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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

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

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.

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!

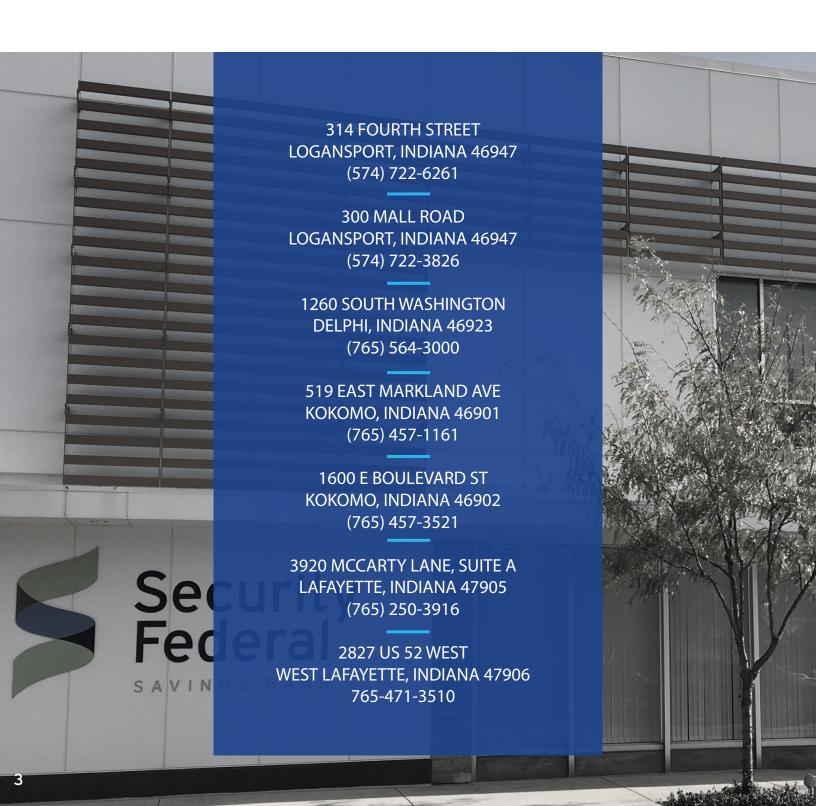
Sincerely,

Annette M. Russell President and CEO

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ABOUT US

OUR LOCATIONS





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.

FLEXIBILTY

Decisions based on the customer's

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

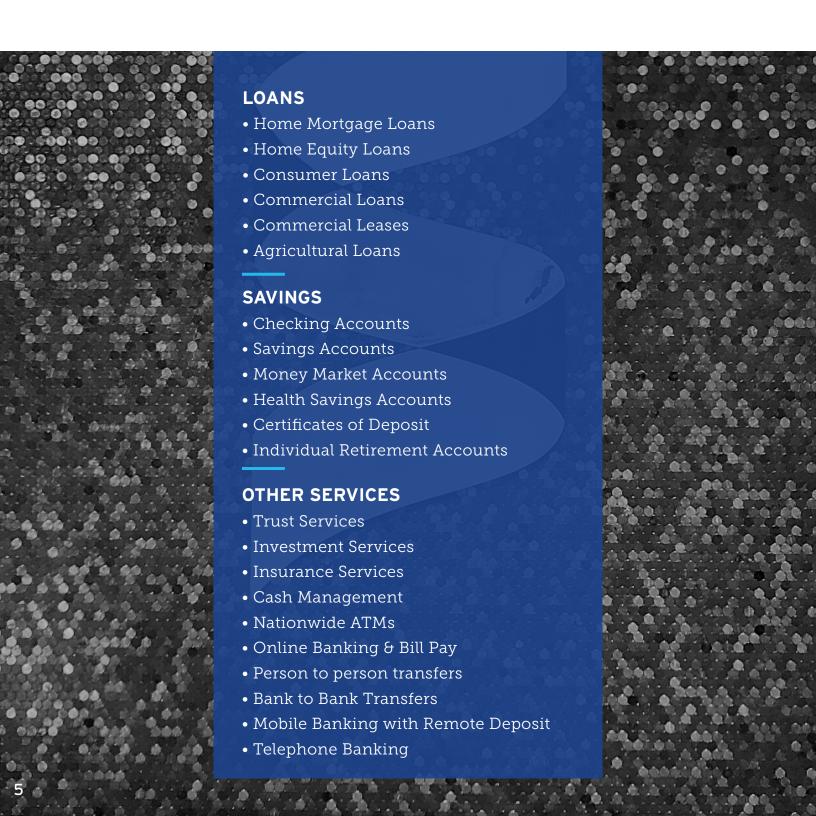
We treat EVERYONE as VIP's through personal touches, such as using names, smiles, friendly faces, and politeness.

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



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

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























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



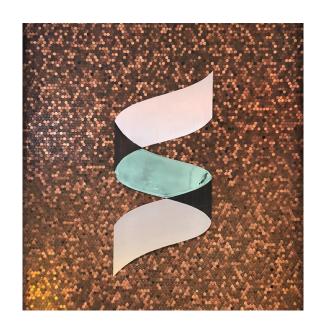


130 Organizations Supported

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	338,080,781
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	301,634,607
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	338,080,781



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-Annette Russell, President and CEO

TOTAL CAPITAL (TO RWA*)		
Required	\$18,159	8.00%
Actual	\$38,070	16.8%
TIER 1 CAPITAL (TO RWA*)		
Required	\$13,619	6.00%
Actual	\$35,355	15.6%
COMMON EQUITY TIER 1 CAPITAL (TO RWA*)		
Required	\$10,214	4.50%
Actual	\$35,355	15.6%
TIER 1 CAPITAL (TO AVERAGE ASSETS)	¢12.026	4.00%
Required	\$13,036 \$35,355	10.9%
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

CONSOLIDATED STATEMENT OF CONDITION MARCH 31, 2021 (AUDITED)