

PUBLIC DISCLOSURE

April 25, 2011

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Security Savings Bank
RSSD# 676245

201 West Broadway
Eagle Grove, Iowa 50533

Federal Reserve Bank of Chicago

230 South LaSalle Street
Chicago, IL 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 COMMUNITY REINVESTMENT ACT (CRA) RATING:

This bank is rated: **Satisfactory**

Security Savings Bank is meeting the credit needs of its community based upon an analysis of lending activities, economic conditions of the assessment area and information obtained from community representatives. The loan-to-deposit (LTD) ratio is reasonable given the bank's size, financial condition, and assessment area credit needs. A substantial majority of loans are originated within the assessment area and those loans are reasonably dispersed throughout the assessment area. Lending to borrowers of different income levels represents reasonable dispersion to low- and moderate-income borrowers, and a reasonable distribution of commercial and agricultural loans to small businesses and small farms. No CRA-related complaints were received by the bank or this Reserve Bank during the evaluation period. Finally, information gathered from community representatives indicates that local banks are actively involved in supporting the community.

SCOPE OF EXAMINATION

Security Savings Bank's performance was evaluated using the Federal Financial Institutions Examination Council's (FFIEC) Interagency CRA Procedures for Small Banks. The performance was evaluated in the context of information about the institution and its assessment area, such as asset size, financial condition, competition, and economic and demographic characteristics. The following performance criteria were used:

- ***Loan-to-Deposit Ratio***- A 16-quarter average loan-to-deposit ratio was calculated from December 31, 2006 through December 31, 2010 for the bank and compared to its national peer group and a sample of local competitors;
- ***Lending in the Assessment Area*** - Commercial and agricultural loans were reviewed to determine the percentage of loans originated in the assessment area. The sample of loans consisted of originations from January 1, 2010 through December 31, 2010;
- ***Lending to Borrowers of different Income Levels and to Businesses and Farms of different Sizes***- Commercial and agricultural loans were reviewed to determine the distribution among businesses and farms of different revenue sizes. The sample of loans consisted of originations from January 1, 2010 through December 31, 2010;
- ***Geographic Distribution of Lending in the Assessment Area***- Commercial and agricultural loans were analyzed to assess the dispersion of loans across geographies of different income levels. The sample of loans consisted of originations from January 1, 2010 through December 31, 2010;

- **Response to Substantiated Complaints-** Neither the bank nor this Reserve Bank received any CRA-related complaints since the previous evaluation.

In addition to the preceding, two community representatives were contacted to obtain information about the opportunities for lending in the assessment areas in which the bank operates.

DESCRIPTION OF BANK

Security Savings Bank is a subsidiary of Dunn Investment Company, a two-bank holding company headquartered in Manchester, Iowa. The bank's main office is located in Eagle Grove, Iowa while the two branches are in Clarion, Iowa and Goldfield, Iowa. Drive-up facilities can be accessed at all three locations. A full-service ATM is available at the Eagle Grove drive-up and a cash-only ATM is located in the Clarion office. Customers may also utilize the bank's website, www.ssbankia.com, to conduct various transactions.

Standard credit and deposit products and services are offered at all locations; however, the primary lending focus is commercial and agriculture. The Goldfield office operates primarily as a deposit-taking facility with lending services available by appointment. The bank has not made any changes to its structure, branch network, or products since the previous examination.

According to the Uniform Bank Performance Report, the bank had \$111.8 million in total assets as of December 31, 2010. As illustrated in table one, the majority of the loan portfolio is comprised of agricultural and agricultural real estate (37.7 percent) and commercial and commercial real estate (51.9 percent) loans. Residential real estate is represents 8.8 percent of the portfolio and consumer loans represent 1.4 percent.

Category	Type	\$	%
Real Estate Secured	1-4 Family	5,830	8.1
	Multi-Family Residential	490	0.7
	Farmland	3,407	4.7
	Non-farm, Non-residential	4,926	6.9
	Total Real Estate Secured	14,653	20.4
	Agricultural	23,723	33.0
	Commercial and Industrial	32,293	45.0
	Consumer	1,015	1.4
	Other	175	0.2
	Total	71,859	100.0

The bank's peer group includes all insured commercial banks that have assets between \$100 and \$300 million, with two or fewer full service banking offices not located in a metropolitan statistical area (MSA). The bank's local competitors for loans and deposits include First State Bank, Wells Fargo Bank, NA, First Citizens National Bank, and United Bank and Trust.

The bank currently ranks second out of seven institutions with a market share of 25.4 percent in Wright County.

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 April 23, 2007.

DESCRIPTION OF ASSESSMENT AREA

The bank's assessment area consists of one non-metropolitan statistical area that includes all of Wright County, and portions of Humboldt, Webster, and Hamilton counties in Iowa. A total of ten middle-income census tracts compose the assessment area. Cities within the assessment area include Eagle Grove, Clarion, Webster City, Duncombe, Livermore, Williams, and Belmond. No changes with the assessment area have occurred since the previous evaluation. A map of the assessment area is shown in Appendix A.

Table #2 on the following page summarizes key demographic factors for Security Savings Bank assessment area.

Table 2								
Assessment Area Demographics *								
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	1,198	14.2
Moderate-income	0	0.0	0	0.0	0	0.0	1,622	19.2
Middle-income	8	100.0	8,446	100.0	376	4.5	2,273	26.9
Upper-income	0	0.0	0	0.0	0	0.0	3,353	39.7
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	8	100.0	8,446	100.0	376	4.5	8,446	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-occupied			Rental		Vacant	
	0	#	%	%	#	%	#	%
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	13,498	9,269	100.0	68.7	3,170	23.5	1,059	7.8
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	13,498	9,269	100.0	68.7	3,170	23.5	1,059	7.8
	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	1,620	100.0	1,455	100.0	78	100.0	87	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	1,620	100.0	1,455	100.0	78	100.0	87	100.0
	Percentage of Total Businesses:			89.8			4.8	5.4
	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	576	100.0	570	100.0	5	100.0	1	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	576	100.0		100.0		100.0		100.0
	Percentage of Total Farms:			99.0			0.9	0.1

* Information regarding businesses by tract and revenue size is based on 2009 data. All other information is based on 2000 census data.

Population Characteristics

Table #3 represents the change in population estimates since the last census. According to the 2000 U.S. Census and based on the total population data of the four counties, the assessment area has experienced a decrease in population between 2000 and July 1, 2009. Each county realized a

decrease in population size between 4.7 percent (Webster County) and 11.3 percent (Wright County). This trend is inversely-related to Iowa's increasing population change.

Table 3			
Population Changes 2000 Census vs. July 1, 2009 estimates			
Area	2000 Census	July 1, 2009 Estimates	Percentage Change
Assessment Area	30,249	N/A	N/A
Hamilton County	16,438	15,238	-7.3
Humboldt County	10,381	9,473	- 8.7
Webster County	40,235	38,346	- 4.7
Wright County	14,334	12,716	- 11.3
Iowa	2,926,324	3,007,856	+ 2.8
<i>Source: U.S. Census Bureau</i>			

Income Characteristics

Table #4 compares the 2000 census and the 2010 estimate of median family income levels for the assessment area, counties, and state of Iowa. The median family income increased in all counties at a higher percentage than the state of Iowa.

Table 4 Median Family Income Changes 2000 Census vs. 2010 estimates			
Area	2000 Census	2010 Estimates	Percentage Change
Assessment Area	\$ 44,969	N/A	N/A
Hamilton County	\$ 45,771	\$ 59,500	30.0
Humboldt County	\$ 46,510	\$ 60,500	30.1
Webster County	\$ 43,772	\$ 55,900	27.7
Wright County	\$ 44,043	\$ 57,200	29.9
Iowa Non Metro	\$ 43,887	\$ 57,000	29.9

Source: U.S. Department of Housing and Urban Development

Housing characteristics

The housing characteristics within the assessment area are similar to that of the state of Iowa. The assessment area has a total of 13,498 housing units of which 68.7 percent are owner-occupied, 23.5 percent are rental units and 7.9 percent are vacant. In comparison, the state of Iowa has 1,232,511 total housing units of which 68.6 percent are owner-occupied, 25.8 percent are rental units and 6.8 percent are vacant. The median housing costs are lower within the assessment area in comparison to the state of Iowa. Additionally, the higher affordability ratio of the assessment area indicates that the assessment area has comparably more affordable housing when compared to the state of Iowa.

Table 5 Housing Costs				
Location	Median Housing Value	Median Gross Rent	Fair Market Rent *	Affordability Ratio
Assessment Area	\$ 62,115	\$ 389	N/A	60
Hamilton County	\$ 71,900	\$ 422	\$ 416	53
Humboldt County	\$72,300	\$ 362	\$ 411	52
Webster County	\$ 65,900	\$ 408	\$ 417	53
Wright County	\$ 54,800	\$ 350	\$ 411	66
Iowa	\$ 82,100	\$ 470	N/A	48

*2000 United States Census Data;
Department of Housing and Urban Development

Employment Conditions

The trucking and healthcare industries make up the top five employers in the assessment area. The largest employers listed in table #6 are all located within Hamilton and Webster Counties.

Table 6 Largest Employers in the Assessment Area		
Company	# Employed	Industry
Smithway Motor Xpress Corporation	1,036	Trucking, except local
Trinity Regional Hospital of Fort Dodge	855	General Hospital
Trinity Regional Medical Center	855	Management Services
Trinity Building Corporation	800	Nonresidential Building Operators
The Decker Companies	750	Trucking, except local
NRG Media, Incorporated	700	Radio Broadcast Station
Fort Dodge Community School District	650	Elementary & Secondary Schools
Iowa Central Community College	640	Community College
Van Diest Supply Company	500	Chemicals & Allied Products
Ackerman Investment Company	400	Motel & Restaurant

Source: Hoovers.com

According to the Bureau of Labor Statistics, the unemployment rate in the counties that constitute the assessment area has risen significantly from 2008 to 2011. From 2010 to February of 2011, the state of Iowa experienced a slight decline in unemployment of 0.1 percent; however, all four counties continue to experience an increase in unemployment ranging from 0.9 percent (Webster County) and 1.3 percent (Wright County). Hamilton County has the highest unemployment rate at 9.0 percent, similar to the national rate.

Table 7 Unemployment Statistics				
Region	02/2011	2010	2009	2008
United States	8.9	9.6	9.3	5.8
Iowa	6.0	6.1	5.6	4.4
Hamilton County	9.0	7.8	6.7	4.0
Humboldt County	6.3	5.3	5.2	3.8
Webster County	8.5	7.6	6.5	4.5
Wright County	8.4	7.1	6.5	4.6

Source: United States Department of Labor – Bureau of Labor Statistics
**Preliminary*

Based on information provided by community representatives contacted during the performance evaluation, it has been determined that local financial institutions are actively involved in community development activities and adequately meeting the credit needs of the community. The assessment area's economy is heavily dependent upon the agricultural industry. One contact stated that financial institutions need to develop more innovative or flexible programs to assist new or young farmers enter the agricultural industry. Traditional agricultural lending is done based on collateral, equity, or personal guarantors, which the typical new or beginning farmer

does not possess. In addition, the contact stated financial institutions should focus and assist with strategic strategies with farmers to ensure long-term viability of small farms.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

Table #8 compares the 16-quarter average loan-to-deposit ratio for the bank to its national peer group and a sample of local competitors. Performance under this criterion is reasonable given the bank's asset size, financial condition, and assessment area credit needs. The bank's average loan-to-deposit ratio, 84.9 percent, is slightly higher than the national peer group and comparable to the sample of local competitors. The bank's ratio has slowly decreased through the evaluation period but the sixteen-quarter average is relatively unchanged since the previous examination.

Table 8 Comparative Loan-to-Deposit Ratios	
Institution	Loan-to-Deposit Ratio (%)
	16 - Quarter Average
Security Savings Bank	84.9
National Peer Group 5	77.4
Competitors	
First Citizens NB	78.6
First State Bank	87.2
Wells Fargo Bank NA	88.8

Assessment Area Concentration

Overall, the distribution of lending within the assessment area reflects an outstanding dispersion as a substantial majority of the small business and small farm loans were originated within the assessment area. The bank originated 85.5 percent of its total loans by number and 70.6 percent by dollar volume inside the assessment area. The distribution of lending across the different product lines is illustrated in table #9.

Table 9 Lending Inside and Outside the Assessment Area								
Loan Type	Inside				Outside			
	#	%	\$ (000s)	%	#	%	\$ (000s)	%
Total Small Business Loans	164	78.1	10,022	48.5	46	21.9	10,647	51.5
Total Small Farm Loans	131	96.3	17,478	95.5	5	3.7	815	4.5
Total Loans	295	85.3	27,500	70.6	51	14.7	11,462	29.4

Geographic Distribution of Loans

This analysis was not meaningful because the assessment area consists entirely of middle-income census tracts. The bank's lending is reasonably distributed throughout the assessment area.

Lending to Businesses and Farms of Different Sizes

Small Business Loans

The distribution of small business loans reflects reasonable penetration among small businesses in the assessment area. As shown in table #10, a majority (87.3 percent) of the small business loans were in the amount of \$100,000 or less. The volume of loans of \$100,000 or less has remained steady and is comparable to the previous evaluation. In addition, a majority (90.9 percent) of the small business loans were made to businesses with gross annual revenues of \$1 million or less. By comparison, 89.8 percent of the businesses in the assessment area have revenues of \$1 million or less.

Table 10 Small Business Loan Distribution, Year By Revenue and Loan Size (000's)					
Category	Bank Loans				Businesses By Annual Revenues
	#	%	\$	%	# %
By Revenue					
\$1 Million or Less	149	90.9	7,876	78.6	89.8
Over \$1 Million	15	9.1	2,146	21.4	4.8
Not Known	0.0	0.0	0.0	0.0	5.4
Total	164	100.0	10,022	100.0	100.0
By Loan Size					
\$100,000 or less	141	86.0	3,936	39.3	
\$100,000 - \$250,000	16	9.7	2,519	25.1	
\$250,000 - \$1 Million	7	4.3	3,567	35.6	
Total	164	100.0	10,022	100.0	
By Loan Size and Revenue \$1 Million or Less					
\$100,000 or less	130	87.3	3,350	42.5	
\$100,000 - \$250,000	15	10.0	2,409	30.6	
\$250,000 - \$1 Million	4	2.7	2,118	26.9	
Total	149	100	7,877	100.0	

Small Farm Loans

The distribution of farm loans reflects reasonable penetration among small farms in the assessment area and is displayed in Table #11. A majority (72.5 percent) of the small farm loans were made to farms with gross annual revenues of \$1 million or less.

In comparison, 99.0 percent of the farms in the assessment area have gross annual revenues of \$1 million or less. A majority (57.3 percent) of the loans were in amounts of \$100,000 or less.

Table 11 Small Farm Loan Distribution, Year By Revenue and Loan Size (000's)						
Category	Bank Loans				Farms By Annual Revenues	
	#	%	\$	%	#	%
By Revenue						
\$1 Million or Less	95	72.5	9,843	56.3	99.0	
Over \$1 Million	36	27.5	7,635	43.7	0.9	
Not Known	0	0.0	0	0.0	0.1	
Total	131	100.0	17,478	100.0	100.0	
By Loan Size						
\$100,000 or less	75	57.3	3,339	19.1		
\$100,000 - \$250,000	33	25.2	5,965	34.1		
\$250,000 - \$500,000	23	17.5	8,174	46.8		
Total	131	100.0	17,478	100.0		
By Loan Size and Revenue \$1 Million or Less						
\$100,000 or less	61	64.2	2,485	25.3		
\$100,000 - \$250,000	25	26.3	4,483	45.5		
\$250,000 - \$500,000	9	9.5	2,875	29.2		
Total	95	100.0	9,843	100.0		

Response to Complaints

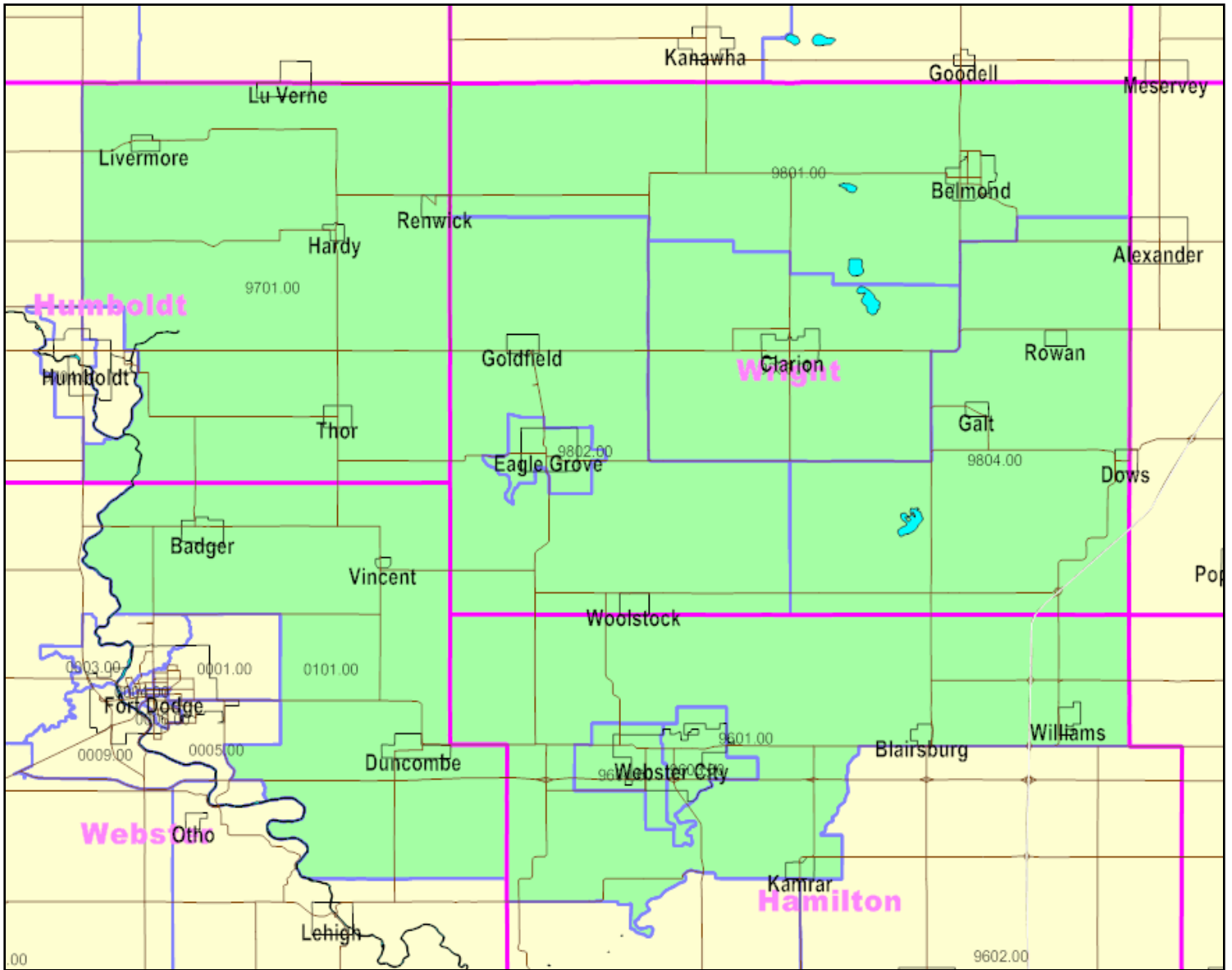
The bank or this Reserve Bank has not received any CRA-related complaints since the previous examination.

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.

CRA APPENDIX A

Assessment Area Map



CRA APPENDIX B

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.

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.

Consumer loan: A loan 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, home equity, other secured loan, and other unsecured loan.

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 household 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.

Geography: A census tract or a block numbering area delineated by the U.S. Bureau of the Census in the most recent decennial census.

Home mortgage loans: Include home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes and refinancing of home improvement and home purchase loans.

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.

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.

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 lenders in the MSA/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 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 (**MMSA**). Performance within each MMSA is analyzed separately as a full-scope review and receives its own ratings under the Lending, Investment and Service Tests provided the financial institution has its main office, branch, or deposit-taking ATM located in each applicable state making up the MMSA.

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 percent 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 percent and less than 80 percent in the case of a geography.

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

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.

Small loans to business: 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 loans to farms: 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 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.

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