



**Security Federal**  
SAVINGS BANK

# ANNUAL REPORT

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COURTESY  
SAFETY  
FLEXIBILITY

Security Federal is your mutually-owned community bank.  
Fiscal year April 1, 2020 - March 31, 2021

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## President's Message to Members: May 19, 2021

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We are pleased to present the 2020-21 Annual Report for Security Federal Savings Bank. The impact of COVID-19 provided new opportunities for Security Federal to continue to provide a high level of service to our members. By sustaining an agile and collaborative culture we proved that we could quickly adapt our operations to meet the needs of our Team members and customers. To avoid any disruption in service, roughly 60% of the Security Federal Team worked remotely throughout the fiscal year. This transition to a remote work environment was successfully managed to include additional controls to safeguard your personal information.

Progress on Security Federal's 2019-22 Strategic Plan which calls for expanding in new and existing markets, enhancing our suite of mobile and online services, and maintaining a well-capitalized position continued throughout the year. In accordance with the Plan, the Board of Directors approved funding for a second location in Kokomo to solidify Security Federal's commitment to Howard County and the surrounding area. This new location provides a unique setting for engaging the public through the addition of a community space for small gatherings.

Not only do we reinvest deposits and earnings back into the economy, we also provide financial literacy resources to help community members achieve their financial goals. Through social media we were able to continue this mission by offering a 30-day self-led challenge titled "New Year, New Financial Me". This initiative was recently featured in Hoosier Banker magazine highlighting Security Federal's use of social media to encourage financial awareness.

The Office of the Comptroller of the Currency (OCC), the Bank's primary regulator, conducted two examinations of Security Federal's operations and compliance with laws and regulations. A review of the Bank's compliance with the Community Reinvestment Act (CRA), resulted

in a rating of "Outstanding". A CRA examination is performed to ensure the Bank is originating a substantial majority of its loans in the markets it serves and that the loans originated represent an appropriate distribution among borrowers and geographies of different income levels. A second, comprehensive exam of the Bank's safety and soundness, concluded the Bank meets regulatory standards in areas such as capital, asset quality, internal controls, liquidity, and consumer compliance. Security Federal successfully completed this examination meeting the highest standards of the regulatory agency.

### Financial Highlights

Security Federal's financial performance for 2020-21 was also unprecedented. The housing market exploded with home sales described as "auctions" rather than offers to purchase.

“  
OUR NET INCOME  
WAS \$2.3M,  
SURPASSING ALL  
PREVIOUS EARNING  
RECORDS.  
”

## Performance - President's Message to Members: May 19, 2021

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Low interest rates and a limited housing supply have spurred home price appreciation across the nation. These factors favorably influenced the Bank's volume of single-family mortgage originations which totaled \$82M, far surpassing the goal of \$30M. The significant increase in volume helped to enhance non-interest income from fees attributed to loans sold in the secondary market.

Security Federal's lending team also worked tirelessly to provide relief to small businesses through the Paycheck Protection Program (PPP). Over \$16M was successfully procured by our lending Team to assist over 200 small businesses. These funds provided short-term relief to local businesses that were temporarily closed or forced to operate the entire year with significant capacity limitations.

Record consumer and commercial loan originations attributed to growth in assets of over 16%. Total assets at the end of the fiscal year were \$339.5M as compared to the previous year end of \$292.7M. By communicating regularly with our members, we've been successful in maintaining strong credit quality in the Bank's loan portfolio, mitigating the risk of loss or undue exposure to the Bank.

Net income for the fiscal year ended March 31, 2021 was \$2.3M, surpassing all previous earnings records. Accounted for in this figure is more than \$230,000 in donations to non-profit clubs and organizations in the Bank's market area. This is just another example of Security Federal's commitment to the mutual charter and the tradition of thrifts giving back to the communities they serve. On March 31, 2021, Security Federal had total capital of \$35.4 million. We have consistently maintained a strong capital position while operating in an extremely competitive environment.

Security Federal Investment Services, Inc. reported its first profitable year with net income of \$18,492. Total assets held in investment accounts grew 65%, ending the year at \$16.5M.

Increased awareness of the Bank's Trust services, has contributed to continued growth for this segment of the Bank. Net income for the year topped all previous years at \$284,000. Market value of assets under management grew to \$67.3M, an increase of 27%.

The past year has certainly been unlike any other year we've experienced. However, the Team at Security Federal has remained resilient to ensure the safety and stability of your financial institution. On behalf of our entire Team, thank you for your support and the opportunity to serve you in 2020-21!

Sincerely,



A handwritten signature in cursive script that reads "Annette Russell". The ink is dark and the signature is fluid and legible.

Annette M. Russell  
President and CEO

# ABOUT US

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## OUR LOCATIONS

314 FOURTH STREET  
LOGANSPORT, INDIANA 46947  
(574) 722-6261

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300 MALL ROAD  
LOGANSPORT, INDIANA 46947  
(574) 722-3826

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1260 SOUTH WASHINGTON  
DELPHI, INDIANA 46923  
(765) 564-3000

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519 EAST MARKLAND AVE  
KOKOMO, INDIANA 46901  
(765) 457-1161

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1600 E BOULEVARD ST  
KOKOMO, INDIANA 46902  
(765) 457-3521

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3920 MCCARTY LANE, SUITE A  
LAFAYETTE, INDIANA 47905  
(765) 250-3916

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2827 US 52 WEST  
WEST LAFAYETTE, INDIANA 47906  
765-471-3510





# OUR VISION

To disrupt the status quo of community banking, providing flexible solutions, to be the mutual bank you want to own.

## COURTESY

Treat our customers like VIPs.

## SAFETY

Secure products, secure locations.

## FLEXIBILITY

Decisions based on the customer's needs.

We feel a deep sense of gratification as we enthusiastically serve and support all of our communities with passion.

We treat EVERYONE as VIP's through personal touches, such as using names, smiles, friendly faces, and politeness.

We provide for the welfare of our customers and team members, not only physical safety, but financial safety and security as well. We are committed to offering products and services that provide security to the lives of our customers and team.

We encourage our team members to take initiatives by creating an environment that encourages employees to lead and make decisions based on the best interest of the customer and the Bank.

# ABOUT US

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## OUR SERVICES

### LOANS

- Home Mortgage Loans
- Home Equity Loans
- Consumer Loans
- Commercial Loans
- Commercial Leases
- Agricultural Loans

### SAVINGS

- Checking Accounts
- Savings Accounts
- Money Market Accounts
- Health Savings Accounts
- Certificates of Deposit
- Individual Retirement Accounts

### OTHER SERVICES

- Trust Services
- Investment Services
- Insurance Services
- Cash Management
- Nationwide ATMs
- Online Banking & Bill Pay
- Person to person transfers
- Bank to Bank Transfers
- Mobile Banking with Remote Deposit
- Telephone Banking

# DIRECTORS

As a mutually-owned bank, our customers are our owners.  
Our board members guide the direction of the bank.

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Annette Russell, President and Chief Executive Officer // Security Federal Savings Bank

Jeffrey Baker, President // Baker Specialty

Bret Rinehart, President and Owner // Rinehart Realtors Auctioneers, Inc.

Derek Fisher, CPA // Fisher & Associates, Inc.

Dr. Dianne Brown, Optometrist

Scot Ortman, President and Chief Executive Officer // Kokomo Grain

Dr. Susan Sciame-Giesecke, Chancellor // Indiana University Kokomo

Michael Ivy, President and Chief Executive Officer // S&S Programming and SquareFrame Industries

Connie Shepherd, Former SVP // First Internet Bank

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Patricia Brandstatter, Director Emeritus

John R. Hillis, Director Emeritus

Dr. Raymond F. Bonhomme, Director Emeritus

William W. Bassett, Director Emeritus

William D. Steinhilber, Director Emeritus



# OFFICERS

To disrupt the status quo of community banking,  
providing flexible solutions.

Annette Russell, President // Chief Executive Officer

Dan Hosler, EVP // Chief Financial Officer

Kelly Stephenson, EVP // Chief Retail Banking Officer

Charles Good, EVP // Chief Lending Officer | CRA Officer

Jon-Myckle Price, SVP // Chief Operating Officer

Dr. Carl Felton // Chief Information Officer

Vicki Pearl, SVP // Sr. Commercial Development Officer | MLO

Theresa Smith, VP // Sr. Mortgage Loan Officer

Pamela Hershberger, VP // Sr. Commercial Development  
Officer | MLO

Amy M. Cunningham, VP // Human Resource Officer | Board  
Secretary and Treasurer | SAFE Act Admin

Kevin Love, VP // Credit Officer | Portfolio Manager

Lynne Ness, SVP // Commercial Development Officer

Eric Ross, VP // Commercial Development Manager | MLO

Bret Henderson, VP // Loan Servicing & Retail Processing  
Officer

Heather Winters, VP // Trust

Emily Overlander, AVP // Controller and Audit Risk Manager

Tammy Helvie, AVP // Branch Operations Officer

Melanie Mills, BSA/ OFAC Officer | Fraud Director | Security  
Director

Stephen Bultinck // Commercial Development Officer

Deanna Campbell // Commercial and Consumer Loan  
Operations Officer

Jessica Hettinger // Mortgage Loan Officer

Kellie Smith // Residential Processing Officer | Underwriter

Nicole Wallace // Commercial Development Officer

AS OF 3/31/2021

We have 83 total staff in  
our branch locations.

# MEET OUR STAFF

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# COMMUNITY SUPPORT

CONTRIBUTIONS, SPONSORSHIPS, AND VOLUNTEERISM

We lend a hand to those in need through volunteer hours, giving back to our communities, and charitable donations because we believe in making our corner of the world a better place for everyone to live, work, and play.



52 VOLUNTEERS  
**GAVE**  
1600 HOURS

**\$230,000+**  
REINVESTED



**130** Organizations  
Supported

# AUDITED ANNUAL REPORT

Fiscal year ended March 31, 2021

## ASSETS

Cash and Due from Banks	2,556,923
Interest-Bearing Demand Deposits	36,347,814
Interest-Bearing Time Deposits	1,767,814
Investments and Securities	34,480,600
Loans Held for Sale	2,499,728
Loans, Net of Allowance for Loan Loss	240,105,831
Premises and Equipment, Net of A/D	9,180,581
Federal Home Loan Bank Stock	1,350,000
Interest Receivable	993,822
Cash Surrender Value of Life Insurance	8,703,894
Other Assets	2,092,674
Total Assets	<u>338,080,781</u>

## LIABILITIES

Deposits	
Noninterest-Bearing	59,350,193
Interest-Bearing	223,476,501
Total Deposits	282,826,694
Federal Home Loan Bank Advances	15,000,000
Other Liabilities	3,807,913
Total Liabilities	<u>301,634,607</u>

## EQUITY CAPITAL

Retained Earnings, Substantially Restricted	35,355,104
Accumulated Other Comprehensive Income	1,091,070
Total Equity Capital	36,446,174
Total Liabilities and Equity Capital	<u>338,080,781</u>



“Net income for the fiscal year ended March 31, 2021 was \$2.3M, surpassing all previous earnings records. Accounted for in this figure is more than \$230,000 in donations to non-profit clubs and organizations in the Bank’s market area. On March 31, 2021, Security Federal had total capital of \$35.4 million. We have consistently maintained a strong capital position while operating in an extremely competitive environment.”

-Annette Russell, President and CEO

<b>TOTAL CAPITAL (TO RWA*)</b>		
Required	\$18,159	8.00%
Actual	\$38,070	16.8%
<b>TIER 1 CAPITAL (TO RWA*)</b>		
Required	\$13,619	6.00%
Actual	\$35,355	15.6%
<b>COMMON EQUITY TIER 1 CAPITAL (TO RWA*)</b>		
Required	\$10,214	4.50%
Actual	\$35,355	15.6%
<b>TIER 1 CAPITAL (TO AVERAGE ASSETS)</b>		
Required	\$13,036	4.00%
Actual	\$35,355	10.9%

*\*Risk weighted asset*





## Contact Us

SECURITY FEDERAL SAVINGS BANK

574-722-6261

314 FOURTH STREET, LOGANSPORT IN

[WWW.SECFEDBANK.COM](http://WWW.SECFEDBANK.COM)