

**COMMUNITY REINVESTMENT ACT STATEMENT FOR  
2024  
FOR FIRST SECURITY BANK  
316 BYRON AVENUE NORTH  
BYRON, MINNESOTA 55920**

First Security Bank of Byron, Minnesota was officially chartered in 1904. Our purpose and challenge at the time was to meet the credit needs of Byron, Minnesota and the surrounding area of this community which is delineated as: \*See Attached Exhibit A.

The basic philosophy of the Bank since its inception has been to invest and place available funds in prudent investments in our delineated area for the community improvement, growth, and quality of life. This Community Reinvestment Act Statement, as required by law, is an embodiment of this original philosophy of conducting business and our Bank's continuing effort toward meeting the spirit of the act.

## **COMMUNITY REINVESTMENT ACT POLICY OF THE BOARD OF DIRECTORS**

The Board of Directors of First Security Bank hereby establishes a Community Reinvestment Act Policy to insure that the Bank achieves its obligation on a continuing basis to adhere to the purpose and intent of the Community Reinvestment Act of 1977.

### **GOAL:**

The resources of the First Security Bank are hereby committed to helping meet the credit needs of its community, consistent with the safe and sound operation of the Bank.

### **RESPONSIBILITIES:**

To achieve this goal, Bank management is hereby charged with implementing a CRA Statement which complies with the legal aspects of the act and monitors performance. The Board of Directors hereby commits itself to work toward this goal and will assist Bank Management in their efforts. The management of the Bank is responsible for complying with CRA requirements and for recommending revisions to this policy to the Board of Directors when conditions warrant.

### **REVIEW:**

The Bank's Board of Directors will on a monthly basis, review the Bank's CRA activities for the prior month and discuss future bank CRA activities. The Bank's Board of Directors will annually review the content of the Community Reinvestment Act Statement and make any additions or corrections.

## COMMUNITY REINVESTMENT ACT NOTICE

*Under the Federal Community Reinvestment Act (CRA), the Federal Deposit Insurance Corporation (FDIC) evaluates our record of helping to meet the credit needs of this community consistent with safe and sound operations. The FDIC also takes this record into account when deciding on certain applications submitted by us.*

*Your involvement is encouraged. You are entitled to certain information about our operations and our performance under the CRA, including, for example, information about our branches, such as their location and services provided at them; the public section of our most recent CRA Performance Evaluation, prepared by the FDIC; and comments received from the public relating to our performance in helping to meet community credit needs, as well as our responses to those comments. You may review this information today.*

*At least 30 days before the beginning of each quarter, the FDIC publishes a nationwide list of the banks that are scheduled for CRA examination in that quarter. This list is available from the Regional Manager, Division of Compliance and Consumer Affairs, FDIC 1100 Walnut Street, Suite 2100 Kansas City, MO 64106. (Telephone: (816) 234-8000, Fax: (816) 234-8182) You may send written comments about our performance in helping to meet community credit needs to Chris Ryan, PO Box 128, Byron, MN 55920 and the FDIC Regional Manager. Your letter, together with any response by us, will be considered by the FDIC in evaluating our CRA performance and may be made public.*

*You may ask to look at any comments received by the FDIC Regional Manager. You may also request from the FDIC Regional Manager an announcement of our applications covered by the CRA filed with the FDIC. We are an affiliate of Olmsted Bancorporation, a bank holding company. You may request from the Sr. Vice President, Federal Reserve Bank of Minneapolis, MN 55480, an announcement of applications covered by the CRA filed by bank holding companies.*

## **CREDIT SERVICES AVAILABLE TO THE COMMUNITY**

The following list of loans is extracted from First Security Bank's Lending Policy. These loans have been and will continue to be offered to our assessment area, including low and moderate income areas. This list is not intended to be all inclusive.

### **Consumer Loans**

1. Automobile (new and used)
2. Recreation Vehicles/Boats
3. Motorcycles/ATV's/Snowmobiles
4. Household Goods
5. Personal Expenses
6. Home Improvement
7. Medical
8. Vacation

### **Residential Loans**

1. Interim Construction Financing
2. Permanent Financing (One to four dwelling units) – Purchase and Refinance
  - a. Conventional
  - b. Non-Conventional – PMI Mortgages
3. Home Equity Line of Credit Loans
4. Federal Home Loan Bank Rural Housing Grants
5. Manufactured Housing Loans
6. Rural Development Mortgages
7. VA Mortgages

### **Commercial Loans**

1. Operating
2. Machinery and Equipment
3. Real Estate - First Mortgage
4. Small Business Administration Loans (7A, SBA Express, 504)

### **Agricultural Loans**

1. Operating
2. Equipment
3. Livestock
4. Real Estate - First Mortgage
5. Farmers Home Administration (Guaranteed and Direct Loans)
6. Rural Finance Authority Beginning Farmer Loan Program.
7. Farmer Mac

## **DESCRIPTION OF EFFORTS TO HELP MEET COMMUNITY CREDIT NEEDS**

### **A. Marketing and Types of Credit Extended:**

1. The Bank, along with its board of directors, will on an ongoing basis, review, analyze, and develop bank products and marketing activities.
2. The Bank will market its products including its electronic financial terminal (EFT) through the local and regional print media, the banks website, direct mail, and occasionally the electronic media. The bank will also display in its lobby and electronic sign information regarding the products and services available at the bank. The bank will make every effort to develop marketing strategies that address identified community needs when possible.

### **Geographic Distribution:**

1. The Bank's senior management, along with the Bank's Board of Directors has established it's assessment area and has not excluded any lower - moderate income neighborhoods. The Bank, along with the board of directors will annually review its assessment area and make any necessary corrections or revisions.
2. A summary listing of deposits and loans outstanding by MSA or Block Numbering Area (BNA) is as follows:

Census Tract	Total Deposit \$	Total # of Accounts	Total Loans \$	Total # of Lines
12.01	\$1,781,153.42	72	\$694,273.67	5
12.02	\$116,668.22	32	\$465,130.16	2
12.03	\$1,288,254.97	135	\$5,337,193.84	9
13.01	\$381,660.81	37	\$879,263.86	3
13.02	\$429,532.39	90	\$1,729,421.69	5
14.01	\$129,758.43	45	\$1,148,618.98	2
14.02	\$703,963.84	55	\$0	0
18	\$18,962,002.96	2,755	\$7,806,451.48	79
18.8	\$13,975,153.40	2,005	\$7,326,339.47	58
19	\$6,342,779.07	597	\$2,771,711.55	23
19.01	\$1,119,114.94	197	\$4,657,511.20	18
19.02	\$157,324.32	47	\$108,295.06	3
22	\$6,914,435.89	803	\$5,055,666.03	32
99	\$31,980,070.13	3,081	\$53,734,166.32	287
9501	\$2,230,450.81	438	\$3,928,864.87	26
9504	\$1,998,527.90	254	\$2,064,955.97	10
9505	\$4,600,110.80	687	\$4,280,997.16	36
<b>Totals as of 6/28/2024</b>	<b>\$93,110,962.30</b>	<b>11,330</b>	<b>101,988,861.31</b>	<b>598</b>

#### **Deposit Summary**

Total value of deposits in assessment area = 65.65% as percent of total deposits. Total number of deposit lines in assessment area as a percent of total number of deposit lines = 72.81%.

#### **Loan Summary**

Total value of loans in assessment area as a percent of total loans = 47.31%. Total number of lines in assessment area as a percent of total number of loan lines = 52.01%.

## **INCOME ANALYSIS**

In order to determine the distribution of First Security Bank's loans among diverse socioeconomic groups, the Bank's loans have been segmented by income level of the borrower. In addition, loans to small businesses have been segmented. The loans were segmented using the latest FDIC income range guidelines and median incomes. The income segment numbers are by customer, not individual loans. The median incomes used were:

2024 Rochester MSA	=	\$112,700
2024 Minnesota Non MSA	=	\$90,300

The income analysis summary is included in this policy as Exhibit B.

## **Discrimination and Illegal Credit Practices**

1. The Bank, under the direction of the Bank's board of directors, will encourage all applications for credit that the Bank extends. The Bank will not engage in prescreening or discouraging credit applications. The Bank will follow the guidelines regarding credit applications as outlined in the Bank's Compliance Policy.
2. The Bank will maintain documentation regarding credit applications for a period of twenty-five (25) months.
3. The Bank will annually audit loan denials for compliance with Bank procedure.

## **Community Development:**

1. The Bank, under the order of the board of directors, has stated a goal of becoming the community leader in the efforts of the community to develop existing businesses and services, and to attract new businesses and services.
2. The Bank will work closely and participate with local community development organizations. The Bank will provide assistance in attempting to obtain financing from various government agencies as needed for community development.
3. The Bank will, within the bounds of safe and sound lending practices, finance growth and expansion of existing business and provide financing for new business.
4. The Bank will, within the bounds of prudent investment practices, consider any and all City of Byron/Kasson and Rochester bond offerings or other financing requests.
5. The Bank participates in governmentally issued, guaranteed or subsidized loan programs for housing and small business through the SBA.
6. We also may participate with the Farmers Home Administration in issuing FmHA 90% Guaranteed Loans and FmHA Subordination Loans. First Security Bank is also an approved lender for the Rural Finance Authority Beginning Farmer Loans.
7. In 2013 First Security Bank became a member of the Farmer Mac program which provides long term financing for agricultural real estate loans.
8. First Security Bank is an approved lender in the Federal Home Loan Bank Rural Home Ownership Fund grant program for first time home buyers.



## **Description of Efforts To Determine Community Credit Needs**

In an effort to assess and determine the ongoing credit needs of the delineated lending area of the First Security Bank, the Bank will employ activities including but not limited to the following:

1. Maintain a dialogue and contact through pro-active outreach with civic and community leaders, community development organizations, civic groups, small business organizations, agricultural organizations, and real estate development groups.
2. Participate with local, county, regional, and state government departments and public finance programs where applicable.
3. The Bank's board of directors and senior management will on an ongoing basis review the Bank's loan product development, including but not limited to residential real estate mortgages, consumer related loans, and Small Business Association, Farmers Home Association, and Minnesota Rural Financing Authority in an attempt to extend credit to individuals and businesses that may not qualify for the Bank's conventional credit products, within the bounds of safe and sound lending practices.
4. The bank will periodically survey the community through direct mail, telephone surveys and in-house surveys, to assist in determining the credit needs of the community and the Bank's performance in meeting those needs.
5. In addition, all Bank Officers are to make "cold" calls throughout the year. The information and feedback gathered from these calls further assists the Bank to assess the credit needs of the community.
6. Officers and employees of the bank will continue to remain active in a wide variety of community groups. Participation in these groups facilitates communication with the community regarding credit services offered by the Bank. Also community involvement assists the Bank in obtaining "feedback" on the effectiveness of the Bank's credit policies and CRA performance. Throughout the year, officers and employees participate in an ongoing in-house training program of the credit services we offer. The program is targeted to topics designed to help community credit needs.
7. The Bank is a member of the following associations:
  - a. Byron Area Chamber of Commerce
  - b. Minnesota Bankers Association
  - c. Rochester Area Economic Development Association
  - d. Byron Economic Development Authority
  - e. Rochester Area Builders
8. The Board of Directors will actively supervise the suitability of the First Security Bank community reinvestment efforts and provide valuable feedback to the bank management on the effectiveness on the bank credit policies.
9. The Bank's management will continue to review and respond promptly to all CRA correspondence received.

## **Notice and Public Availability of CRA Statement**

The CRA Statement of First Security Bank is publicly available and requests of the CRA statement will be honored at no cost to the person requesting it. The required notice is publicly available as a printed statement in the lobby of the Bank.

## **Required CRA Files**

Bank Management will be responsible for the maintenance of the CRA files in accordance with regulations. All comments received will be considered and an appropriate, prompt, response made by management of the Bank.

**INSERT EXHIBIT**

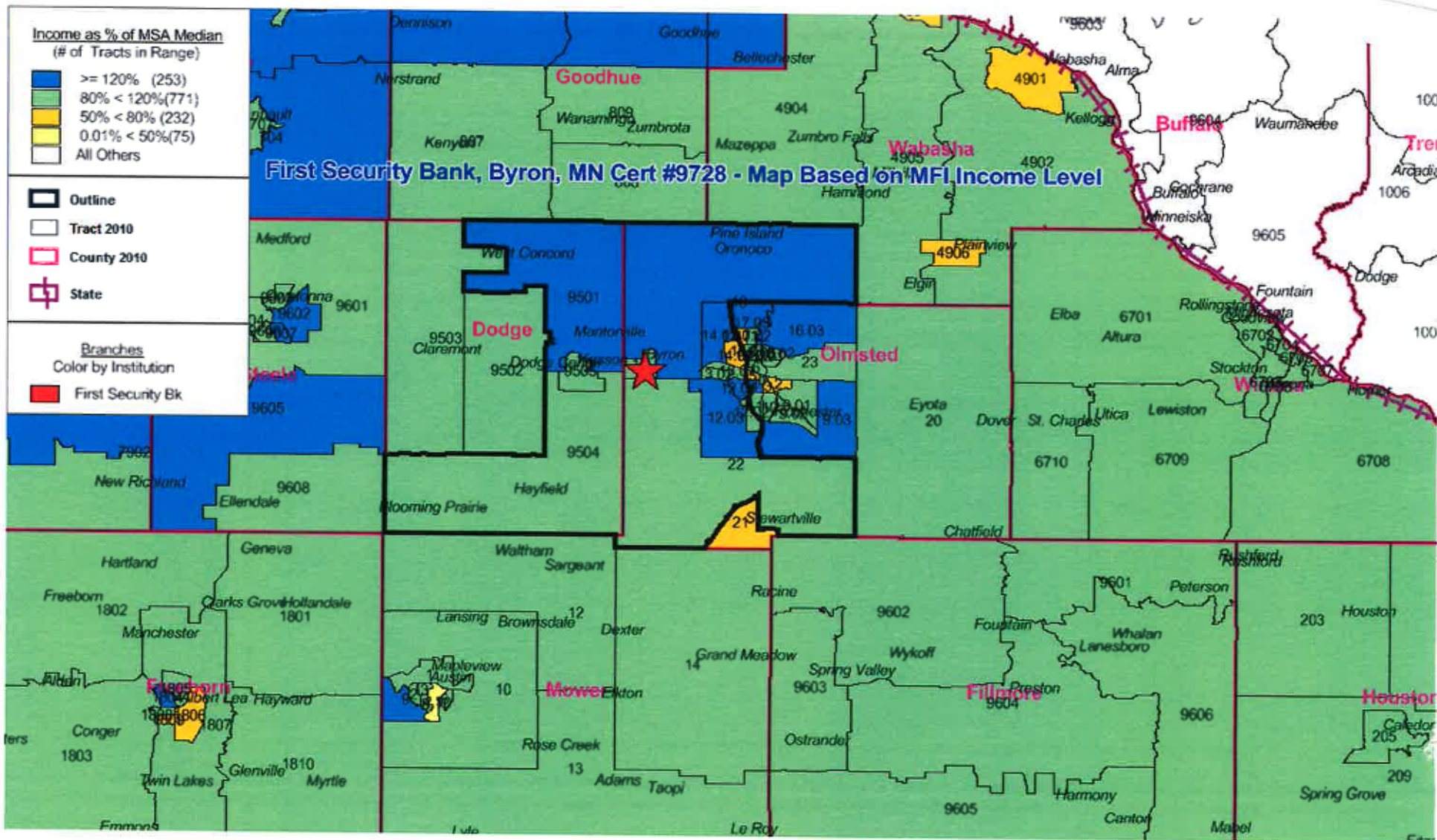
**A**

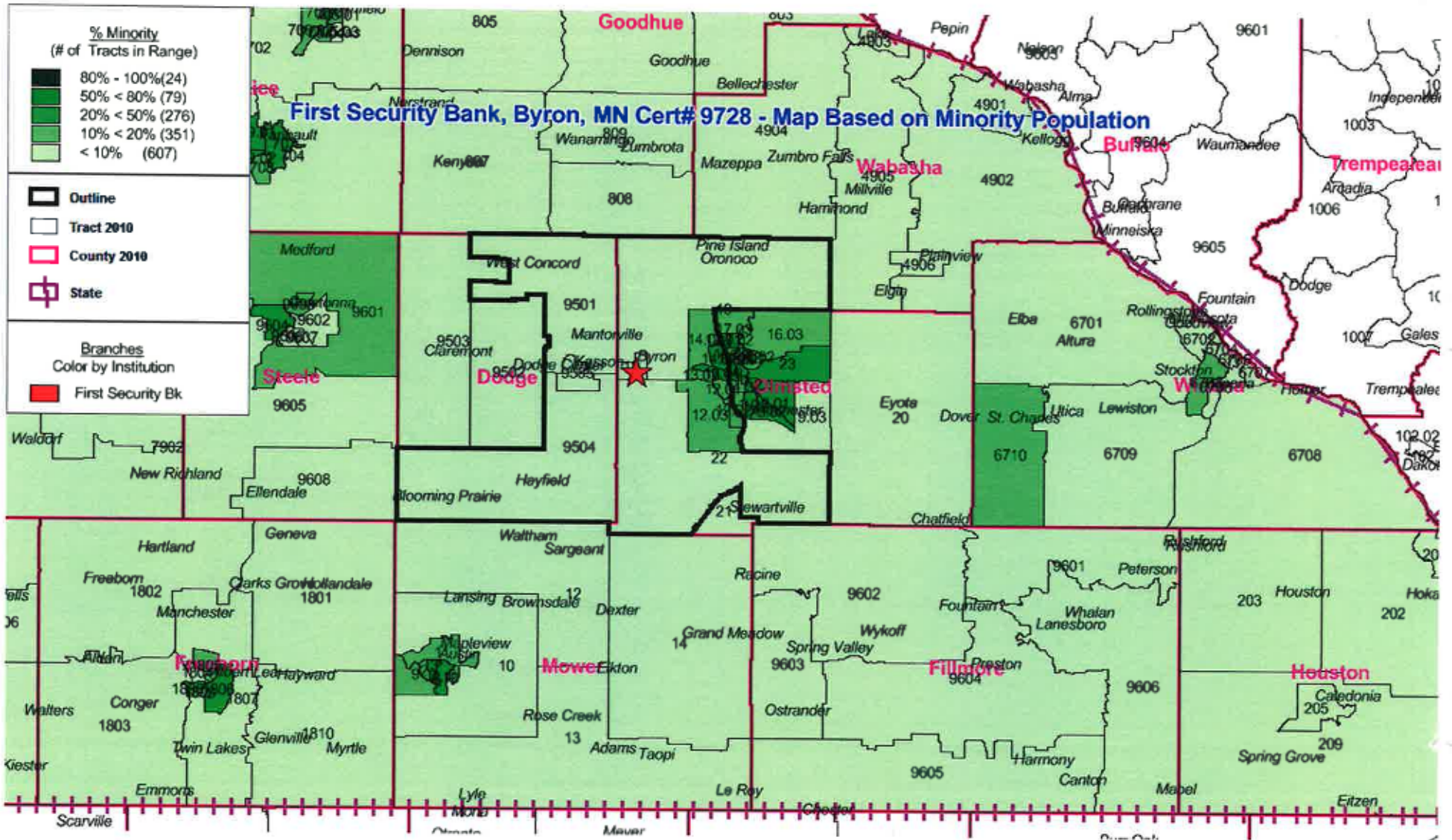
**INCOME ANALYSIS AS OF 6/28/2024**

Rochester MSA/BNA *	LOW INC. <\$56,349	MOD INC. \$56,350- \$90,159	MID INC. \$90,160- \$135,239	UPPER INC >\$135,240 +	SM BUS. <\$1,000,000	LG BUS. >\$1,000,000	TOTAL
12.01	0	1	3	0	1	0	5
12.02	0	0	0	1	1	0	2
12.03	0	0	3	3	3	0	9
13.01	0	1	1	1	0	0	3
13.02	0	4	0	1	0	0	5
14.01	0	0	0	2	0	0	2
14.02	0	0	0	0	0	0	0
18	26	20	12	14	7	0	79
18.8	18	14	12	5	4	5	58
19	5	7	4	5	2	0	23
19.01	2	5	3	3	4	1	18
19.02	1	2	0	0	0	0	3
22	8	6	4	8	5	1	32
9501	5	4	7	7	3	0	26
9504	2	3	5	0	0	0	10
9505	7	15	8	5	0	1	36
<b>TOTALS</b>	<b>74</b>	<b>82</b>	<b>62</b>	<b>55</b>	<b>30</b>	<b>8</b>	<b>311</b>

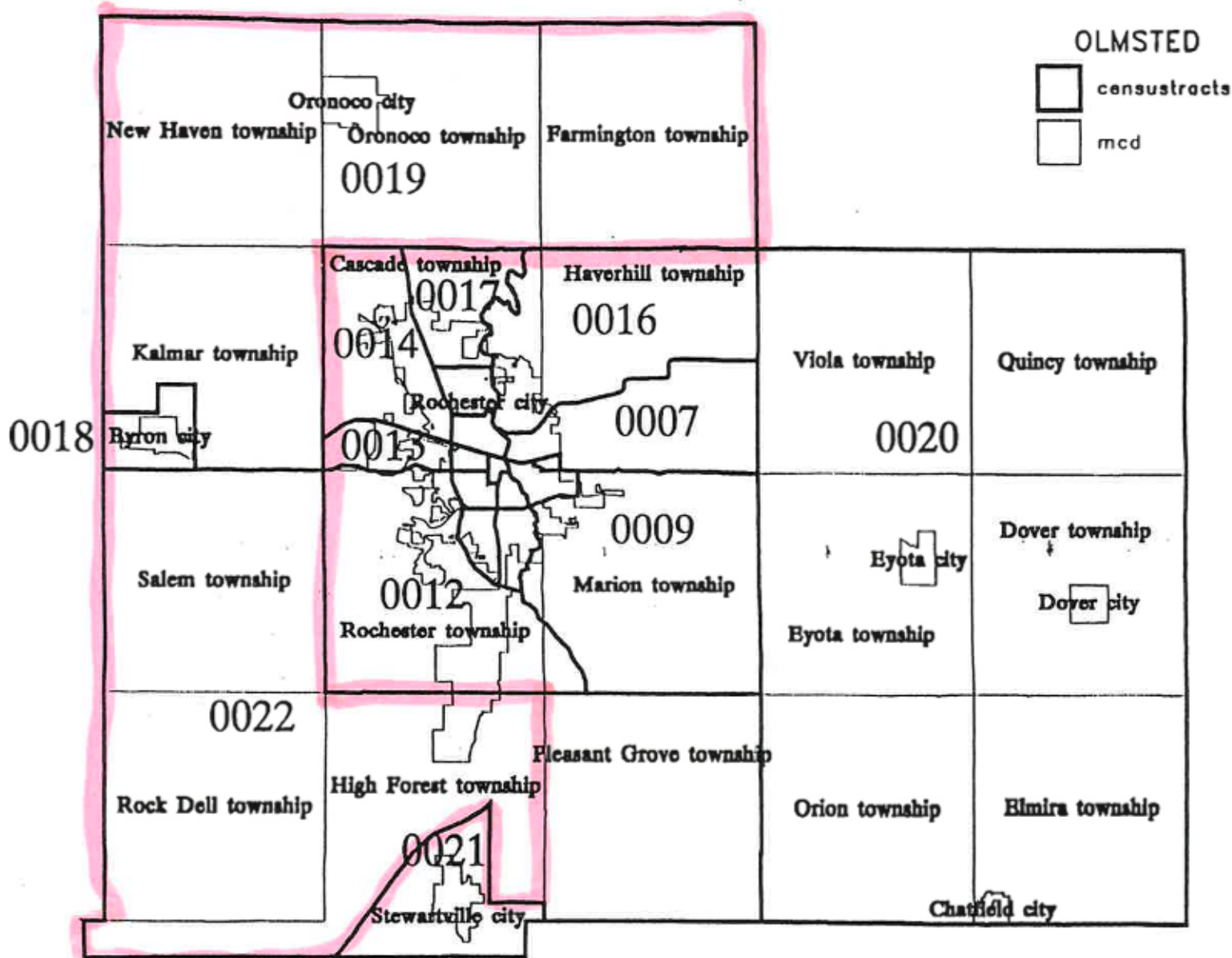
\* 2024 Rochester MSA Median Income = \$112,700

\*\* 2024 Minnesota Non MSA Median Income = \$90,300



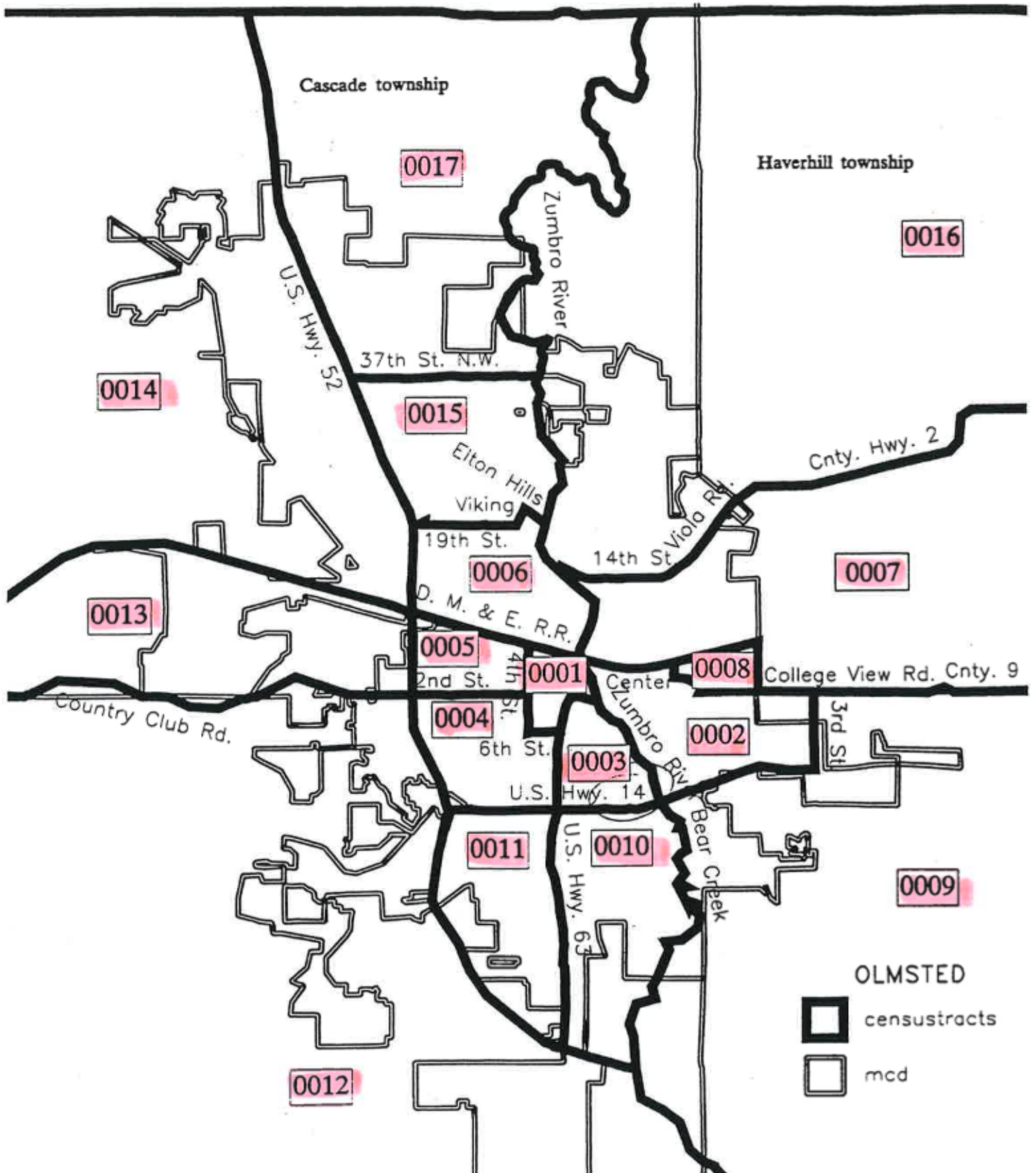


# Olmsted County Census Tracts



# Rochester Area Census Tracts

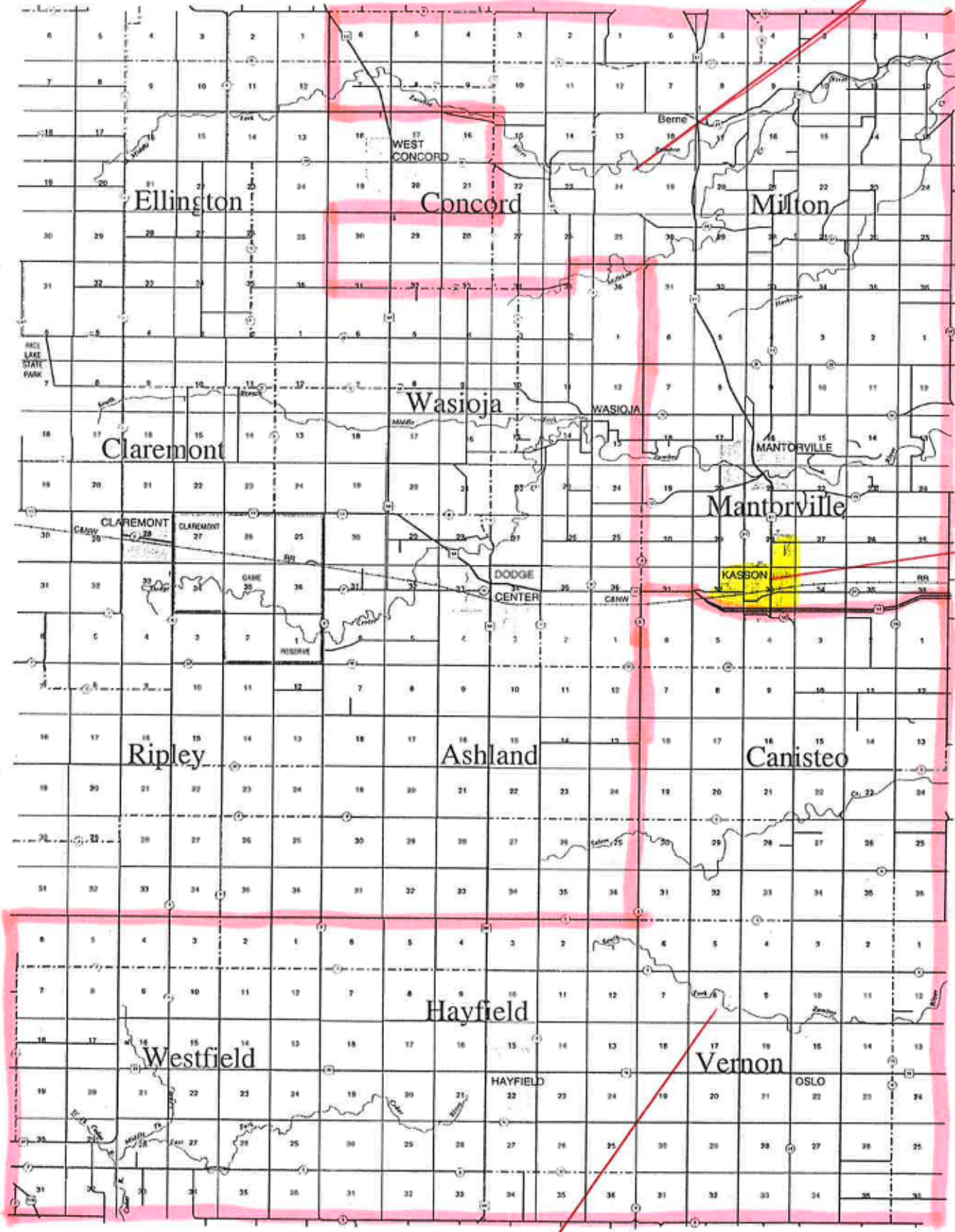
## Olmsted County





# Dodge County

BNA #9501



BNA #9505

BNA #9504

## Additional Products and Services

### **BUSINESS LOANS**

- Commercial Real Estate Loans
- Working Capital Lines of Credit
- SBA and other financing options

### **PERSONAL CHECKING**

- Green Checking
- Elite Checking
- Advantage Checking

### **PERSONAL LOANS**

- Home Mortgages & Refinancing
- Construction Loans
- Home Equity Loans
- New & Used Auto Loans
- Overdraft Protection Line of Credit



### **BYRON**

316 Byron Ave. N, Byron, MN 55920

**507-775-2316**

**[fsbbyron.com](http://fsbbyron.com)**

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# Business

## ACCOUNTS



## BUSINESS ACCOUNTS

### SIMPLY BUSINESS CHECKING

*A great way to get your business started!*

- No minimum balance
- No monthly fee (under 150 items)
- Optional \$5 per month charge to receive statement with imaged checks
- End of month statement cycle

### REGULAR BUSINESS CHECKING

*It's the next step in your growing business!*

- \$5 monthly maintenance fee
- 15 cents per check written
- 5 cents per item deposited
- Sweep availability
- Earnings allowance to offset charges
- End of month statement cycle

### COMMERCIAL BUSINESS CHECKING

*Designed for larger commercial businesses.*

- \$10 monthly maintenance fee
- 15 cents per check written
- 5 cents per item deposited
- 25 cents per deposit
- Sweep availability
- Earnings allowance to offset charges
- End of month statement cycle

## More Business Products &

*Available with any business account.*

### NO FEE BUSINESS DEBIT CARD

Each card comes embossed with the employee/ owner's name on it to keep track on employee purchases. Set spending limits on each card.



### CREDIT CARDS

Easily manage employee credit cards. Download transactions directly into QuickBooks®. Earn rewards on your purchases.

### ONLINE & MOBILE BANKING WITH BILL PAY

Convenient and secure 24/7 access to manage your finances from your smart phone, tablet or computer. Use the Bill Pay service to make one-time or recurring payments through this easy online system.

### REMOTE DEPOSIT

Make deposits right from your desk! No more trips to the bank to make your deposits, no endorsement stamps, no deposit tickets. Simple and safe using a scanner and our secure network.\*



### ACH ORIGATION

Transactions that can either be debits or credits. Use it to collect membership fees, insurance premiums, dues, or to send payroll and much more.\*

### MERCHANT PROCESSING SERVICES

Allow your customers to pay you via credit card in person or online.



*\*Fees may apply.*

## Additional Products and Services

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### PERSONAL CHECKING

- Green Checking
- Elite Checking
- Advantage Checking

### PERSONAL LOANS

- Home Mortgages & Refinancing
- Construction Loans
- Home Equity Loans
- New & Used Vehicle Loans



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# Business/Ag LOANS



## BUSINESS LOANS

### BUSINESS REAL ESTATE LOANS

- Assist with purchasing, building or refinancing your business property

### BUSINESS TERM LOAN

- Use to purchase vehicles, equipment or machinery
- Use when your business requires a specific amount of money on a fixed payment
- Great for starting or expanding your business

### BUSINESS LINES OF CREDIT

- Secured or unsecured options
- Borrow up to an established, revolving limit
- Flexible payment options

### SMALL BUSINESS ADMINISTRATION (SBA)

- Loans with assistance from the Small Business Administration
- Available to start a new business
- Options to expand a business or purchase real estate

### AGRICULTURE LOANS

- Competitive rates and low fees!
- Customized payment arrangements
- Lines of credit to help manage cash flow and handle unexpected financing needs
- Financing options for most farm credit needs including real estate, operations, equipment and marketing

## Business Products & Services

### BUSINESS DEBIT CARD

Each card comes embossed with the employee/ owner's name on it to keep track on employee purchases. Set spending limits on each card.



### BUSINESS CREDIT CARD

Easily manage employee credit cards. Import your transactions directly into QuickBooks ®. Earn Rewards on your purchases.

### ONLINE & MOBILE BANKING WITH BILL PAY

Convenient and secure 24/7 access to help manage your finances from your mobile phone, tablet or computer. Get balances, transfer money, pay bills, set up account alerts and much more!

### SIMPLY BUSINESS CHECKING

A great way to get your business started!

### REGULAR BUSINESS CHECKING

It's the next step in your growing business!

### COMMERCIAL BUSINESS CHECKING

Designed for larger commercial businesses.

*For more business products and services, please see our business account brochure.*

## Other Services

### SAVINGS ACCOUNTS

- Security Savings Account
- Money Market Savings
- Certificates of Deposit
- Kids Klub Savings
- Individual Retirement Accounts

### PERSONAL LOANS

- Home Mortgages & Refinancing
- Construction Loans
- Home Equity Loans
- Auto Loans
- Credit Cards
- Overdraft Protection Line of Credit

### BUSINESS SERVICES

- Business Checking & Savings
- Business Online Banking
- Business Loans
- Business Debit Cards
- Commercial Real Estate Loans
- Working Capital Lines of Credit
- SBA and other financing options



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# Checking ACCOUNTS



*Accounts that make life easy!*

## CHECKING ACCOUNTS

### GREEN CHECKING

*We have a lot to offer you with this account!*

- No minimum daily balance required
- First 40 checks at no charge
- Unlimited check writing
- No fee Debit Card
- Overdraft Protection available to those who qualify
- \$5 Fee for paper statements (fee waived for E Statements)

### ELITE CHECKING

*If you are age 55 & over, this account is right for you!*

- No minimum balance
- No monthly charges
- No charge for standard checks
- No fee debit card
- Overdraft protection available to those who qualify
- \$5 Fee to receive check images with paper statement

### ADVANTAGE CHECKING

*A checking account that earns a competitive interest rate and gives you the freedom of check writing!*

- Minimum daily balance of \$500
- Monthly service charge of \$10 if balance falls below minimum daily balance requirement
- Earns a competitive interest rate while maintaining liquidity\*
- No fee debit card
- Overdraft Protection available to those who qualify
- Your first 40 checks at no charge
- \$5 Fee to receive check images with paper statement

*\*Further rate and disclosure information available upon request.*

## Conveniences

### BYRON BEARS DEBIT CARD

Do you live in Byron? Help support your local school by using our Byron Bears Debit Card! With every point-of-sale transaction, FSB makes a donation to our schools! Use it to get cash out of the ATM and make purchases.



### ONLINE BANKING & BILL PAY

Get balances, transfer money, pay bills, e-statements & view cancelled checks.

### MOBILE BANKING WITH MOBILE DEPOSIT

Download the FSB mobile app for easy control over your money. Plus, save trips to the bank with Mobile Deposit.

### CARD HUB

Easily manage your debit card and credit card from the FSB mobile app! View your spending habits, submit travel requests, enable card controls and alerts, and even turn your card on and off.

### MOBILE WALLET

Experience faster checkouts with your phone. Simply load your debit card on your mobile device, and make a purchase anywhere that Apple Pay and Google Pay are accepted.

### ZELLE®

It's a fast way to send and receive money from people that you know and trust! Access Zelle® through our online banking, or from the convenience of your smart phone on our mobile app!

### E-STATEMENTS

Save paper and get your statements electronically for easy storage to keep track of your accounts.



## Additional Products and Services

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### CHECKING ACCOUNTS

- Green Checking
- Elite Checking
- Advantage Checking

### SAVINGS ACCOUNTS

- Security Savings Account
- Money Market Savings
- Certificates of Deposit
- Kids Klub Savings
- Individual Retirement Accounts

### OTHER SERVICES

- Contactless Debit Cards
- Mobile Banking with Mobile Deposit
- Online Banking & Bill Pay
- E-Statements



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# Personal LOANS





## PERSONAL LOANS

### SECONDARY MARKET MORTGAGES

- Purchase, refinance, or construction/permanent
- Fixed interest rates
- Terms up to 30 years
- Conventional, USDA rural development, VA and FHA financing available

### PORTFOLIO MORTGAGES

*With this option we keep your mortgage loan in-house with local servicing!*

- Flexible terms to meet your needs
- Second mortgages make the equity in your home work for you and have fixed monthly payments
- Bridge loans- use the equity in your existing home to purchase or construct a new home
- Construction / remodel loans
- Recreational land

### HOME EQUITY LINES OF CREDIT

*It's the most flexible form of financing!*

- Quick turnaround time
- Use proceeds for any purpose
- Revolving credit for easy access
- Interest only monthly payments required; make principle payments at your discretion

### PERSONAL LOANS

*See us for affordable terms to fit a new purchase into your monthly budget!*

- New & used vehicles
- Motorcycles and ATVs
- Boats, campers and much more

### CREDIT CARDS

- No annual fee
- Integrates with the FSB mobile app
- Download transactions directly into QuickBooks ®
- Earn Rewards:
  - Cash Back
  - Travel
  - Merchandise
  - Gift cards

*Make your loan easier to manage!*

### AUTOMATIC PAYMENTS

Take the hassle out of paying your loan, set up automatic payments!

### ONLINE & MOBILE BANKING

Get balances, transfer money, pay bills, and view cancelled checks. Download the FSB mobile app for easy control over your money. Plus, save trips to the bank with Mobile Deposit.

### ACCOUNT ALERTS

Get real-time alerts on any of your First Security Bank accounts.

### E-STATEMENTS

Save paper and get your statements electronically for easy storage to keep track of your accounts.



Contact a lender for more information on current rates.

## Other Services

### CHECKING ACCOUNTS

- Green Checking
- Elite Checking
- Advantage Checking
- Byron Bears Debit Card
- Mobile Banking with Mobile Deposit
- Online Banking & Bill Pay
- E-Statements

### PERSONAL LOANS

- Home Mortgages & Refinancing
- Construction Loans
- Home Equity Loans
- Auto Loans
- Overdraft Protection Line of Credit

### BUSINESS SERVICES

- Business Checking & Savings
- Business Online Banking
- Business Loans
- Business Debit Cards
- Commercial Real Estate Loans
- Working Capital Lines of Credit
- SBA and other financing options



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# Savings ACCOUNTS



## SAVING ACCOUNTS

### SECURITY SAVINGS

*It's the best way to begin a savings plan!*

- Minimum daily balance of \$100
- Monthly service charge of \$2 if balance falls below minimum requirement
- Earns a competitive interest rate while maintaining liquidity
- No Fee ATM Card

### MONEY MARKET SAVINGS

*It's a great option for those looking to build up their savings!*

- \$2,500 minimum daily balance requirement
- Monthly service charge of \$10 if balance falls below minimum requirement
- You earn money market rates and maintain deposit liquidity at the same time.
- Standard checks included

### KIDS CLUB SAVINGS

*Anyone 17 years old or under can participate!*

- \$25 daily minimum balance
- Monthly service charge of \$2 if balance falls below minimum \$25 daily balance requirement
- Earns a competitive interest rate



*With security savings accounts, you are allowed six withdrawals at no charge per month. After six withdrawals, there is a charge of 50 cents per withdrawal.*

## Additional Savings Options

### CERTIFICATES OF DEPOSIT (CDs)

Add more security to your savings with a higher interest rate for a fixed period of time. We offer certificates of deposit from 90 days to 60 months. With only a \$500 minimum balance, you begin earning higher returns and still have peace of mind.

### INDIVIDUAL RETIREMENT ACCOUNTS (IRAs)

Ask about the Traditional or ROTH IRA options to help you save for retirement.

### GROW GREEN CERTIFICATE OF DEPOSIT FOR KIDS

A great opportunity for First Security Bank Kids Klub Savings account members. A CD that allows for deposits up to \$2,000.



*\*Further rate and disclosure information available upon request.*

## Additional Products

### CHECKING ACCOUNTS

- Green Checking
- Elite Checking
- Advantage Checking

### SAVINGS ACCOUNTS

- Security Savings Account
- Money Market Savings
- Certificates of Deposit
- Kids Klub Savings
- Individual Retirement Accounts

### PERSONAL LOANS

- Secondary Market Mortgages
- Portfolio Mortgages
- Home Equity Lines of Credit
- Personal Loans



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# Bank CHARGES



## BANK CHARGES

Overdraft Fee	\$30 per item
Return Item Fee (includes paper and electronic items)	\$30 per item
Continuous Overdraft (after 15 days)	\$30
Stop Payment	\$20 per item
Charge Back Check	\$5 per item
Levy Fee	\$75 per levy request
Bank Money Order	\$5
Personal money Order (up to \$1,000.00 purchase)	\$4
Account Printout Charge	\$3
Wire Transfer	Outgoing \$15 Incoming \$15 International \$35
Photocopies	\$0.25
Fax	\$1.50 per page
Statement Copies	\$5
Count Counting	Non-Customer 20%
Reconcile Checkbook	\$20 per hour
Account Research	\$20 per hour
Dormant Account Fee for Balances <\$200	\$5 per month
Readyline Advance	\$5 per advance

## Additional Services

- Online Bill Pay
- Transfer Money With Zelle®
- Account To Account Transfer
- E-Statement Availability
- Online Banking at [fsbbyron.com](http://fsbbyron.com)
- Mobile Banking
- Mobile Deposit
- Readyline (Overdraft Protection)
- MasterCard ATM/Debit Card
- Credit Cards
- ID TheftSmart
- 24 Hour Drive-up ATM
- 24 Hour Depository
- Bank By Mail
- Certificate of Deposit
- Notary Service
- Wire Transfer
- IRA Accounts
- Safe Deposit Boxes



# Get rewarded with every tap



Use the Classic credit card for easy, rewarding, contactless payments. Tap your way to rewards when you travel or grab takeout, groceries, gas and more.

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
📦 Quick Rewards.


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Just look for the contactless symbol at checkout, tap your card on the card reader and earn cash back for every dollar you spend!<sup>1</sup>



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316 Byron Ave. N., Byron, MN 55920.

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## Use Your Card. Get Rewarded.

Earn unlimited 1% cash back<sup>1</sup> for every purchase with a Classic credit card.

[ Apply Now ]

# Classic Card

Make everyday purchases and redeem for cash back



## Rates\*

For current rates visit,  
[gonow.credit/firstsecuritybankapply](https://gonow.credit/firstsecuritybankapply)

Apply Now

## Rewards

- 1% cash back on purchases<sup>1</sup>

## Online Card Management

View statements, make payments, manage users, set controls, alerts and more.

Manage online at  
[gonow.credit/manage](https://gonow.credit/manage).

## Benefits



### Mastercard® Zero Liability Protection

Help protect against unauthorized card purchases.<sup>2</sup>



### Mastercard Global Service

Global assistance, 24/7, for lost or stolen cards, emergency card replacement, and emergency cash advances.<sup>2</sup>



### Mastercard Airport Concierge

Enhanced travel benefits while traveling.<sup>3</sup>



### Mastercard ID Theft Protection

High-risk transaction monitoring and alerts, and white-glove restoration services.<sup>2</sup>



### Priceless® Experiences

Access to exclusive experiences including dining, concerts, etc.<sup>2</sup>

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1. Earn one Rewards Point (1% cash back) for each \$1 spent on qualified purchases. The cash redemption value of each Reward Point is \$0.01. Fractional Rewards Points will be rounded down to the nearest whole number. For example, if you make a qualifying purchase of \$5.65, you will be awarded 5 Rewards Points. Rewards Points do not expire. You must request redemption of Rewards Points to receive cash back as a statement credit. See the uChoose Rewards® Program Terms and Conditions at [gonow.credit/rewards](https://gonow.credit/rewards) for redemption instructions and additional information.

2. Mastercard, Priceless and the circles design are registered trademarks of Mastercard International Incorporated. Please refer to the Mastercard Guide to Benefits for more information.

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
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
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 **Clean Alternative.**

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## Use Your Card. Get Rewarded.

Earn unlimited 1 Rewards Point<sup>1</sup>  
for every \$1 spent with an  
Ultimate credit card.

**Apply Now**



# Ultimate Card

Turn everyday purchases into rewards that you can redeem for gift cards and merchandise.

## Intro Offer

10,000 Bonus Points when you spend \$3,000 in the first 90 days<sup>2</sup>



## Rates\*

For current rates visit, [gonow.credit/firstsecuritybankapply](https://gonow.credit/firstsecuritybankapply)

「 Apply Now 」

## Rewards

- 1 Rewards Point for every \$1 spent<sup>1</sup>

## Online Card Management

View statements, make payments, manage users, set controls, alerts and more. Manage online at [gonow.credit/manage](https://gonow.credit/manage).

## Benefits

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Help protect against unauthorized card purchases.<sup>3</sup>
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Global assistance, 24/7, for lost or stolen cards, emergency card replacement, and emergency cash advances.<sup>3</sup>
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Enhanced travel benefits while traveling.<sup>4</sup>
-  **Mastercard Id Theft Protection**  
High-risk transaction monitoring and alerts, and white-glove restoration services.<sup>3</sup>
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Access to exclusive experiences including dining, concerts, etc.<sup>3</sup>

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2. Ultimate Card Bonus Points Offer. You will earn 10,000 bonus points if you use your new credit card account to make any combination of Purchase transactions totaling at least \$3,000 (exclusive of balance transfers, cash advances, fees, returns and adjustments) that post to your account within 90 days of the account open date. Points expire after three years. Redeem for travel, gift cards, merchandise and more.
3. Mastercard, Priceless and the circles design are registered trademarks of Mastercard International Incorporated. Please refer to the Mastercard Guide to Benefits for more information.
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📦 **Quick Rewards.**

👉 **Clean Alternative.**

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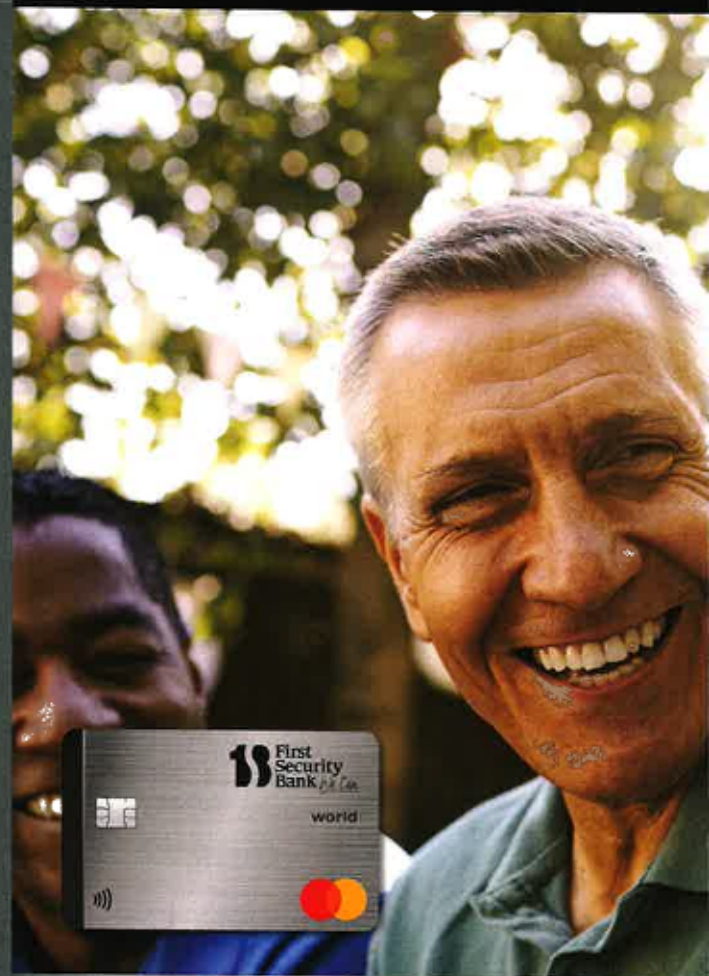
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to learn more



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## Use Your Card. Get Rewarded.

Earn unlimited 1 Rewards Point<sup>1</sup> for every \$1 spent with a World credit card.

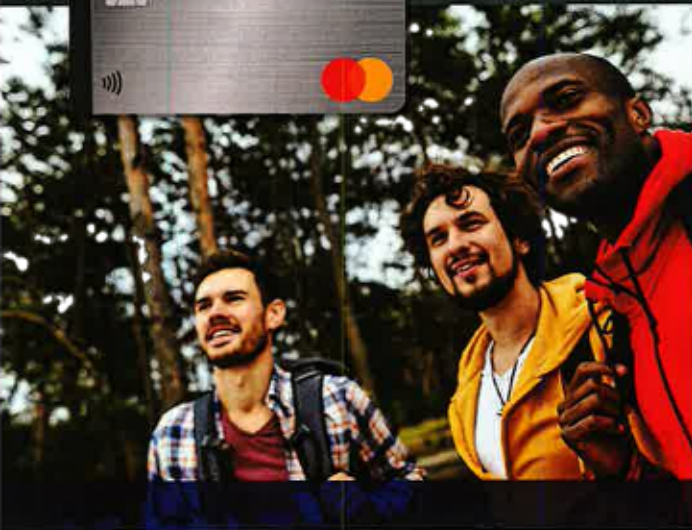
**Apply Now**

# World Card

Create share-worthy experiences with added card benefits and rewards.

## Intro Offer

Spend \$3,000 in the first 90 days, earn an additional 25,000 Rewards Points<sup>2</sup>



## Rates\*

For current rates visit, [gonow.credit/firstsecuritybankapply](https://gonow.credit/firstsecuritybankapply)

Apply Now

## Rewards

• 1 Rewards Point for every \$1 spent<sup>1</sup>

## Card Management


View statements, make payments, manage users, set controls, alerts and more.

Manage online at [gonow.credit/manage](https://gonow.credit/manage).

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-  **Priceless® Experiences**  
Access to exclusive experiences including dining, concerts. Etc.<sup>3</sup>

## Premium Benefits

-  • Mastercard Travel Services<sup>3</sup>
- Mastercard Digital Merchant Offers<sup>4</sup>
- Cellular Wireless Telephone Protection<sup>4</sup>

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Use the World Elite credit card for easy, rewarding, contactless payments. Tap your way to rewards when you travel or grab takeout, groceries, gas and more.

))) **Fast Checkouts.**


 **Quick Rewards.**


 **Clean Alternative.**

Just look for the contactless symbol at checkout, tap your card on the card reader and earn points for every dollar you spend!<sup>1</sup>



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# Use Your Card. Get Rewarded.



Earn unlimited 1 Rewards Point<sup>2</sup> for every  
\$1 spent with a World Elite credit card

**Apply Now**



## World Elite Card

### Intro Offer

Spend \$5,000 in the first 90 days, earn an additional 50,000 Rewards Points<sup>2</sup>

Travel like a VIP with amazing card benefits and rewards.

### Rates\*

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[gonow.credit/firstsecuritybankapply](https://gonow.credit/firstsecuritybankapply)

### Apply Now


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Access to exclusive experiences including dining, concerts, etc.<sup>3</sup>

### Premium Benefits



- Mastercard Travel Services<sup>3</sup>
- Mastercard Digital Merchant Offers<sup>4</sup>
  - Ride-sharing, food delivery, online shopping, and more
- Cellular Wireless Telephone Protection<sup>4</sup>
- Mastercard World Elite Concierge Services<sup>3</sup>
- Extended Warranty-One Year Benefit<sup>4</sup>
- PriorityPass – Airport Lounge Access<sup>4</sup>

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# LOCATION AND HOURS

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## FIND US

316 Byron Avenue North  
PO Box 128  
Byron, MN 55920

Phone: 507-775-2316  
Fax: 507-775-2510

[Find surcharge free ATM locations via MoneyPass](#)

## Lobby Hours

Monday thru Friday 9:00 am to 4:00 pm

By Appointment Only Monday thru Friday 4:00 pm - 6:00 pm and Saturday 9:00 am to Noon

## Drive-Up Hours

Monday thru Friday 7:30 am to 6:00 pm

Saturday 9:00 am to Noon



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# **PUBLIC DISCLOSURE**

September 16, 2019

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

First Security Bank  
Certificate Number: 9728

316 Byron Avenue North  
Byron, Minnesota 55920

Federal Deposit Insurance Corporation  
Division of Depositor and Consumer Protection  
Kansas City Regional Office

1100 Walnut Street, Suite 2100  
Kansas City, Missouri 64106

This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.



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## INSTITUTION RATING

**INSTITUTION'S CRA RATING:** This institution is rated Satisfactory. An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area, including low- and moderate-income (LMI) neighborhoods, in a manner consistent with its resources and capabilities.

First Security Bank's overall satisfactory Community Reinvestment Act (CRA) performance under the applicable criteria supports the Satisfactory rating. Examiners did not identify any evidence of discriminatory or other illegal credit practices. The following points summarize the institution's performance.

- The loan-to-deposit ratio is reasonable given the institution's size, financial condition, and assessment area credit needs.
- First Security Bank made a majority of its home mortgage, small business, and small farm loans in its assessment area.
- The geographic distribution of loans reflects poor dispersion throughout the assessment area.
- The distribution by borrowers reflects excellent penetration of loans among individuals of different income levels, and businesses and farms of different revenue sizes.
- First Security Bank did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the rating.

## SCOPE OF EVALUATION

### **General Information**

This evaluation covers the period from the previous evaluation dated December 2, 2013, to the current evaluation dated September 16, 2019. Examiners used the Interagency Small Institution Examination Procedures, which considered First Security Bank's performance according to the following criteria.

- Loan-to-deposit ratio
- Assessment area concentration
- Geographic distribution
- Borrower profile
- Response to CRA-related complaints

The evaluation did not include any lending activity performed by subsidiaries or affiliates.

### **Loan Products Reviewed**

Examiners determined that the bank's major product lines are home mortgage, small business, and small farm loans. This conclusion considered the bank's business strategy, the number and dollar volume of loans originated during the evaluation period, and a review of the Consolidated Reports of Condition and Income (Reports of Condition).

Bank records indicate that the lending focus and product mix remained consistent throughout the evaluation period. Therefore, examiners reviewed all home mortgage, small business, and small farm loans originated or renewed between January 1, 2018, and December 31, 2018. This period of time is considered representative of the bank's performance during the entire evaluation period. D&B data for 2018 provided a standard of comparison for small farm and small business lending performance. For home mortgage loans, 2015 American Community Survey (ACS) data provided a standard of comparison.

First Security Bank's lending activity throughout the evaluation period indicates an emphasis on home mortgage lending by dollar volume and small business lending by number. In total, the bank originated or renewed 16 home mortgage loans totaling \$3.3 million, 27 small business loans totaling \$2.6 million, and 15 small farm loans totaling \$788 thousand. Home mortgage and small business lending continue to represent the largest portion of the bank's portfolio and according to management, remain the primary business focus of the bank. Therefore, equal weight was given to home mortgage and small business lending followed by small farm lending performance.

Examiners analyzed the universe of home mortgage, small business, and small farm loans for Assessment Area Concentration. In addition, examiners reviewed the universe of loans originated or renewed within the assessment area to evaluate the Geographic Distribution and Borrower Profile criteria. Examiners considered the number and dollar volume of home mortgage, small business, and small farm loans. While number and dollar volume of loans are presented, examiners emphasized performance by number of loans because the number of loans is a better indicator of the number of individuals, businesses, and farms served.

## DESCRIPTION OF INSTITUTION

### Background

First Security Bank is headquartered in Byron, Minnesota. The bank is wholly-owned by Olmsted Bancorporation, Inc., a one-bank holding company, also located in Byron, Minnesota. First Security Bank received a "Satisfactory" rating at its December 2, 2013, FDIC Performance Evaluation based on Interagency Small Institution Examination Procedures.

### Operations

First Security Bank operates its sole office in Byron, Minnesota. The bank has not opened or closed any branches, and has not been involved with any merger or acquisition activities since the previous evaluation.

First Security Bank offers home mortgage, commercial, agricultural, and consumer loan products designed to meet the needs of the communities it serves. Additionally, the bank provides a variety of deposit and alternative banking services for both consumer and commercial customers. Deposit products include checking, savings, and certificates of deposit accounts. Alternative banking services include internet and mobile banking, and one bank-owned and operated automated teller machine (ATM), as well as surcharge-free access to any ATM affiliated with the MoneyPass Network.

### Ability and Capacity

As of the June 30, 2019 Reports of Condition, assets totaled approximately \$67.9 million, deposits totaled approximately \$59.4 million, and loans totaled approximately \$45.6 million. Since the September 30, 2013 Reports of Condition, total assets have grown approximately 13.9 percent, total deposits have grown approximately 12.3 percent, and total loans have grown approximately 9.2 percent. The loan portfolio is illustrated in the following table.

<b>Loan Portfolio Distribution as of 06/30/2019</b>		
<b>Loan Category</b>	<b>\$ (000s)</b>	<b>%</b>
Construction and Land Development	7,456	16.3
Secured by Farmland	3,208	7.0
Secured by 1-4 Family Residential Properties	19,601	42.9
Secured by Multifamily (5 or more) Residential Properties	2,069	4.6
Secured by Nonfarm Nonresidential Properties	4,133	9.1
<b>Total Real Estate Loans</b>	<b>36,467</b>	<b>79.9</b>
Commercial and Industrial Loans	3,649	8.0
Agricultural Loans	2,171	4.8
Consumer Loans	2,607	5.7
Other Loans	744	1.6
Less: Unearned Income	0	0.0
<b>Total Loans</b>	<b>45,638</b>	<b>100.0</b>
<i>Source: Reports of Condition and Income</i>		

Examiners did not identify any financial, legal, or other impediments that affect the bank's ability to meet assessment area credit needs.

## DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more assessment areas within which its CRA performance will be evaluated. First Security Bank designated one assessment area in southeastern Minnesota that includes thirteen census tracts in Dodge County (census tracts 9501, 9504, and 9505), and Olmsted County (census tract 0012.01, 0012.02, 0012.03, 0013.01, 0013.02, 0014.01, 0014.02, 0018.00, 0019.00, and 0022.00). Both counties are part of the Rochester, Minnesota Metropolitan Statistical Area (MSA). The assessment area has not changed since the previous evaluation. The following sections discuss demographic and economic information, as well as the credit needs and opportunities of the assessment area.

### **Economic and Demographic Data**

According to 2015 ACS data, the assessment area consists of one moderate-income (0014.01 in Olmsted County), six middle-income census tracts and six upper-income census tracts. The bank's sole office is located in a middle-income census tract. There have been no changes in census tract designations since the previous CRA evaluation. The following table illustrates select demographic characteristics of the assessment area.

<b>Demographic Information of the Assessment Area</b>						
<b>Assessment Area: First Security Bank</b>						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	13	0.0	7.7	46.2	46.2	0.0
Population by Geography	69,111	0.0	6.2	39.9	53.9	0.0
Housing Units by Geography	27,338	0.0	7.7	40.1	52.2	0.0
Owner-Occupied Units by Geography	21,343	0.0	4.9	38.3	56.8	0.0
Occupied Rental Units by Geography	4,722	0.0	21.4	46.5	32.1	0.0
Vacant Units by Geography	1,273	0.0	3.1	47.1	49.8	0.0
Businesses by Geography	4,333	0.0	11.7	37.6	50.7	0.0
Farms by Geography	371	0.0	1.9	50.9	47.2	0.0
Family Distribution by Income Level	19,289	11.9	15.2	24.1	48.8	0.0
Household Distribution by Income Level	26,065	15.2	12.2	18.7	53.9	0.0
Median Family Income MSA - 40340 Rochester, MN MSA		\$81,036	Median Housing Value			\$217,921
			Median Gross Rent			\$1,033
			Families Below Poverty Level			3.1%

*Source: 2015 ACS Census and 2018 D&B Data; Due to rounding, totals may not equal 100.0*  
 (\*) The NA category consists of geographies that have not been assigned an income classification.

According to 2018 D&B data, there were 4,333 businesses in the assessment area. Of these, approximately 83.8 percent reported gross annual revenues of \$1 million or less, 5.5 percent reported gross annual revenues of more than \$1 million, and 10.7 percent did not report revenues.

Service industries represent the largest portion of businesses at 38.4 percent; followed by construction (11.2 percent); finance, insurance and real estate (10.4 percent); and non-classifiable establishments (10.1 percent). In addition, 70.2 percent of area businesses have 4 or fewer employees, and 89.5 percent operate from a single location.

Data obtained from the U.S. Bureau of Labor Statistics indicates that the average unemployment rates for Dodge and Olmsted Counties are comparable to or lower than that of the state and national averages. Specifically, the average 2018 unemployment rate for Dodge County was 3.0 percent and for Olmsted County was 2.3 percent. While the average 2018 unemployment rate for the State of Minnesota was 2.9 percent and for the nation was 3.9 percent. County, state and national unemployment rates have generally trended downward since the previous evaluation, indicating a strengthening economy and job growth since the prior evaluation.

The Federal Financial Institutions Examination Council (FFIEC)-updated median family income level is used to analyze home mortgage loans under the Borrower Profile criterion. The income ranges used to analyze the bank's performance in the assessment area are presented in the following table.

<b>Median Family Income Ranges</b>				
<b>Median Family Incomes</b>	<b>Low &lt;50%</b>	<b>Moderate 50% to &lt;80%</b>	<b>Middle 80% to &lt;120%</b>	<b>Upper ≥120%</b>
<b>Rochester, MN MSA Median Family Income (40340)</b>				
2018 (\$86,200)	<\$43,100	\$43,100 to <\$68,960	\$68,960 to <\$103,440	≥\$103,440
<i>Source: FFIEC Due to rounding, totals may not equal 100.0</i>				

### **Competition**

First Security Bank operates in a competitive market for credit products and financial services. According to Reports of Condition filed by financial institutions, 16 financial institutions, with deposits ranging between \$7.2 million and \$778.5 million, operate 23 branches within the assessment area. First Security Bank is ranked 8th with 4.4 percent of the deposit market share.

The bank is not required to collect or report its home mortgage loan data under the Home Mortgage Disclosure Act – Regulation C. Therefore, the analysis of home mortgage loans does not include comparisons to aggregate data. However, aggregate data is an indicator of the level of demand for home mortgage loans in the assessment area. Aggregate data for 2017 reveals that 185 lenders originated or purchased 3,019 home mortgage applications from within the assessment area which indicates increased competition for this product. Aggregate data for 2018 is not yet available.

The bank also is not required to collect or report its small business or small farm loan data and has not elected to do so. Therefore, the analysis of small business and small farm loans does not include comparisons against aggregate data. However, the aggregate data reflects the level of demand and competition for small business and small farm loans in the assessment area. The aggregate data for 2017 indicates that 55 lenders originated or purchased 2,629 small business loans and 14 lenders originated or purchased 370 small farm loans inside the assessment area which indicates increased competition for these products also. Aggregate data for 2018 is not yet available.

### **Community Contact**

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in identifying the credit needs. This information helps determine whether local financial institutions are responsive to these needs. It also shows the credit opportunities that are available.

For the current evaluation, examiners conducted an interview with a representative from a community organization that promotes economic and community development within First Security Bank's assessment area. According to the contact, residential and commercial financing are most prevalent in the area and continue to be a credit need. However, there is strong competition in the city of Rochester and surrounding areas and financial institutions continue to enter the assessment area market.

Manufacturing businesses are expanding into smaller communities outside of Rochester and the downtown areas of many smaller communities are experiencing growth and revitalization efforts. Overall, the contact felt the community's credit needs are being met; however, the contact also noted that start-up businesses continue to encounter challenges obtaining financing due to a frequent lack of collateral. Regarding the housing availability, the contact stated that there is always a need for more affordable housing and the issuance of housing permits has declined when compared to previous years. In addition, construction costs continue to rise and the area needs more land with sewer capacity and infrastructure plans to continue to meet housing growth demands.

Considering information received from the community contact, bank management, and demographic and economic data, examiners determined that small business lending represents the primary credit need within the assessment area. Home mortgage loans also represent a credit need in the area; however, the shortage of affordable housing may present lending limitations.

## CONCLUSIONS ON PERFORMANCE CRITERIA

### LENDING TEST

First Security Bank demonstrated reasonable performance under the Lending Test.

#### Loan-to-Deposit Ratio

The average net loan-to-deposit ratio is reasonable given the institution's size, financial condition, and credit needs of the assessment area. The net loan-to-deposit ratio, calculated from Reports of Condition data, averaged 75.9 percent over the past 23 calendar quarters from December 31, 2013, to June 30, 2019. The ratio ranged from a low of 71.0 percent as of March 31, 2016, to a high of 81.2 percent as of June 30, 2017. The net loan-to-deposit ratio remained generally stable throughout the evaluation period and reasonably compares to the similarly situated institutions listed in the table below. Examiners selected comparable institutions based on their asset size, geographic location, and lending focus.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 06/30/2019 (\$000s)	Average Net LTD Ratio (%)
American Equity Bank, Minnetonka, Minnesota	49,178	103.2
<b>First Security Bank, Byron, Minnesota</b>	<b>67,869</b>	<b>75.9</b>
Heritage Bank Minnesota, Concord, Minnesota	54,231	77.4
MN First Credit and Savings, Rochester, Minnesota	26,793	103.2

*Source: Reports of Condition and Income 12/31/2013 through 06/30/2019*

#### Assessment Area Concentration

First Security Bank originated a majority of its home mortgage, small business, and small farm loans within its assessment areas, as shown in the table below.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollars Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage	14	87.5	2	12.5	16	2,469	75.6	795	24.4	3,264
Small Business	23	85.2	4	14.8	27	2,010	77.1	596	22.9	2,606
Small Farm	12	80.0	3	20.0	15	769	97.6	19	2.4	788

*Source: 2018 Bank Records*



### **Geographic Distribution**

Overall, the geographic distribution of loans reflects poor dispersion throughout the assessment area. The bank's poor distribution of home mortgage and small business located in moderate-income census tracts supports this conclusion. Although the geographic distribution of small farm loans is reasonable, this does not outweigh poor performance for home mortgage and small business loans which were given more weight in the overall conclusions.

### ***Home Mortgage Loans***

The geographic distribution of home mortgage loans reflects poor dispersion throughout the assessment area. The following table details the geographic distribution of the bank's home mortgage loans.

<b>Geographic Distribution of Home Mortgage Loans</b>					
<b>Tract Income Level</b>	<b>% of Owner-Occupied Housing Units</b>	<b>#</b>	<b>%</b>	<b>\$ (000s)</b>	<b>%</b>
Moderate	4.9	0	0.0	0	0
Middle	38.3	10	71.4	1,488	60.3
Upper	56.8	4	28.6	981	39.7
<b>Total</b>	<b>100.0</b>	<b>14</b>	<b>100.0</b>	<b>2,469</b>	<b>100.0</b>

*Source: 2015 ACS Data, Bank Records*

First Security Bank did not originate any home mortgage loans in the moderate-income census tract. Comparatively, 4.9 percent of the assessment area's owner-occupied housing units are located in this census tract. According to the community contact and management, there is increased competition for home mortgage loans throughout the assessment area. While aggregate data confirms competition, it also confirms there are opportunities to lend in this area. According to 2017 (most recent available) aggregate data, 39 lenders originated or purchased 156 home loans within the moderate-income census tract. Given these factors the bank's performance is considered poor.

### ***Small Business Loans***

The geographic distribution of small business loans reflects poor dispersion throughout the assessment area. The following table details the geographic distribution of the bank's small business loans.

<b>Geographic Distribution of Small Business Loans</b>					
<b>Tract Income Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$ (000s)</b>	<b>%</b>
Moderate	11.7	0	0.0	0	0.0
Middle	37.6	21	91.3	1,206	60.0
Upper	50.7	2	8.7	804	40.0
<b>Total</b>	<b>100.0</b>	<b>23</b>	<b>100.0</b>	<b>2,010</b>	<b>100.0</b>

*Source: 2018 D&B Data, Bank Records*

First Security Bank did not originate any small business loans in the moderate-income census tract. Management stated the census tract is primarily an industrial area and that its distance from the bank and the increased level of competition closer to the city of Rochester make it difficult to lend in this area. However, as indicated above, 11.7 percent of assessment area small businesses are located in the moderate-income census tract. Furthermore, analysis of the universe of small business loans originated in 2018 revealed that 3 of the 4 loans originated outside of the bank's assessment area were to small businesses located in areas adjacent to the moderate-income census tract, indicating distance is not an obstacle for originating small business loans. Given the bank did not originate any small business loans in the moderate-income census tract, the level of small business located in that tract, and the community contact's comments indicating small business lending is a primary credit need; the bank's performance is considered poor.

***Small Farm Loans***

The geographic distribution of small farm loans reflects reasonable dispersion throughout the assessment area. The following table details the geographic distribution of the bank's small farm loans.

<b>Geographic Distribution of Small Farm Loans</b>					
<b>Tract Income Level</b>	<b>% of Farms</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Moderate	1.9	0	0.0	0	0.0
Middle	50.9	8	66.7	261	33.9
Upper	47.2	4	33.3	508	66.1
<b>Total</b>	<b>100.0</b>	<b>12</b>	<b>100.0</b>	<b>769</b>	<b>100.0</b>

*Source: 2018 D&B Data, Bank Records*

First Security Bank did not originate any small farm loans in the moderate-income census tract. However, as previously mentioned the area is primarily an industrial area with only 1.9 percent of farms located in the census tract, thereby limiting the bank's opportunity to lend. Given these factors the bank's performance is reasonable.

**Borrower Profile**

The distribution of borrowers reflects overall excellent performance. The penetration among individuals of different income levels and farms of different revenue sizes is excellent, while the penetration among businesses of different sizes is reasonable. Examiners focused on the percentage of home mortgage loans to low- and moderate-income borrowers, and loans to small businesses and small farms with gross annual revenues of \$1 million or less.

***Home Mortgage Loans***

The distribution of home mortgage loans originated to individuals of different income levels, including low- and moderate-income borrowers, is excellent. The following table shows that the bank's lending performance to both low- and moderate-income individuals significantly exceeds demographic data, reflecting excellent performance.

Distribution of Home Mortgage Loans by Borrower Income Level					
Borrower Income Level	% of Families	#	%	\$(000s)	%
Low	11.9	3	21.4	592	24.0
Moderate	15.2	4	28.6	670	27.1
Middle	24.1	0	0.0	0	0.0
Upper	48.8	7	50.0	1,207	48.9
<b>Total</b>	<b>100.0</b>	<b>14</b>	<b>100.0</b>	<b>2,469</b>	<b>100</b>

Source: 2015 ACS Data, Bank Records

### ***Small Business Loans***

The distribution of small business loans to businesses of different revenue sizes is reasonable. The following table shows that the bank's lending performance to businesses with gross annual revenues of \$1 million or less is comparable to the percentages of businesses in this revenue category operating in the assessment area, reflecting reasonable performance.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
≤ \$1,000,000	83.8	18	78.3	974	48.5
> \$1,000,000	5.4	5	21.7	1,036	51.5
Revenue Not Available	10.8	0	0	0	0
<b>Total</b>	<b>100.0</b>	<b>23</b>	<b>100.0</b>	<b>2,010</b>	<b>100.0</b>

Source: 2018 D&B Data, Bank Records

### ***Small Farm Loans***

The distribution of sampled small farm loans reflects excellent lending penetration. The following table shows that all originated or renewed loans were to farms with gross annual revenues of \$1 million or less. This performance exceeds D&B data, which indicates that 98.1 percent of farms in the assessment area have revenues in this revenue category.

Distribution of Small Farm Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
≤ \$1,000,000	98.1	12	100.0	769	100.0
> \$1,000,000	0.5	0	0.0	0	0
Revenue Not Available	1.4	0	0.0	0	0
<b>Total</b>	<b>100</b>	<b>12</b>	<b>100.0</b>	<b>769</b>	<b>100.0</b>

Source: 2018 D&B Data, Bank Records

### **Response to Complaints**

First Security Bank did not receive any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the rating.

## **DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

Examiners did not identify any evidence of discriminatory or other illegal credit practices; therefore, this consideration did not affect the institution's overall CRA rating.

## GLOSSARY

**Aggregate Lending:** The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

**Area Median Income:** The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

**Assessment Area:** A geographic area delineated by the bank under the requirements of the Community Reinvestment Act.

**Census Tract:** A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

**Combined Statistical Area (CSA):** A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

**Consumer Loan(s):** A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

**Core Based Statistical Area (CBSA):** The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family. Other family is further classified into "male householder" (a family with a male householder and no wife present) or "female householder" (a family with a female householder and no husband present).

**Family Income:** Includes the income of all members of a family that are age 15 and older.

**FFIEC-Estimated Income Data:** The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

**Full-Scope Review:** A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (for example, innovativeness, complexity, and responsiveness).

**Geography:** A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

**Home Mortgage Disclosure Loan Application Register (HMDA LAR):** The HMDA LARs record all applications received for residential purchase, refinance, home improvement, and temporary-to-permanent construction loans.

**Home Mortgage Loans:** Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multi-family (five or more families) dwelling loans, loans to purchase manufactured homes, and refinancings of home improvement and home purchase loans.

**Household:** Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

**Household Income:** Includes the income of the householder and all other persons that are age 15 and older in the household, whether related to the householder or not. Because many households are only one person, median household income is usually less than median family income.

**Housing Unit:** Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

**Limited-Scope Review:** A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is often analyzed using only quantitative factors (for example, geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

**Low-Income:** Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a geography.

**Market Share:** The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

**Median Income:** The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

**Metropolitan Division (MD):** A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

**Metropolitan Statistical Area (MSA):** CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

**Micropolitan Statistical Area:** CBSA associated with at least one urbanized area having a population of at least 10,000, but less than 50,000.

**Middle-Income:** Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 and less than 120 percent in the case of a geography.

**Moderate-Income:** Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 and less than 80 percent in the case of a geography.

**Multi-family:** Refers to a residential structure that contains five or more units.

**Nonmetropolitan Area:** All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

**Owner-Occupied Units:** Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

**Rated Area:** A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic

branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

**Rural Area:** Territories, populations, and housing units that are not classified as urban.

**Small Business Loan:** A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

**Small Farm Loan:** A loan included in "loans to small farms" as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

**Upper-Income:** Individual income that is 120 percent or more of the area median income, or a median family income that is 120 percent or more in the case of a geography.

**Urban Area:** All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, "urban" consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

"Urban" excludes the rural portions of "extended cities"; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.



## LOAN/DEPOSIT RATIOS

03/31/2025	97.68%
12/31/2024	99.33%
09/30/2024	95.29%
06/30/2024	89.45%
03/31/2024	106.27%
12/31/2023	109.11%
09/30/2023	101.85%
06/30/2023	96.46%

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# Home Mortgage Disclosure Act Notice

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The HMDA data about our residential mortgage lending are available online for review. The data show geographic distribution of loans and applications; ethnicity, race, sex, age and income of applicants and borrowers; and information about loan approvals and denials. HMDA data for many other financial institutions are also available online. For more information, visit the Consumer Financial Protection Bureau's Web site ([www.consumerfinance.gov/hmda](http://www.consumerfinance.gov/hmda)).

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