



Security Federal
SAVINGS BANK

ANNUAL REPORT

COURTESY
SAFETY
FLEXIBILITY

Security Federal is your mutually-owned community bank.
Fiscal year April 1, 2019 - March 31, 2020

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President's Message to Members: May 2020

At Security Federal Savings Bank, our approach to banking is noticeably unique. As a mutual bank, our focus is on the financial health of our 11,000 members and Team who serve them. The Bank is governed by a nine-member Board of Directors who recognize the value of maintaining a mutual form of ownership. Members of the Board live and work in the market area served by the Bank and are personally vested in the strength, stability, and future of Security Federal. Board decisions are made based on what is in the best interest of our customers, not shareholder expectations. This is what differentiates Security Federal from other financial service providers.

Connie Shepherd became the newest member to the Board, filling a vacancy created by the retirement of Patricia Brandstatter. Mrs. Shepherd recently retired from a career in banking bringing a heightened level of expertise in lending to strengthen Board oversight.

We understand that the culture of Security Federal reflects our values and integrity, which is why we are intentional about investing in the development of our Team members. Employees are encouraged to be innovative in designing products that meet the needs of our customers. We welcome that each relationship is unique and that flexibility in product design and delivery is essential. Recognizing that you can get similar products elsewhere, we put emphasis on improving our delivery channels, to provide a consistent customer experience.

Since 1934, Security Federal has earned the reputation of investing in the communities we serve. Our annual support goes well beyond monetary donations of over \$180,000. Security Federal Team members volunteer in 90+ organizations dedicating their time and service to improve the quality of life where they live and work. In 2019-20, employees donated over \$17,000 of their own money to support local charities.

By empowering our Team, we are building highly engaged leaders for the future. Security Federal sponsors a Future Leadership Division (FLD), spearheaded by Jon-Myckle Price. Under his direction, FLD members are exposed to a broad range of industry topics including industry advocacy, innovation, professional development, and introduction to local officials.

The FLD led an initiative to host the first ever Customer Appreciation Block Party. The event provided free entertainment and activities for the entire community to enjoy. Members of non-profit organizations joined the celebration allowing the groups to showcase their services in the community. The Block Party served as the kick-off of Customer Appreciation celebrations at each of the Bank's locations.



Performance - President's Message to Members: May 2020

An increase in total assets of 9.5% is attributed to strong loan demand and the strength of the economy. Net income of \$1.6 million was slightly higher than the previous year, continuing the Bank's trend of consecutive earnings growth. On March 31, 2020, Security Federal had total capital of \$33 million. We have been consistently rated as well-capitalized by government regulators, representing the highest category of financial soundness. As a mutual bank, Security Federal's capital strength is the result of prudent management, which is why we do not engage in risky investments or sub-prime lending practices.

In February 2020, Security Federal opened a sixth full-service location in West Lafayette. This team is led by Pam Hershberger, a well-known commercial lender and resident of West Lafayette.

Plans for future growth in Kokomo were solidified with the acquisition of a retail center located at 1600 E. Boulevard Street. With renovation plans complete, we expect to be serving customers at our second Kokomo location by the third quarter of 2020. Community leaders David Tharp and Bob Hayes will lead business development strategies for Security Federal as part of the Bank's plan to grow market share.

Security Federal Insurance Services, LLC began operations in early 2020. This entity provides an array of insurance products to compliment the Bank's existing portfolio of financial services.

Assets under management for Security Federal Investment Services, LLC grew over 50%, ending the year at \$10M held in 256 accounts. Financial Advisor, Charles Vergara, successfully completed the Certified Financial Planner (CFP) examination in July. Mr. Vergara also completed the two-year experience requirement allowing him to be one of few CFP's serving our market area.

The Trust Department continued to outperform historical earnings, with net income of \$133,756, compared to \$119,000 in 2018-19. Heather Winters, AVP of Trust, has assumed more responsibility for day-to-day operations, as Jon-Myckle Price moved into the role of Chief Operations Officer in May 2020. The market value of assets under management in the Department reached \$53M at the end of the fiscal year, a growth rate of 13%.

Regulators concluded a safety and soundness examination in April 2019. Results of the examination confirmed that Security Federal continues to uphold capital requirements and operating standards to the level expected for a well-run institution. Regulators also confirm that the Bank's risk position is aligned with internal policies and regulatory guidelines.

Thank you for allowing our Security Federal Team of over 70 employees to serve you.

Sincerely,



A handwritten signature in blue ink that reads "Annette Russell". The signature is fluid and cursive.

Annette M. Russell
President and CEO

ABOUT US

OUR LOCATIONS

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

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

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

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

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

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

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

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.

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

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

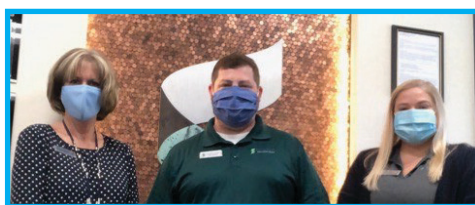
To disrupt the status quo of community banking,
providing flexible solutions.

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 OCTOBER 2020

We have 81 total staff in our
7 branch locations.

MEET OUR STAFF



COMMUNITY SUPPORT

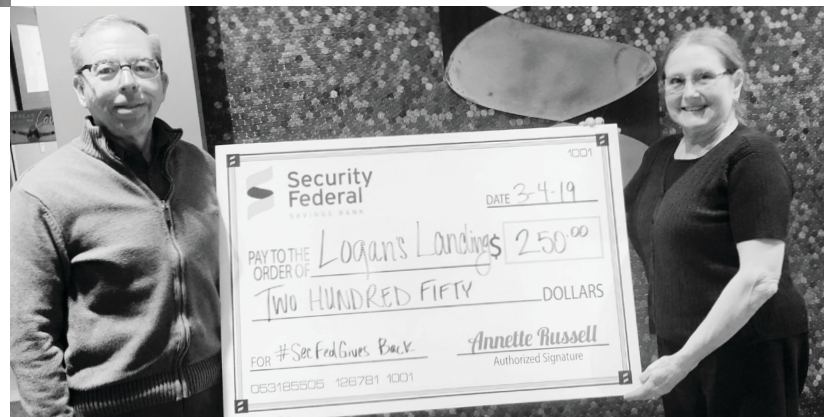
CONTRIBUTIONS, SPONSORSHIPS, AND VOLUNTEERISM

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

\$180,000+
REINVESTED



130 Organizations
Supported

AUDITED ANNUAL REPORT

Fiscal year ended March 31, 2020

ASSETS

Cash and Due from Banks	2,115,512
Interest-Bearing Demand Deposits	27,177,112
Interest-Bearing Time Deposits	3,014,730
Investments and Securities	23,563,742
Loans Held for Sale	305,940
Loans, Net of Allowance for Loan Loss	214,816,077
Premises and Equipment, Net of A/D	8,582,247
Federal Home Loan Bank Stock	1,350,000
Interest Receivable	1,012,621
Cash Surrender Value of Life Insurance	8,507,230
Other Assets	2,402,378
Total Assets	292,847,589

LIABILITIES

Deposits	
Noninterest-Bearing	36,366,197
Interest-Bearing	199,381,548
Total Deposits	235,747,745
Federal Home Loan Bank Advances	20,000,000
Other Liabilities	4,192,373
Total Liabilities	259,940,118

EQUITY CAPITAL

Retained Earnings, Substantially Restricted	33,039,531
Accumulated Other Comprehensive Income	-132,060
Total Equity Capital	32,907,471
Total Liabilities and Equity Capital	292,847,589



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-Annette Russell, President and CEO

TOTAL CAPITAL (TO RWA*)

Required	\$16,169	8.00%
Actual	\$34,957	17.30%

TIER 1 CAPITAL (TO RWA*)

Required	\$12,126	6.00%
Actual	\$33,040	16.40%

COMMON EQUITY TIER 1 CAPITAL (TO RWA*)

Required	\$9,095	4.50%
Actual	\$33,040	16.40%

TIER 1 CAPITAL (TO AVERAGE ASSETS)

Required	\$11,732	4.00%
Actual	\$33,040	11.30%

**Risk weighted asset*



Contact Us

SECURITY FEDERAL SAVINGS BANK

574-722-6261

314 FOURTH STREET, LOGANSPORT IN

WWW.SECFEDBANK.COM