



Security Federal
SAVINGS BANK

ANNUAL REPORT

COURTESY
SAFETY
FLEXIBILITY

Security Federal is your mutually-owned community bank.
Fiscal year April 1, 2023 - March 31, 2024

CONTENTS

1-2 PRESIDENT'S MESSAGE

3 LOCATIONS

4 VISION

5 SERVICES

6 DIRECTORS

7 OFFICERS

8 STAFF

9 COMMUNITY GIVING

10-11 FINANCIALS

President's Message to Members: May 15, 2024

Security Federal Savings Bank was established in 1934 for the purpose of providing a convenient and safe method for people to save and invest money and to provide sound and economical financing of homes. As we celebrate 90 years of service, we remain a trusted source for investing and financing. Our success has allowed Security Federal to expand services to Cass, Howard, Carroll, Tippecanoe and the contiguous counties. As we gained the trust of our community members, the Bank expanded its product line to support economic development by offering similar services to new and continuing small businesses. This summer we will celebrate Security Federal's single largest investment with the opening of a full-service banking facility in Carmel, Indiana. Once completed, we will operate eight (8) full-service bank facilities in north central Indiana, while retaining our headquarters in Logansport, IN.

Fiscal year 2023-24 brought both challenges and opportunities to the organization. Bank failures in the spring of 2023 raised liquidity concerns across the industry prompting aggressive pricing for deposits. While our members gained higher returns on their deposit balances, we remained strategic in our pricing strategies to maintain the Bank's target net interest margin. Higher mortgage rates, coupled with overall inflation and a housing shortage caused loan originations to fall below projections. Our lending team strategically developed a low-cost Home Equity Loan program which provided existing homeowners an opportunity to build equity in their current home. This special spurred demand in all markets and continues to show strong demand. Loan products designed to serve the underserved populations in our market were also highly successful. Both of these strategies are just a few examples of our continued focus on disrupting the status quo of community banking.

Other sources of income, not directly tied to loans or investments, help supplement net income in periods of stress. Trust and Investment Services generate 10% of the Bank's earnings today. We expect to see even greater demand for wealth management services as we enter the Indianapolis market.

Strategy teams dedicated to Capital, Innovation, Customer Experience, Talent and Diversity, Equity and Inclusion progressed throughout the year. By empowering our team members to be actively engaged in these strategy teams, we are growing future leaders for the organization.

Performance highlights include:

- Total assets increased 4.5%, ending the year at \$381 million.
- Higher funding costs were a significant factor in a decline in the net interest margin, from 3.68% to 3.31%.
- While many banks struggled to retain deposits, Security Federal's deposits grew by \$4 million, ending the year at \$322 million.
- Deposit volatility prompted borrowing \$10 million from the Federal Home Loan Bank to ensure liquidity was available to fund loan demand.

“
*Total assets
increased
from \$364M
to \$381M.
”

President's Message to Members: May 15, 2024

- Total loans on the Balance Sheet increased 5.4% from the previous year.
- Net income generated by the Trust Department increased 87% from the previous year, contributing \$361,000 to non-interest income.
- Investment Services had a net income of \$20,000, compared to a loss of \$13,000 the prior year.
- Consolidated net income of \$2.0 million, is 9% higher than the previous fiscal year.

By definition the Bank remains well-capitalized, however based on the current regulatory environment regulator expectations have elevated. The Board of Directors remains committed to increasing capital. With earnings being the primary driver, the Board remains open to other methods for increasing Security Federal's capital position.

In 2023 Security Federal Savings Bank reorganized to form Security Federal Mutual Bancorp, while preserving the mutual form of ownership. Security Federal Mutual Bancorp serves as the holding company for Security Federal Savings Bank and provides the ability to raise capital through additional means, rather than relying solely on earnings.

Although our assets have increased and our markets expanding, our values have not changed. We remain committed to providing both financial and human capital to help our communities prosper. In 2023-24, Security Federal provided over \$200,000 of financial assistance to non-profit organizations. We know it takes more than just financial support to make our communities thrive. This is why our team members are committed to dedicating their time and expertise to community organizations, economic development initiatives and education opportunities. We live and work in the communities we serve, therefore your future is our future.

Providing you with Safety, Courtesy and Flexibility for 90 years!



A handwritten signature in black 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

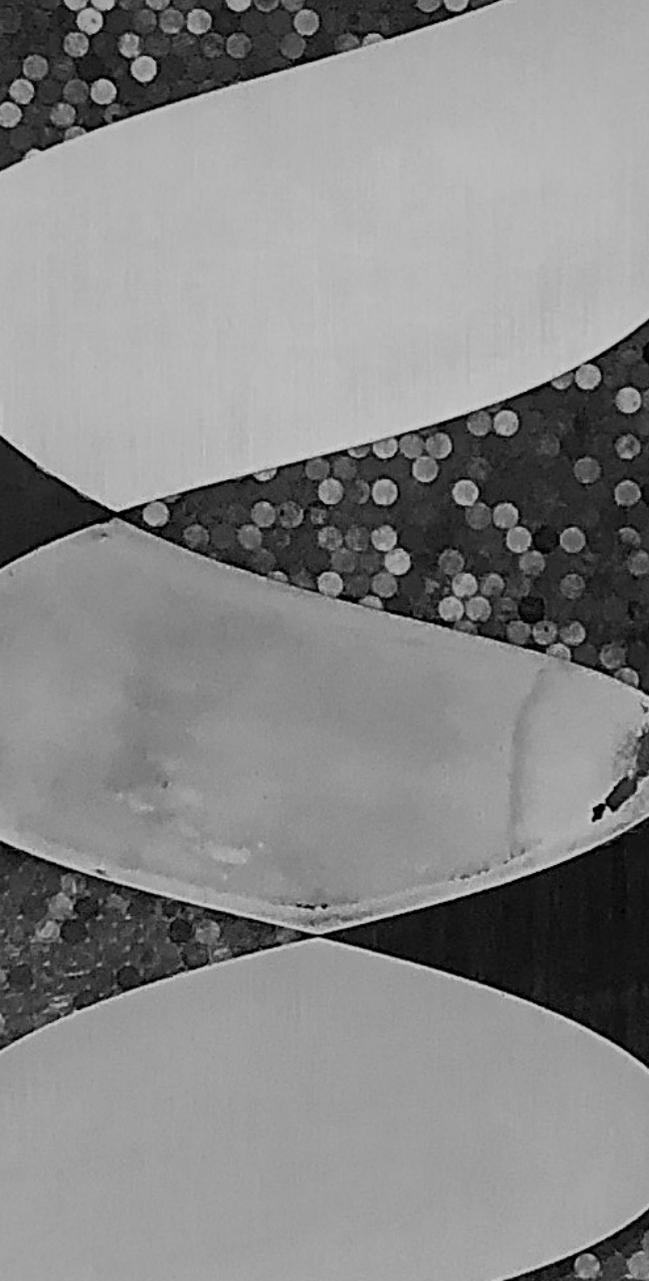
3920 MCCARTY LANE, SUITE A
LAFAYETTE, INDIANA 47905
(765) 250-3916

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

12 W MAIN STREET
CARMEL, INDIANA 46032



Security
Federal
SAVINGS BANK



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
- Digital Banking & Bill Pay
- Person to Person Transfers & Bank to Bank Transfers
- Merchant Serviced
- Mobile Banking with Mobile Check Deposit
- Telephone Banking

DIRECTORS

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

Jeff Baker, Chairman of the Board // *President* // Baker Specialty & Supply Co.

Dr. Dianne Brown // *Optometrist* // Dr. Dianne J. Brown

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

Michael Ivy // *President and CEO* // S&S Programming // SquareFrame Industries

Scot Ortman // *CEO/President* // Kokomo Grain

Bret Rinehart // *President* // Rinehart Realtors Auctioneers, Inc.

Annette Russell // *President, and CEO* // Security Federal Savings Bank

Dr. Susan Sciamme-Giesecke // *Chancellor and Professor of Communication Arts* // Indiana University Kokomo

Connie Shepherd // *Former Sr. VP* // 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 M. Russell // *President & CEO*

Jon-Myckle Price // *Executive Vice President/Chief Operating Officer*

Dan Hosler // *Executive Vice President/Chief Financial Officer*

Kelly L. Stephenson // *Executive Vice President/Chief Retail
Banking Officer*

Dr. Carl Felton // *Chief Information Officer*

Lynne Ness // *Sr. Vice President/Commercial Development Officer*

Vicki Pearl // *Sr. Vice President/Sr. Commercial Development Officer/MLO*

Heather Winters // *Sr. Vice President Trust*

Amy M. Cunningham // *Vice President/Human Resource
Officer & S.A.F.E. Act Administrator*

Eric Ross // *Vice President/Commercial Development Officer/MLO*

Bret Henderson // *Vice President, Retail Loan Servicing & Special Assets Officer*

Emily Overlander // *Vice President/Controller & Audit Risk Manager*

Matt Roberts // *Vice President/Commercial Credit Department Officer*

Branko Isailovic // *Vice President/Commercial Loan
Department Officer*

Tamera Helvie // *Assistant Vice President Branch Operations Officer*

Deanna Campbell // *Assistant Vice President/Commercial & Consumer
Loan Operations Officer*

Kellie Smith // *Assistant Vice President/Residential Processing Officer/
Underwriter*

Melanie Mills // *BSA/OFAC Compliance Officer, CBAP/Fraud Director*

Jessica Hettinger // *Mortgage Loan Officer*

Jonathan Capecci // *Compliance/CRA Officer*

Levi Jones // *Project Manager & Vendor Management Officer*

Jennifer Barron // *Special Assets Officer*

Alison Silvey // *Trust Officer*

Julia Snipes // *Marketing Officer*

AS OF 3/31/2024

We have 82 total staff in
our 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.



56 VOLUNTEERS
GAVE

\$167,000+
REINVESTED



37 Organizations
Supported

*The figures used above are calendar year figures.

AUDITED ANNUAL REPORT

Fiscal year ended March 31, 2024

ASSETS

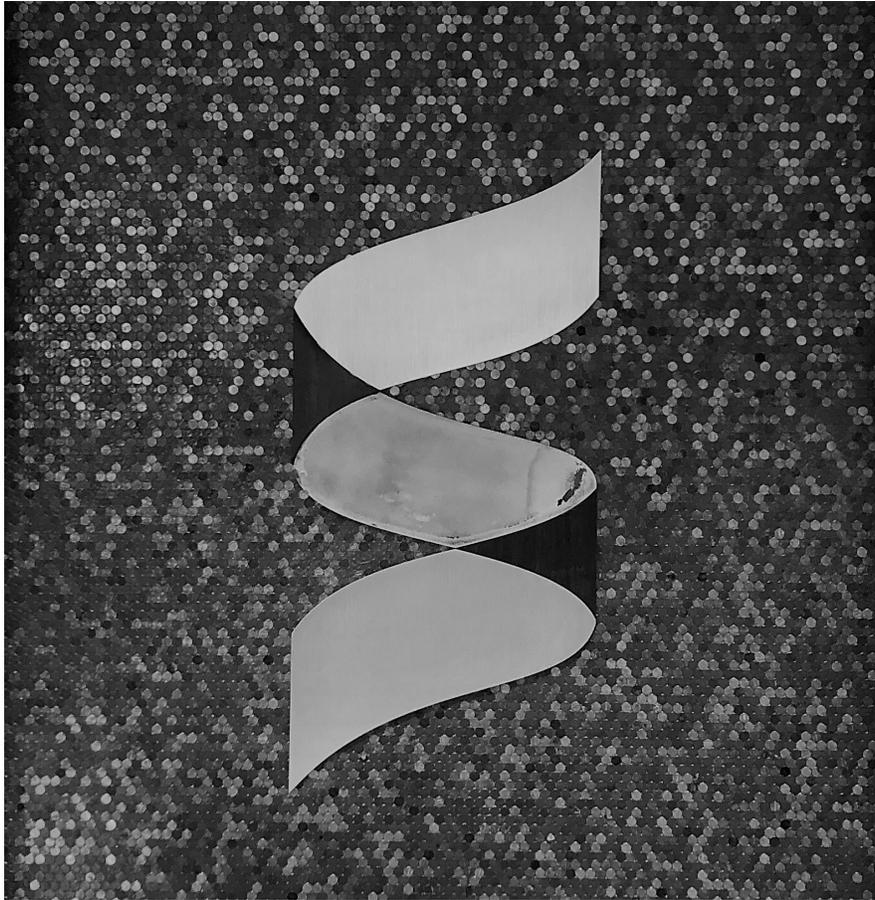
Cash and Due from Banks	2,402,349
Interest-Bearing Deposits with banks	14,901,689
Total Cash and Cash Equivalents	<u>17,304,038</u>
Securities Available for Sale at fair value (amortized cost \$52,693,875)	46,729,886
Loans Held for Sale	—
Loans, Net of Allowance for Credit Loss of \$2,903,817	288,036,602
Premises and Equipment, Net of A/D	12,156,600
Federal Home Loan Bank Stock, at cost	1,464,600
Accrued Interest Receivable:	
Loans	1,099,284
Securities	343,678
Cash Value of Life Insurance	9,966,174
Other Assets	4,991,237
Total Assets	<u><u>382,092,004</u></u>

LIABILITIES

Deposits	
Noninterest-Bearing	51,598,683
Interest-Bearing	<u>270,711,696</u>
Total Deposits	<u>322,310,379</u>
Federal Home Loan Bank Advances	17,500,000
Accrued Expenses and Liabilities	5,688,756
Total Liabilities	345,499,135

EQUITY

Retained Earnings, Substantially Restricted	41,006,193
Accumulated Other Comprehensive Income (Loss)	<u>(4,413,324)</u>
Total Equity	<u>36,592,869</u>
Total Liabilities and Equity Capital	<u><u>382,092,004</u></u>



TOTAL CAPITAL (TO RWA*)		
Required	\$21,331	8.0%
Actual	\$44,034	16.5%
TIER 1 CAPITAL (TO RWA*)		
Required	\$15,998	6.0%
Actual	\$40,883	15.3%
COMMON EQUITY TIER 1 CAPITAL (TO RWA*)		
Required	\$11,999	4.5%
Actual	\$40,883	15.3%
TIER 1 CAPITAL (TO AVERAGE ASSETS)		
Required	\$15,263	4.0%
Actual	\$40,883	10.7%

*Risk weighted asset



Contact Us

SECURITY FEDERAL SAVINGS BANK

574-722-6261

314 FOURTH STREET, LOGANSPORT IN

WWW.SECFED.BANK