. One community representative indicated that since the COVID-19 pandemic, wages in the area have been increasing, as many businesses have job openings and are struggling to fill those positions in a timely manner. As a result, businesses are raising wages to attract more labor. Lastly, community representatives highlighted that unemployment in the assessment area was generally lower than the state of Iowa because of businesses in the assessment area not being restricted as heavily as those located in urban areas with lockdowns, which kept more employees with jobs throughout the duration of the COVID-19 pandemic.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

LENDING TEST

Security Savings Bank's performance relative to the lending test is rated Satisfactory. Overall, the bank is meeting the credit needs of its assessment area based on an analysis of the bank's lending activities. The loan-to-deposit ratio is reasonable given the bank's size, financial condition, and assessment area credit needs. The majority of small business, small farm, and consumer closed-end loans were originated in the assessment area. The geographic distribution of loans reflects reasonable dispersion throughout the assessment area, and lending activity reflects excellent penetration among individuals of different income levels, and businesses and farms of different revenue sizes. No CRA-related complaints were received by the institution or the Reserve Bank since the previous evaluation.

Loan-to-Deposit Ratio

Security Savings Bank's loan-to-deposit (LTD) ratio is reasonable given the bank's size, financial condition, and assessment area credit needs. As of December 31, 2021, the bank's LTD ratio averaged 75.1 percent over an 18-quarter period. The LTD shows an increase since the previous evaluation in which the bank had a ratio of 63.9%. Management indicated that the increase in the LTD could be attributed to the bank's concerted effort to improve the LTD ratio by putting an emphasis on understanding the credit needs in the assessment area. In addition, the bank worked to meet the credit needs of small businesses in the area during the COVID-19 pandemic by originating Paycheck Protection Program (PPP) loans to help businesses retain and recruit employees. The following table compares the bank's LTD ratio to its local competitors.

Comparative Loan-to-Deposit Ratios as of December 31, 2021	
Institution	Loan-to-Deposit Ratio (%)
	18 – Quarter Average
Security Savings Bank	75.1%
Competitors	
Heartland Bank	96.8%
WCF Financial Bank	79.6%
Iowa Savings Bank	76.3%
Iowa Falls State Bank	68.7%
First Community Bank	67.7%

Assessment Area Concentration

During the evaluation period, Security Savings Bank originated a majority of small business, small farm, and consumer closed-end loans in the assessment area. The bank originated 78.3 percent of total loans by number and 76.4 percent by dollar amount inside the assessment area. Consumer closed-end, small business, and small farm loans saw a similar dispersion of loans by number inside the assessment area with 76.5 percent, 80.2 percent, and 78.0 percent, respectfully. Performance indicates the bank is actively serving the credit needs of the local community.

Lending Inside and Outside the Assessment Area								
Loan Type	Inside				Outside			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Consumer	75	76.5	659	67.2	23	23.5	321	32.8
Small Business	89	80.2	5,930	79.6	22	19.8	1,523	20.4
Small Farm	78	78.0	12,612	75.5	22	22.0	4,082	24.5
Total Loans	242	78.3	19,201	76.4	67	21.7	5,926	23.6

Geographic Distribution of Loans

The assessment area is comprised only of middle-income census tracts, and therefore a meaningful analysis could not be performed. The dispersion of the loans in the assessment area was reviewed to determine if the bank is sufficiently serving the census tracts included in the assessment area. Examiners determined that there were no conspicuous or unexplained gaps in contiguous census tracts within the assessment area. Therefore, the geographic distribution of loans reflects reasonable dispersion throughout the assessment area.

Lending to Borrowers of Different Income Levels and to Businesses and Farms of Different Sizes

Security Savings Bank’s distribution of loans reflects excellent penetration among individuals of different income levels, including low- and moderate-income, and business and farms of different sizes. The bank exceeded the lending distribution performance of the previous evaluation with a greater proportion of loans to borrowers of low and moderate incomes and farms with revenue of \$1.0 million or less. In addition, the bank was consistent in lending compared to the previous evaluation to businesses with revenue of \$1.0 million or less. Security Savings Bank’s loan distribution indicates the bank is actively serving the assessment area’s credit needs.

Consumer Closed-End Loans

Consumer lending reflects excellent penetration among borrowers of different income levels, including low- and moderate-income borrowers. The bank originated 34.7 percent by count, and 23.6 percent by dollar amount, of its consumer closed-end loans to low-income borrowers. Further, 28.0 percent by count, and 28.9 percent by dollar amount, were originated to moderate-income borrowers. This exceeds the assessment area demographics as low- and moderate-income households comprise 24.5 percent and 15.8 percent, respectfully, of households within the assessment area.

The following table presents the bank’s borrower distribution of consumer loans in 2021.

Borrower Distribution of Consumer Loans						
Assessment Area: 2021 Combined Assessment Area						
	Borrower Income Levels	Bank & Demographic Comparison				Households by Household Income %
		2021				
		Count		Dollar		
		#	%	\$ (000s)	\$ %	
Totals	Low	26	34.7	155	23.6	24.5
	Moderate	21	28.0	190	28.9	15.8
	Middle	14	18.7	81	12.3	20.7
	Upper	6	8.0	133	20.2	39.1
	Unknown	8	10.7	99	15.0	
	Total	75	100.0	658	100.0	100.0
2021 FFIEC Census Data						
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>						

Small Business Loans

Small business lending reflects excellent penetration among businesses of different revenue sizes. The bank originated 98.9 percent of its commercial loans by number to businesses with annual revenues of \$1.0 million or less, which is above the assessment area demographics which reflect that 92.5 percent of businesses have annual revenues of \$1.0 million or less. In addition, 83.0 percent of the bank’s small business loans were in loan amounts of \$100,000 or less, demonstrating the bank’s willingness to meet small business credit needs within the assessment area. The bank’s small business lending performance is consistent with the previous evaluation during which the bank also originated 98.9 percent of its commercial loans to small businesses. In addition, during this evaluation period, the bank participated in the Paycheck Protection Program (PPP) by lending to local businesses during the COVID-19 pandemic, which further demonstrates the bank’s willingness in meeting the credit needs of the communities it serves.

The following table presents the bank’s borrower distribution of small business loans in 2021.

Small Business Lending By Revenue & Loan Size							
Assessment Area: 2021 IA Non MSA							
Product Type		Bank & Demographic Comparison					
		2021		2021		Total Businesses %	
Revenue	Loan Size	Count Bank		Dollar Bank			
		#	%	\$ 000s	\$ %		
Small Business	Revenue	\$1 Million or Less	88	98.9	5,858	98.8	92.5
		Over \$1 Million	1	1.1	72	1.2	3.9
		Unknown	0	0.0	0	0.0	3.5
		Total	89	100.0	5,930	100.0	100.0
	Loan Size	\$100,000 or Less	74	83.1	2,957	49.9	
		\$100,001 - \$250,000	11	12.4	1,633	27.5	
		\$250,001 - \$1 Million	4	4.5	1,340	22.6	
		Total	89	100.0	5,930	100.0	
	Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	73	83.0	2,885	49.2	
		\$100,001 - \$250,000	11	12.5	1,633	27.9	
\$250,001 - \$1 Million		4	4.5	1,340	22.9		
Total		88	100.0	5,858	100.0		
Originations & Purchases							
2021 FFIEC Census Data & 2021 Dun & Bradstreet information according to 2015 ACS							
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>							

Small Farm Loans

Small farm lending reflects excellent penetration among farms of different revenue sizes. The bank originated 100.0 percent of its agricultural loans to farms within the assessment area with annual revenues of \$1.0 million or less. Performance was in alignment with assessment area demographics

as 98.5 percent of farms have annual revenues of less than \$1.0 million. Additionally, 32.1 percent of these loans were made in dollar amounts of \$100,000 or less to farms with annual revenues of \$1 million or less, which are most beneficial to small farms. The bank’s small farm lending performance in 2021 improved when compared to the previous evaluation, during which time the bank originated 94.9 percent of loans to farms with annual revenues of \$1.0 million. However, a smaller proportion of the small farm loans were made for \$100,000 dollars or less in 2021, when compared to the previous evaluation at 69.9 percent.

The following table presents the bank’s borrower distribution of small farm loans in 2021.

Small Farm Lending By Revenue & Loan Size							
Assessment Area: 2021 IA Non MSA							
Product Type		Bank & Demographic Comparison					
		2021		2021		Total Farms	
	Revenue	Count		Dollar			
		Bank		Bank		%	
		#	%	\$ 000s	\$ %	%	
Small Farm	Revenue	\$1 Million or Less	78	100.0	12,612	100.0	98.5
		Over \$1 Million	0	0.0	0	0.0	1.5
		Unknown	0	0.0	0	0.0	0.0
		Total	78	100.0	12,612	100.0	100.0
	Loan Size	\$100,000 or Less	25	32.1	1,928	15.3	
		\$100,001 - \$250,000	41	52.6	6,447	51.1	
		\$250,001 - \$500,000	12	15.4	4,236	33.6	
		Total	78	100.0	12,611	100.0	
	Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	25	32.1	1,928	15.3	
		\$100,001 - \$250,000	41	52.6	6,447	51.1	
		\$250,001 - \$500,000	12	15.4	4,236	33.6	
		Total	78	100.0	12,611	100.0	

Originations & Purchases
2021 FFIEC Census Data & 2021 Dun & Bradstreet information according to 2015 ACS
Note: Percentages may not add to 100.0 percent due to rounding

Response to Complaints

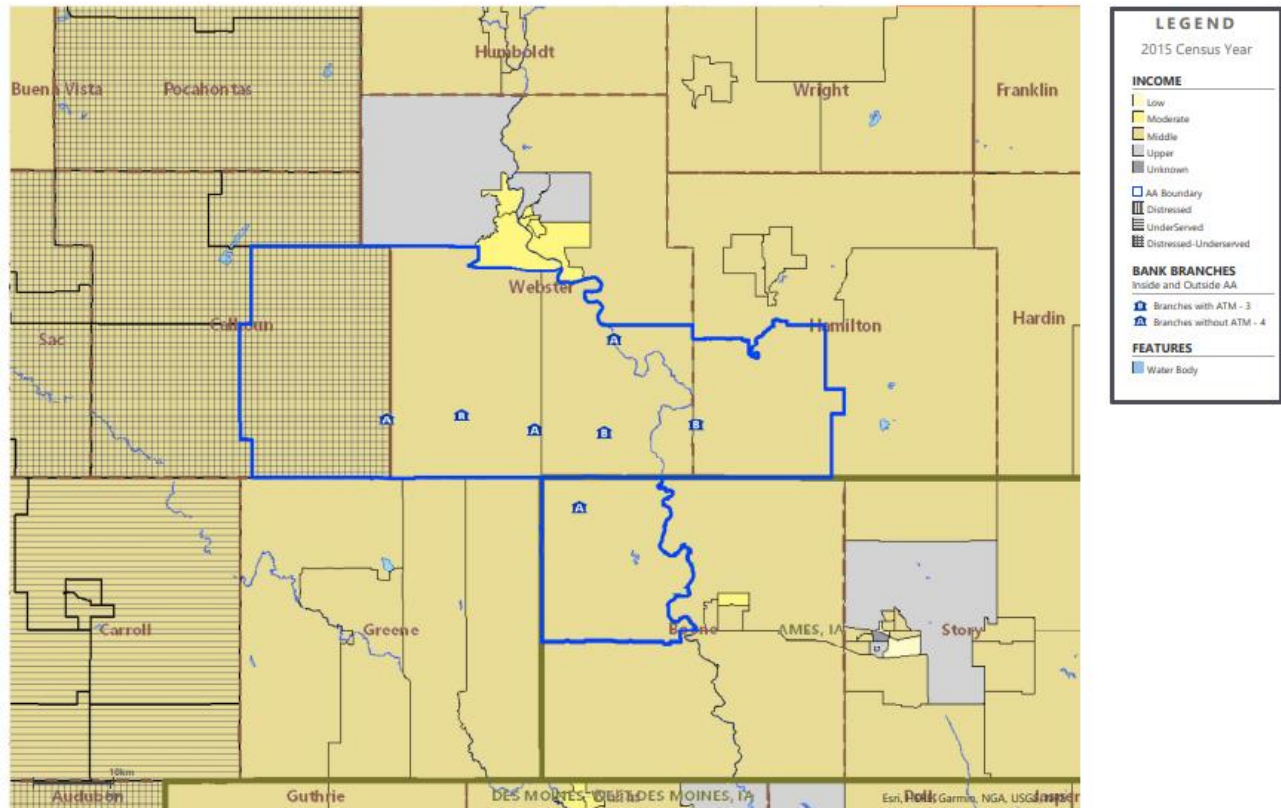
Neither Security Savings Bank, nor this Reserve Bank have received any CRA-related complaints since the previous evaluation.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified.

APPENDIX A – Map of Assessment Area

Securit Savings Bank 616540
Combined Assessment Area



APPENDIX B – Scope of Examination

SCOPE OF EXAMINATION			
TIME PERIOD REVIEWED			
January 1, 2021 to December 31, 2021			
FINANCIAL INSTITUTION			
Security Savings Bank			PRODUCTS REVIEWED Small Business Loans Small Farm Loans Consumer Closed-End Loans
AFFILIATE(S)			
AFFILIATE RELATIONSHIP		PRODUCTS REVIEWED	
None	N/A		N/A
LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
ASSESSMENT AREA	TYPE OF EXAMINATION	BRANCHES VISITED	OTHER INFORMATION
Non-MSA Iowa	Full Review	N/A	N/A

APPENDIX C – Glossary

Affiliate: Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Affordability ratio: To determine housing affordability, the affordability ratio is calculated by dividing median household income by median housing value. This ratio allows the comparison of housing affordability across assessment areas and/or communities. An area with a high ratio generally has more affordable housing than an area with a low ratio.

Aggregate lending: The number of loans originated and purchased by all lenders subject to reporting requirements as a percentage of the aggregate number of loans originated and purchased by all lenders in the MSA/assessment area.

American Community Survey Data (ACS): The American Community Survey (ACS) data is based on a nationwide survey designed to provide local communities with reliable and timely demographic, social, economic, and housing data each year. The Census Bureau first released data for geographies of all sizes in 2010. This data is known as the “five-year estimate data.” The five-year estimate data is used by the FFIEC as the base file for data used in conjunction with consumer compliance and CRA examinations.¹

Area Median Income (AMI): AMI means –

1. The median family income for the MSA, if a person or geography is located in an MSA, or for the metropolitan division, if a person or geography is located in an MSA that has been subdivided into metropolitan divisions; or
2. The statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

Assessment area: Assessment area means a geographic area delineated in accordance with section 228.41

Automated teller machine (ATM): An automated teller machine means an automated, unstaffed banking facility owned or operated by, or operated exclusively for, the bank at which deposits are received, cash dispersed or money lent.

Bank: Bank means a state member as that term is defined in section 3(d)(2) of the Federal Deposit Insurance Act (12 USC 1813(d)(2)), except as provided in section 228.11(c)(3), and includes an

¹ Source: FFIEC press release dated October 19, 2011.

uninsured state branch (other than a limited branch) of a foreign bank described in section 228.11(c)(2).

Branch: Branch refers to a staffed banking facility approved as a branch, whether shared or unshared, including, for example, a mini-branch in a grocery store or a branch operated in conjunction with any other local business or nonprofit organization.

Census tract: Small subdivisions of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. They usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Combined Statistical Area (CSAs): Adjacent metropolitan statistical areas/metropolitan divisions (MSA/MDs) and micropolitan statistical areas may be combined into larger Combined Statistical Areas based on social and economic ties as well as commuting patterns. The ties used as the basis for CSAs are not as strong as the ties used to support MSA/MD and micropolitan statistical area designations; however, they do bind the larger area together and may be particularly useful for regional planning authorities and the private sector. Under Regulation BB, assessment areas may be presented under a Combined Statistical Area heading; however, all analysis is conducted on the basis of median income figures for MSA/MDs and the applicable state-wide non metropolitan median income figure.

Community Development: The financial supervisory agencies have adopted the following definition for community development:

1. Affordable housing, including for multi-family housing, for low- and moderate-income households;
2. Community services tailored to meet the needs of low- and moderate-income individuals;
3. Activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or
4. Activities that revitalize or stabilize low- or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definitions of community development. Activities that revitalize or stabilize:

- 1) Low- or moderate-income geographies;
- 2) Designated disaster areas; or
- 3) Distressed or underserved nonmetropolitan middle-income geographies

designated by the Board, Federal Deposit Insurance Corporation and Office of the Comptroller of the Currency based on:

- a. Rates of poverty, unemployment or population loss; or
- b. Population size, density and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density and dispersion if they help to meet essential community services including the needs of low- and moderate-income individuals.

Community Development Loan: A community development loan means a loan that:

- 1) Has as its primary purpose community development; and
- 2) Except in the case of a wholesale or limited purpose bank –
 - a. Has not been reported or collected by the bank or an affiliate for consideration in the bank’s assessment as a home mortgage, small business, small farm, or consumer loan, unless it is a multi-family housing loan (as described in the regulation implementing the Home Mortgage Disclosure Act); and
 - b. Benefits the bank’s assessment area(s) or a broader statewide or regional area that includes the bank’s assessment area(s).

Community Development Service: A community development service means a service that:

- 1) Has as its primary purpose community development; and
- 2) Is related to the provision of financial services.

Consumer loan: 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 of loans: motor vehicle, credit card, other consumer secured loan, including a home improvement loan not secured by a dwelling, and other consumer unsecured loan, including a loan for home improvement not secured.

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, which 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).

Fair market rent: Fair market rents (FMRs) are gross rent estimates. They include the shelter rent plus the cost of all tenant-paid utilities, except telephones, cable or satellite television service, and internet service. HUD sets FMRs to assure that a sufficient supply of rental housing is available to their program participants. To accomplish this objective, FMRs must be both high enough to

permit a selection of units and neighborhoods and low enough to serve as many low-income families as possible. The level at which FMRs are set is expressed as a percentile point within the rent distribution of standard-quality rental housing units. The current definition used is the 40th percentile rent, the dollar amount below which 40 percent of the standard-quality rental housing units are rented. The 40th percentile rent is drawn from the distribution of rents of all units occupied by recent movers (renter households who moved to their present residence within the past 15 months). HUD is required to ensure that FMRs exclude non-market rental housing in their computation. Therefore, HUD excludes all units falling below a specified rent level determined from public housing rents in HUD's program databases as likely to be either assisted housing or otherwise at a below-market rent, and units less than two years old.

Full review: Performance under the Lending, Investment and Service Tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and amount of qualified investments) and qualitative factors (for example, innovativeness, complexity and responsiveness).

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

Home Mortgage Disclosure Act: The statute that requires certain mortgage lenders that do business or have banking offices in metropolitan statistical areas to file annual summary reports of their mortgage lending activity. The reports include data such as the race, gender and income of the applicant(s) and the disposition of the application(s) (for example, approved, denied, and withdrawn).

Home mortgage loans: Are defined in conformance with the definitions of home mortgage activity under the Home Mortgage Disclosure Act and include closed end mortgage loans secured by a dwelling and open-end lines of credit secured by a dwelling. This includes loans for home purchase, refinancing and loans for multi-family housing. It does not include loans for home improvement purposes that are not secured by a dwelling.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Income Level: Income level means:

- 1) Low-income – an 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 census tract;
- 2) Moderate-income – an 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 percent and less than 80 percent in the case of a census tract;

- 3) Middle-income – an 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 percent and less than 120 percent in the case of a census tract; and
- 4) Upper-income – an individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent in the case of a census tract.

Additional Guidance: .12(m) Income Level: The median family income levels (MFI) for census tracts are calculated using the income data from the United States Census Bureau's American Community Survey and geographic definitions from the Office of Management and Budget (OMB) and are updated approximately every five years (.12(m) Income Level).

Limited-purpose bank: This term refers to a bank that offers only a narrow product line such as credit card or motor vehicle loans to a regional or broader market and for which a designation as a limited-purpose bank is in effect, in accordance with section 228.25(b).

Limited review: Performance under the Lending, Investment and Services test is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, amount of investments and branch office distribution).

Loan location: Under this definition, a loan is located as follows:

- 1) Consumer loan is located in the census tract where the borrower resides;
- 2) Home mortgage loan is located in the census tract where the property to which the loan relates is located;
- 3) Small business and small farm loan is located in the census tract where the main business facility or farm is located or where the loan proceeds have been applied as indicated by the borrower.

Loan product office: This term refers to a staffed facility, other than a branch, that is open to the public and that provides lending-related services, such as loan information and applications.

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 MA/assessment area.

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development (HUD) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

Metropolitan Area: A metropolitan statistical area (MSA) or a metropolitan division (MD) as

defined by the Office of Management and Budget. A MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a MSA that has a single core population of at least 2.5 million may be divided into MDs. A metropolitan statistical area that crosses into two or more bordering states is called a multistate metropolitan statistical area.

Multifamily: Refers to a residential structure that contains five or more units.

Nonmetropolitan area: This term refers to any area that is not located in a metropolitan statistical area or metropolitan division. Micropolitan statistical areas are included in the definition of a nonmetropolitan area; a micropolitan statistical area has an urban core population of at least 10,000 but less than 50,000.

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: This term refers to any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated area: This term refers to a state or multistate metropolitan area. For institutions with domestic branch offices in one state only, the institution's CRA rating is the state's rating. If the institution maintains domestic branch offices in more than one state, the institution will receive a rating for each state in which those branch offices are located. If the institution maintains domestic branch offices in at least two states in a multistate metropolitan statistical area, the institution will receive a rating for the multistate metropolitan area.

Small Bank: This term refers to a bank that as of December 31 of either of the prior two calendar years, had assets of less than \$1.252 billion. Intermediate small bank means a small bank with assets of at least \$313 million as of December 31 of both of the prior two calendar years and less than \$1.252 billion as of December 31 of either of the prior two calendar years.

Annual Adjustment: The dollar figures in paragraph (u)(1) of this section shall be adjusted annually and published by the Board, based on the year-to-year change in the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers, not seasonally adjusted, for each 12-month period ending in November, with rounding to the nearest million.

Small Business Loan: This term refers to a loan that is included in "loans to small businesses" as defined in the instructions for preparation of the Consolidated Report of Condition and Income. The loans have original amounts of \$1 million or less and are either secured nonfarm, nonresidential properties or are classified as commercial and industrial loans.

Small Farm: This term refers to a loan that is included in “loans to small farms” as defined in the instructions for preparation of the Consolidated Report of Condition and Income. These loans have original amounts of \$500 thousand 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.

Wholesale Bank: This term refers to a bank that is not in the business of extending home mortgage, small business, small farm or consumer loans to retail customers, and for which a designation as a wholesale bank is in effect, in accordance with section 228.25(b).