



# ANNUAL REPORT

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COURTESY  
SAFETY  
FLEXIBILITY

Security Federal is your mutually-owned community bank.  
Fiscal year April 1, 2022 - March 31, 2023

# CONTENTS

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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 17, 2023

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Security Federal Savings Bank has remained well-capitalized while enduring every national crisis over the past 89 years. In 2022-23 we experienced interest rate increases at a pace not seen since the 1970's. The Fed Funds rate increased 450 basis points within a twelve-month period. This unprecedented action by the Federal Reserve moved the Prime Rate from 3.50% to 8.00%. The Fed's action also prompted an increase in interest rates on home loans, with the rate on a 30-year mortgage increasing from 4.87% to 6.625% as of March 31, 2023.

While the external environment changed dramatically, our Security Federal Team remained committed to the Bank's growth strategies. Our vision to "disrupt the status quo of community banking" is demonstrated through continued investment in leadership development, technology and training allowing us to leverage our internal assets. Our culture of empowerment, innovation, diversity, and inclusion have served us well in attracting and retaining strong talent. Our investment in "team" is also visible in the communities we serve, through both monetary and volunteer efforts.

Prudent balance sheet management has allowed the Bank to mitigate the impact of rate volatility ensuring the Bank remains safe and sound.

### Performance highlights include:

- Total assets increased from \$362.5 million to \$364 million.
- Despite rising funding costs, the net interest margin increased 30 basis points, from 3.38% to 3.68%.
- Total deposits increased 1.44% or \$4.5 million.
- Despite the significant and rapid rise in interest rates, loan production totaled \$96.8 million, 91% of the annual goal.
- Total loans grew by 13%, growing from \$245 million on March 31, 2022, to \$276 million on March 31, 2023.
- Our new Carmel Loan Production Office generated \$8.6 million in commercial loan originations.
- Borrowings at the Federal Home Loan Bank Indianapolis declined by 40%, with a \$5 million payoff in Advances.
- Retained earnings increased by \$1.9 million reflecting net income for fiscal year 2022-23.
- Revenue from Trust and Investment Services continues to increase representing 17% and 4.8% respectively of Total Non-Interest Income.

To provide greater flexibility for increasing capital and expanding operations, the Board of Directors approved a Plan of Reorganization from a Mutual Savings Bank to a Mutual Holding Company of Security Federal Savings Bank. This Plan was consummated August 31, 2022, by a majority approval of the Bank's members. We are proud to retain our loyal members as members of the Mutual Holding Company. The Reorganization is expected to enable the Bank to compete more effectively while remaining a mutual, independent financial institution.

“  
\*Total assets  
increased  
from \$362.5M  
to \$364M.  
”

## President's Message to Members: May 17, 2023

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An examination of the Bank's compliance with the Community Reinvestment Act resulted in an "Outstanding" rating. This exemplifies our continued efforts to fulfill the credit needs of the Bank's defined assessment area.

Our Security Federal team worked to enhance your experience as a customer through continuous improvement in communication and delivery of products and services. We strive to be innovative using feedback from our members, communities, and team members to adapt to diverse demographics and expectations. As we continue our digital transformation, a new remote deposit opening platform was implemented. This service provides the convenience of opening a deposit relationship with Security Federal without coming to a physical branch location. This year we expect to roll out a similar service for accepting loan applications. We pride ourselves on offering personal service, whether it be an in-branch experience or through a digital channel. We value the in-person experience and intend to offer all remote services in the same convenient manner.

Our culture is designed to build leaders from within, by encouraging personal and professional growth at all levels of the organization. We know that with leadership comes the responsibility for engaging in our communities and responding to the needs of our members. Team members of Security Federal serve as conduits for driving economic development and quality of life initiatives in the communities in which we live and serve. We are proud to continue our commitment to give 10% of the Bank's earnings to the communities we serve, providing \$187,000 of financial assistance this year.

In the years to come, Security Federal will continue to seek opportunities to be innovative in the products and services we offer, enhance your experience as a member, work hard to attract and retain the best talent and provide fair and equitable services to all.

**Providing you with Safety, Courtesy and Flexibility for over 88 years!**



A handwritten signature in dark ink that reads "Annette Russell". The signature is fluid and cursive, with the first name and last name clearly distinguishable.

**Annette M. Russell**  
President and CEO

# ABOUT US

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## OUR LOCATIONS

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

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300 MALL ROAD  
LOGANSPOUT, 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

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12 W MAIN STREET  
CARMEL, INDIANA 46032

 Security  
Federal

SAVINGS BANK



# OUR VISION

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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
- 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.

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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 Sciamé-Giesecke // *Chancellor and Professor of Communication Arts* // Indiana University Kokomo

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

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

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

Jon-Myckle Price // *EVP/Chief Operating 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*

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, Loan Servicing & Retail  
Processing Officer*

Heather Winters // *Vice President Trust*

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*

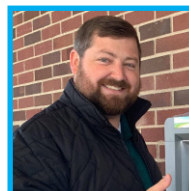
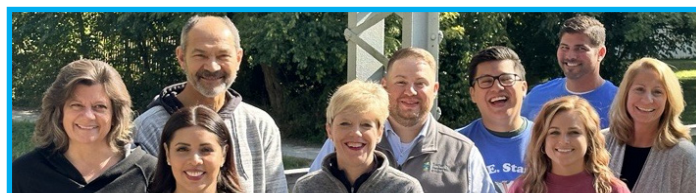
David Tharp // *Commercial Development Officer/Market Leader*

Jonathan Capecci // *Compliance Assistant/CRA Officer*

AS OF 3/31/2023

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.



31 VOLUNTEERS  
**GAVE**  
3053 HOURS

**\$169,228.33**  
REINVESTED



**98** Organizations  
Supported



\*The figures used above are calendar year figures.

# AUDITED ANNUAL REPORT

Fiscal year ended March 31, 2023

## ASSETS

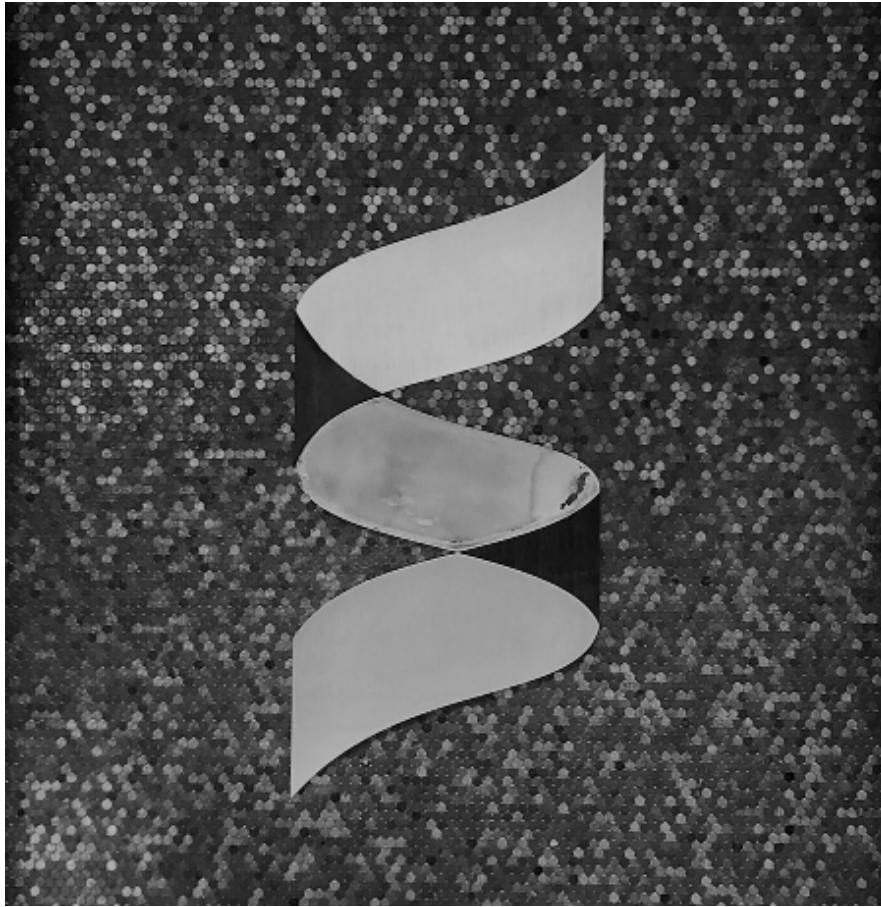
Cash and Due from Banks	2,205,463
Interest-Bearing Demand Deposits	7,777,227
Cash and cash Equivalents	9,982,690
Interest-Bearing Time Deposits	436,492
Investments and Securities Available for Sale	55,475,954
Loans Held for Sale	187,000
Loans, Net of Allowance for Loan Loss of \$2,765,954	273,057,795
Premises and Equipment, Net of A/D	9,649,240
Federal Home Loan Bank Stock	1,260,000
Interest Receivable	1,149,499
Cash Surrender Value of Life Insurance	9,720,907
Other Assets	4,601,770
Total Assets	365,521,347

## LIABILITIES

Deposits	
Noninterest-Bearing	54,032,657
Interest-Bearing	263,801,379
Total Deposits	317,834,036
Federal Home Loan Bank Advances	7,500,000
Other Liabilities	5,255,195
Total Liabilities	330,589,195

## EQUITY CAPITAL

Retained Earnings, Substantially Restricted	39,271,117
Accumulated Other Comprehensive Income (Loss)	(4,338,965)
Total Equity Capital	34,932,152
Total Liabilities and Equity Capital	365,521,347



## TOTAL CAPITAL (TO RWA\*)

Required	\$20,467	8.00%
Actual	\$41,760	16.3%

## TIER 1 CAPITAL (TO RWA\*)

Required	\$15,350	6.00%
Actual	\$39,084	15.3%

## COMMON EQUITY TIER 1 CAPITAL (TO RWA\*)

Required	\$11,513	4.50%
Actual	\$39,084	15.3%

## TIER 1 CAPITAL (TO AVERAGE ASSETS)

Required	\$14,475	4.00%
Actual	\$39,084	10.8%

\*Risk weighted asset



## Contact Us

SECURITY FEDERAL SAVINGS BANK

574-722-6261

314 FOURTH STREET, LOGANSPOUT IN

[WWW.SECFED.BANK](http://WWW.SECFED.BANK)