

PUBLIC DISCLOSURE

May 20, 2019

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First Security Bank - Canby
Certificate Number: 5107

102 Saint Olaf Avenue North
Canby, Minnesota 56220

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 neighborhoods, in a manner consistent with its resources and capabilities.

First Security Bank - Canby's satisfactory CRA performance under the Lending Test supports the overall rating. The following points summarize the bank's performance.

- The loan-to-deposit ratio is reasonable given the institution's size, financial condition, and assessment area credit needs.
- The bank made a majority of its small farm and small business loans within its assessment area.
- The geographic distribution criterion was not evaluated as the bank's assessment area is comprised of only middle-income geographies. Therefore, the analysis would not result in meaningful conclusions.
- The distribution of borrowers reflects an excellent penetration among farms and businesses of different revenue sizes.
- The institution did not receive any CRA-related complaints since the previous evaluation. Therefore, this factor did not affect the rating.

Examiners identified a violation of Regulation B, Equal Credit Opportunity Act, during the evaluation. While the violation was discriminatory in nature, it was an isolated occurrence and was not sufficient to warrant a downgrade in the bank's CRA rating.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated July 8, 2013, to the current evaluation dated May 20, 2019. Examiners used the Interagency Small Institution Examination Procedures to evaluate First Security Bank - Canby's CRA performance. These procedures considered the institution's performance according to the following Lending Test criteria.

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

Loan Products Reviewed

Examiners determined that the bank's major product line is agricultural loans, followed by commercial loans. This conclusion considered the bank's business strategy and the number and dollar volume of loans originated during the evaluation period.

Bank management indicated that the lending focus and product mix remained consistent throughout the evaluation period. Examiners analyzed all small farm and small business loans originated, renewed, or extended, including those paid off, between January 1, 2018, and December 31, 2018. During the review period, the bank originated, renewed, or extended 110 small farm loans totaling \$8,397,000 and 102 small business loans totaling \$7,692,000. These loans were considered representative of the bank's lending during the entire evaluation period. Home mortgage loans were not evaluated as the bank only originated one applicable home mortgage loan in 2018. The entire universe of small farm and small business loans was used to evaluate the Assessment Area Concentration criterion.

Further, examiners reviewed a sample of small farm loans and all small business loans originated, renewed, or extended within the assessment area to evaluate the Borrower Profile analysis. The analysis under the Borrower Profile criterion compares the distribution of farms and businesses by gross annual revenue level. The following table illustrates the loan products reviewed under this criterion.

Loan Products Reviewed for Borrower Profile				
Loan Category	Loans in the Assessment Area		Reviewed	
	#	\$(000s)	#	\$(000s)
Small Business	48	2,289	48	2,289
Small Farm	95	7,646	48	4,012

Source: 2018 Bank Data

D&B data for 2018 provided a standard of comparison for small farm and small business loans. The bank's record of originating small farm loans contributed more weight to overall

conclusions as agricultural lending is the bank's primary lending focus. Furthermore, this evaluation does not include any lending activity performed by the bank's affiliates.

While both the 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 farms and businesses served.

DESCRIPTION OF INSTITUTION

Background

First Security Bank - Canby is headquartered in Canby, Minnesota, and operates in the southwestern portion of the state. First Sleepy Eye Bancorporation, Inc., a one-bank holding company located in Sioux Falls, South Dakota, owns the institution. The bank received a Satisfactory rating at its previous CRA Performance Evaluation conducted by the FDIC as of July 8, 2013. The evaluation was conducted using Interagency Small Institution Examination Procedures.

Operations

First Security Bank - Canby operates its main office in Canby and a full-service branch in Lake Benton, Minnesota. The bank offers agricultural, commercial, and consumer-purpose loan products, including home mortgage loans. As noted earlier, First Security Bank - Canby's lending focus is agricultural lending. The bank also participates in government-sponsored loan programs, including programs from the Farm Service Agency and Small Business Administration.

First Security Bank - Canby provides a variety of deposit services including checking, savings, and certificates of deposit. Alternative banking services include internet and mobile banking, and bill pay services. The bank does not own or operate any ATMs.

Ability and Capacity

As of March 31, 2019, First Security Bank - Canby reported total assets of \$67,563,000; net loans of \$42,845,000; and total deposits of \$56,196. The bank's loan portfolio is illustrated in the following table.

Loan Portfolio Distribution as of March 31, 2019		
Loan Category	\$(000s)	%
Construction and Land Development	0	0.0
Secured by Farmland	11,391	26.3
Secured by 1-4 Family Residential Properties	1,858	4.3
Secured by Multifamily (5 or more) Residential Properties	119	0.3
Secured by Nonfarm Nonresidential Properties	4,956	11.4
Total Real Estate Loans	18,324	42.3
Commercial and Industrial Loans	16,118	37.2
Agricultural Loans	7,536	17.4
Consumer Loans	1,211	2.8
Other Loans	173	0.3
Less: Unearned Income	0	0.0
Total Loans	43,362	100.0
<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 is evaluated. First Security Bank - Canby has designated a single assessment area in a nonmetropolitan portion of southwestern Minnesota.

First Security Bank - Canby's assessment area includes census tract 1802 in Lac qui Parle County, census tracts 9702 and 9703 in Yellow Medicine County, all of Lincoln County, and census tract 4601 in Pipestone County.

Economic and Demographic Data

According to 2015 American Community Survey (ACS) data, the assessment area's six census tracts are designated as middle income. The following table illustrates select demographic characteristics of the assessment area.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA*
Geographies (Census Tracts)	6	0.0	0.0	100.0	0.0	0.0
Population by Geography	13,929	0.0	0.0	100.0	0.0	0.0
Housing Units by Geography	7,219	0.0	0.0	100.0	0.0	0.0
Owner-Occupied Units by Geography	4,751	0.0	0.0	100.0	0.0	0.0
Occupied Rental Units by Geography	1,212	0.0	0.0	100.0	0.0	0.0
Vacant Units by Geography	1,256	0.0	0.0	100.0	0.0	0.0
Businesses by Geography	1,025	0.0	0.0	100.0	0.0	0.0
Farms by Geography	487	0.0	0.0	100.0	0.0	0.0
Family Distribution by Income Level	3,925	18.2	17.8	25.8	38.2	0.0
Household Distribution by Income Level	5,963	24.4	15.4	20.3	39.9	0.0
Median Family Income Non-Metropolitan - MN	\$63,182	Median Housing Value				\$94,699
		Median Gross Rent				\$551
		Families Below Poverty Level				5.8%

*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.*

The economy of the area is heavily dependent on agriculture, and the primary crops are corn and soybeans. The community contact stated that crops have yielded unusually productive harvests, but commodity prices are low. Bank management stated the low commodity prices have impacted the agriculture-related businesses, which affects the local economy. However, Canby's local main street businesses continue to be occupied and are stable.

The agriculture, forestry, and fishing industry represents the largest portion of businesses in the assessment area at 32.2 percent; followed by the services industry at 26.2 percent; and retail trade at 8.0 percent. Major employers in the assessment area include the local school district, hospital, and other agricultural-related businesses. Data obtained from the U.S. Bureau of Labor and Statistics revealed that as of March 2019, the unemployment rate for Lincoln, Lac qui Parle, Pipestone, and Yellow Medicine counties were 5.5 percent, 5.8 percent, 5.7 percent, and 5.4 percent, respectively. The comparable figures for the entire U.S. and the State of Minnesota were 3.9 and 4.1 percent, respectively. While slightly higher than the state and national unemployment rates, the assessment area's overall low unemployment rate demonstrates that the economy is doing well and is able to keep people employed. Further, bank management noted that many employers in the area are actively seeking employees. Management also stated that the majority of farms have off-farm employment, primarily to obtain employment-related benefits, such as health insurance.

Competition

The assessment area is fairly competitive for financial services. According to June 30, 2018 FDIC Deposit Market Share data, there were 18 FDIC-insured financial institutions operating 24 offices within the assessment area's counties. Of these institutions, First Security Bank - Canby ranked 6th with a deposit market share of 5.2 percent. First Bank & Trust maintained the largest deposit market share with 19.4 percent, followed by Citizens Alliance Bank with 17.5 percent deposit market share.

Community Contact

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

Examiners reviewed one previously conducted community contact with a representative from an agricultural entity active throughout the assessment area. The community contact indicated that the primary credit need of the assessment area is agricultural. Per the contact, the exceptionally high yields have been the only thing that has helped save the agriculture sector from disaster. Cow/calf operations remain stable relative to feed prices. The contact stated that there has been an increase of beginning farmers, as the State of Minnesota's tax break programs provide assistance with start-up costs. Overall, the contact felt that the local financial institutions are meeting the credit needs of the area.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

First Security Bank - Canby demonstrated satisfactory performance under the Lending Test. While borrower profile performance is excellent, reasonable performance in the remaining criteria contributed to the overall conclusion.

Loan-to-Deposit Ratio

The net loan-to-deposit ratio is reasonable given the institution's size, financial condition, and assessment area credit needs. First Security Bank - Canby's loan-to-deposit ratio, calculated from Reports of Condition and Income data, averaged 74.4 percent over the past 23 calendar quarter ends from September 30, 2013, to March 31, 2019. The bank's net loan-to-deposit ratio ranged from a low of 55.6 percent as of March 31, 2014, to a high of 91.4 percent as of September 30, 2018. Bank management noted that fluctuations are primarily due to the seasonality of the agricultural industry. As shown in the following table, First Security Bank - Canby's average net loan-to-deposit ratio is commensurate with the comparable institutions. Examiners selected comparable institutions based on their asset size, geographic location, and lending focus.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 3/31/2019 (\$000s)	Average Net Loan-to-Deposit Ratio (%)
First Security Bank – Canby Canby, Minnesota	67,563	74.4
First Security Bank – Hendricks Hendricks, Minnesota	31,390	50.0
State Bank of Taunton Taunton, Minnesota	49,631	72.3

Source: Reports of Condition and Income 9/30/13 through 3/31/19

Assessment Area Concentration

Overall, the bank made a majority of its loans within the assessment area. As detailed in the following table, the bank originated a majority of its small farm loans, by both number and dollar volume, within the assessment area. The bank originated 47.1 percent by number and 29.7 percent by dollar of the small business loans within the assessment area. Bank management stated the majority of the small business loans are leases purchased and there is not a great need for small business lending in Canby. The average loan amount for the 48 small business loans located in the assessment area is \$47,000 dollars with the smallest loan being \$2,000 dollars. Lower loan amounts signify that the bank is lending to small businesses within the assessment area.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%	\$	%	\$	%		
Small Farm	95	86.4	15	13.6	110	7,646	91.0	752	9.0	8,398
Small Business	48	47.1	54	52.9	102	2,289	29.7	5,413	70.3	7,702
Total	143	67.5	69	32.5	212	9,935	61.7	6,165	38.3	16,100

Source: Evaluation Period: 1/1/2018 - 12/31/2018 Bank Data. Due to rounding, totals may not equal 100.0

Geographic Distribution

This criterion was not evaluated as the assessment area is comprised of only middle- income geographies. Therefore, a geographic distribution analysis would not result in meaningful conclusions.

Borrower Profile

Overall borrower profile performance is excellent, based primarily on the review of small farm lending. The distribution of borrowers reflects excellent penetration among farms of different sizes and reasonable penetration among businesses of different sizes. Examiners focused on the

bank's performance, by number of loans, to farms and businesses with gross annual revenues of \$1 million or less.

Small Farm Loans

The distribution of borrowers reflects excellent penetration among farms of different sizes. The following table illustrates that 97.9 percent of the sampled small farm loans, by number, and 99.6 percent by dollar, were originated to farms with gross annual revenues of \$1 million or less. While slightly below demographic data, which shows that 99.0 percent of farms in the assessment area have revenues of \$1 million or less, only one of the sampled loans was originated to a farm with gross annual revenues of greater than \$1 million. Therefore, this performance is considered excellent.

Distribution of Small Farm Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
<=\$1,000,000	99.0	47	97.9	3,997	99.6
>1,000,000	0.6	1	2.1	15	0.4
Revenue Not Available	0.4	0	0.0	0	0.0
Total	100.0	48	100.0	4,012	100.0

Source: 2018 D&B Data, 1/1/2018 - 12/31/2018 Bank Data. Due to rounding, totals may not equal 100.0

Small Business Loans

The distribution of borrowers reflects a reasonable penetration among businesses of different sizes. The following table illustrates that 89.6 percent of the reviewed loans, by number, and 54.7 percent by dollar, were originated to businesses with gross annual revenues of \$1 million or less. While this performance exceeds the comparable demographic data by number of loans, a significant percentage of the dollar volume of lending is to larger businesses. In addition, 16.4 percent of businesses did not report income information. Overall, the comparison to demographic data reflects a reasonable penetration among businesses of different sizes.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	78.2	43	89.6	1,253	54.7
>1,000,000	5.4	5	10.4	1,036	45.3
Revenue Not Available	16.4	0	0.0	0	0.0
Total	100.0	48	100.0	2,289	100.0

Source: 2018 D&B Data, 1/1/2018 - 12/31/2018 Bank Data. Due to rounding, totals may not equal 100.0

Response to Complaints

The 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 identified a violation of Regulation B, Equal Credit Opportunity, during the evaluation. While the violation was discriminatory in nature, it was an isolated occurrence and was not sufficient to warrant a downgrade in the bank's CRA rating. Management committed to take corrective action to ensure future compliance.

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.

FIRST SECURITY BANK – CANBY
CRA ASSESSMENT AREA

First Security Bank -- Canby consists of two locations, the main bank in Canby, MN and a branch in Lake Benton, MN. As such, the assessment area consists of the western part of Minnesota surrounding the two locations.

Assessment areas are made up of (from north to south) Lac Qui Parle 1802, Yellow Medicine 9702 and 9703, Lincoln 2010.01 and 2010.02, and Pipestone 4601.

Branch Locations and Hours



Canby

102 Saint Olaf Ave N, PO Box 70
Canby, MN 56220

Phone: 507-223-7231

Phone Banking: 1-866-891-6560

Fax: 507-223-7470

**Lost or Stolen Credit/Debit Cards:
800-236-2442**

Lobby Hours

Mon- Wed & Fri	9:00 am to 4:00 pm
Thurs	9:00 am to 5:00 pm
Sat & Sun	CLOSED

Drive Thru Hours

Mon- Wed & Fri	8:30 am to 4:30 pm
Thurs	8:30 am to 6:00 pm
Sat & Sun	CLOSED



Lake Benton

107 N Center St, PO Box 278
Lake Benton, MN 56149

Phone: 507-368-4261

Phone Banking: 866-891-6560

**Lost or Stolen Credit/Debit Cards:
800-236-2442**

Lobby Hours

Mon - Fri	9:00am to 3:00pm
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Drive Thru Hours

Mon - Thurs	8:00am to 5:00pm
Fri	8:00am to 6:00pm

COMMON FEATURE FEES
FIRST SECURITY BANK CANBY
MAIN OFFICE
102 SAINT OLAF AVENUE NORTH
PO BOX 70
CANBY, MN 56220
March 1, 2021

This disclosure contains information about terms, fees, and interest rates for some of the accounts we offer.

MISCELLANEOUS FEES AND CHARGES

NSF/Non Sufficient Funds Return Item (each)

A Non Sufficient Funds Return item may be created by check, in-person, ATM withdrawal or other electronic means:
NSF/Non Sufficient Funds Return Item Fee (each): \$30.00 (Maximum charge per day) 4 items

Overdraft Fee (each item)

An overdraft item may be created by check, in-person withdrawal, ATM withdrawal, or other electronic means. Overdraft Fee (each): \$30.00 (Maximum charge per day) 4 items

Continuous Overdraft Fee

After ten (10) business days and every ten (10) business days thereafter that the account remains overdrawn a continuous overdraft fee will be assessed. (Con't OD Charge): \$30.00
A continuous overdraft fee can result from other bank charges

Deposit Item Return Charge

Deposit Item Return Charge: \$4.00

ATM/Debit Card

Replacement Card or PIN Fee: \$10.00
ATM Surcharge Fee: \$1.00 per transaction at any terminal not in our network

Debit Card/ATM Card International Fee: 1% of International Transaction

Visa USA charges us an 0.8% International Service Assessment on all international transactions regardless of whether there is a currency conversion. If there is a currency conversion, the International Service Assessment is 1% of the transaction. The fee we charge you for international transactions/currency conversion is disclosed as follows: 1%. The 1% international transaction fee will already be included in the international transactions appearing on your periodic statement.

Dormant Account

Dormant Fee: \$5.00 per statement cycle
An account is dormant if for one (1) year
There have been no deposits or withdrawals to the account.
There has been no communication about the account.
There has been no communication about any account.

Safe Deposit Box

Safe Deposit Box Rent per year: Fee depends on the size of the box
Box Drilling: \$75.00 plus cost of drilling and lock replacement
Key Replacement: current cost of replacement plus \$25.00

Wire Fee

Customer Incoming: \$15.00
Customer International Wire: \$50.00
Non Customers: First Security Bank does not process wire transfers for non customers
Customer Outgoing: \$30.00

Stop Payment

All items: \$30.00

IRA

IRA Plan Fee: \$10.00 Annually
IRA Closure Fee: \$50.00
Self Directed IRA Plan Fee: \$60.00 Annually

Ready Reserve

Annual Fee: \$30.00

ID TheftSmart Fee

Identity Theft Protection (Consultation/Restoration): \$2.00 Per month (covers your entire household)
Single Bureau Credit Monitoring (Notification/Consultation/Restoration): \$5.00 per person per month
3 Bureau Credit Monitoring (Notification/Consultation/Restoration): \$8.00 per person per month

Miscellaneous Fees

Account Activity Printout: \$3.00
Account Research and Balancing Assistance: \$50.00 per hour with a one hour minimum
ACH Originations-One time set-up fee: \$30.00
ACH Same Day Electronic Funds Transfer: \$20.00
Amortization Schedule: \$10.00
Balance Inquiry: In excess of 2 per month: \$1.00
Check Cashing: Non Customer On Us Checks Only: \$5.00 per \$100.00, Minimum \$10.00
Check Printing: Fee depends on the style of checks ordered
Collection Items: \$15.00
Copies of Checks and Deposits: \$3.00 per copy
Copy of Statement: \$3.00 per statement

Credit/Debit Card Cash Advance (if available): \$5.00 per cash advance
Faxing Service: Customers: \$1.00 per page
Non Customers: \$4.00 per page
Levies, Garnishments, and Executions: \$100.00
*Fee is subject to account balance
Monthly Mailed Statement Fee: \$2.00 per statement
Notary Fee: Non Customer: \$5.00
NSF/Non-Sufficient Funds Returned Loan Payments: \$30.00
Official Checks: Money Order/Cashier's Check: \$10.00
Photocopies: \$0.25 per page
Prepaid Visa Gift Card: \$5.00 per card

Member
FDIC

PRODUCTS/SERVICES OFFERED BY FIRST SECURITY BANK CANBY

Deposit Products Offered:

- Demand Deposit Accounts
 - Personal Account
 - Classis Checking
 - NOW
 - Money Market
 - Health Savings Account
 - Business Checking

- Savings
 - Savings Accounts
 - IRA's

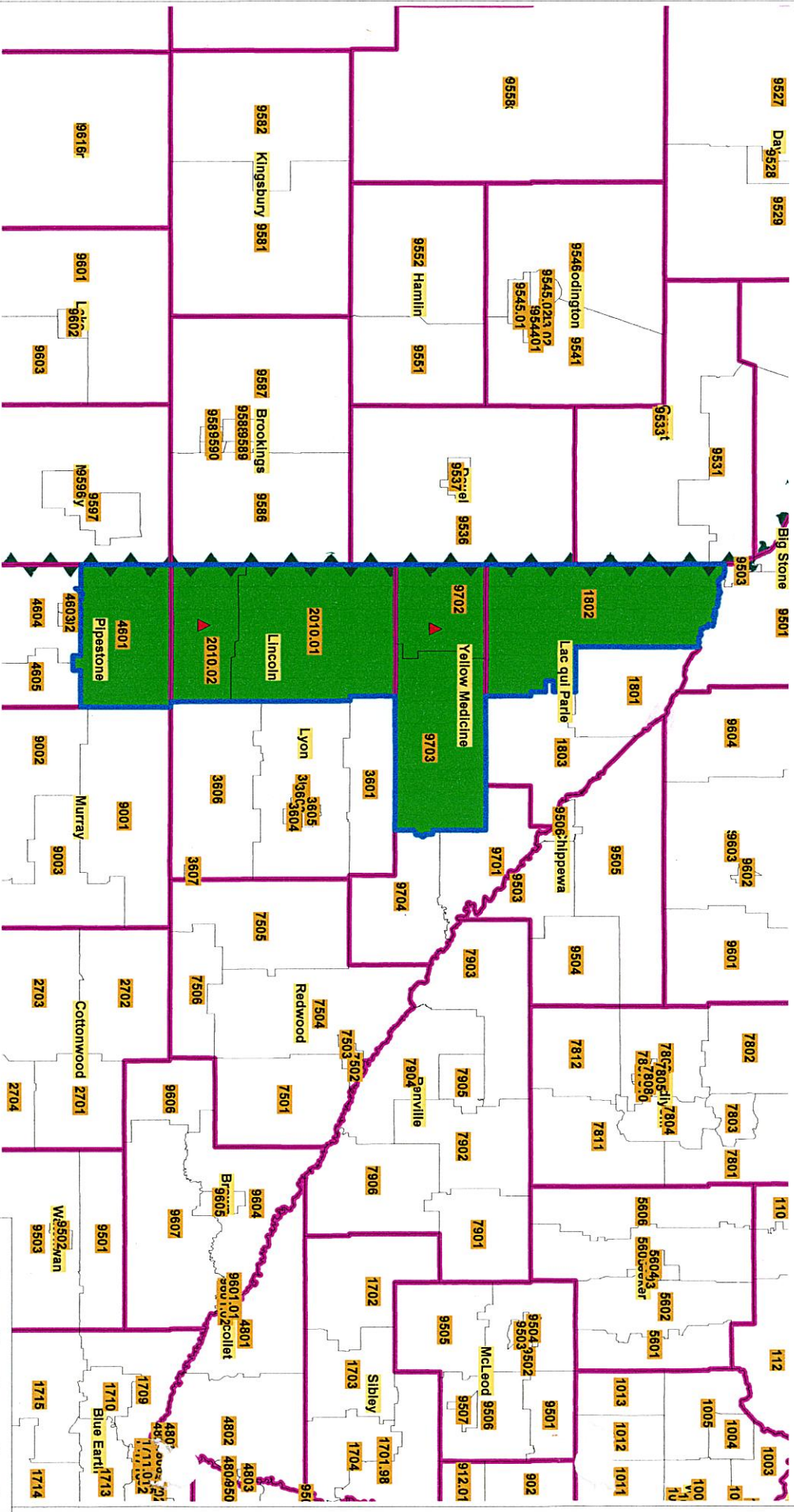
Time Deposit Accounts

- 3 Month (\$500)
- 6 Month (\$1,000)
- 6 Month (\$10,000)
- 1 Year (\$500)
- 1 year (\$10,000)
- 18 Month (\$10,000)
- 30 Month (\$2,500)
- 3 years (\$2,500)
- 5 years (\$1,000)

Other Products/Services

- Safe Deposit Boxes
- Personal Money Orders
- Bank Money Orders
- Online Banking
- E Statements
- Touch Tone Banker
- Bill Pay
- Mobile Banking
- Wire Transfers
- Debit/ATM Cards
- Savings Bond Cashing
- ACH Transactions
- Commercial Loans
- Ag Loans
- Consumer Loans
- Consumer Real Estate Loan referral to secondary market

First Security Bank - Canby Assessment Area



Branches
Color By Institution

First Security Bank - Canby

Outline
Tract 2010
County 10
State

Census Tract Income Level
as a % of MSA Median

>=120%	(0)
80%<120%	(6)
50%<80%	(0)
0.01%<50%	(0)

FIRST SECURITY BANK CANBY

102 SAINT OLAF AVE N

CANBY, MN 56220

March 26, 2025

As of March 26, 2025 there have been no written comments received from the public in relation to the bank's performance in helping meet community needs for 2024.

STRATEGIC PLAN 3-5 YR – START IN 2025

TECHNOLOGY:

- 1) Keep relatively current on hardware/software used by the bank
- 2) Keep updated on customer experience enhancing technologies – debit cards, internet banking, online account openings, e-notices, online meetings
- 3) IT Personnel succession planning and charter enhancements

MARKETING:

- 1) Market Bank and Products – focus on new products as implemented.
- 2) Utilize online platforms to continue offering services needed in the communities we serve.
- 3) Continue to promote Scholarship and LA Foundation
- 4) Increase profile of the bank and staff in locations.

GROWTH FINANCIAL MANAGEMENT:

- 1) Return on Assets of 2.00%
- 2) Capital of 12.00%
- 3) Return on Equity of 11.50%
- 4) Efficiency ratio of 55.00% or less
- 5) Attain and maintain interest margin of a least 4.00%

HUMAN RELATIONS:

- 1) Promote good/positive communications with staff and community members.
- 2) Continue to support staff in all regards
- 3) Long-term succession plans.

REGULATIONS:

- 1) Staff Training
- 2) BSA
- 3) Compliance Transfer
- 4) Continue to update and reference our Pandemic Policy and ensure staff and customers safety.

Loan to Deposit

<u>Date</u>	<u>Deposit Balance</u>	<u>Loan Balance</u>	<u>Loan to Deposit Ratio</u>
Mar-2022	\$75,566	\$36,934	48.88%
Apr-2022	\$74,952	\$37,039	49.42%
May-2022	\$73,050	\$37,691	51.60%
Jun-2022	\$78,332	\$37,704	48.13%
Jul-2022	\$78,123	\$37,544	48.06%
Aug-2022	\$78,060	\$36,621	46.91%
Sep-2022	\$76,080	\$37,784	49.66%
Oct-2022	\$77,169	\$39,598	51.31%
Nov-2022	\$75,217	\$38,729	51.49%
Dec-2022	\$75,597	\$38,390	50.78%
Jan-2023	\$76,090	\$35,959	47.26%
Feb-2023	\$76,600	\$35,214	45.97%
Mar-2023	\$74,505	\$35,928	48.22%
Apr-2023	\$73,759	\$35,720	48.43%
May-2023	\$72,174	\$36,053	49.95%
Jun-2023	\$70,411	\$36,026	51.17%
Jul-2023	\$69,979	\$35,965	51.39%
Aug-2023	\$69,259	\$36,564	52.79%
Sep-2023	\$71,184	\$37,073	52.08%
Oct-2023	\$71,981	\$35,980	49.99%
Nov-2023	\$70,830	\$36,920	52.12%
Dec-2023	\$72,208	\$37,673	52.17%
Jan-2024	\$70,411	\$36,041	51.19%
Feb-2024	\$70,137	\$36,172	51.57%
Mar-2024	\$70,677	\$36,325	51.40%
Apr-2024	\$70,153	\$37,284	53.15%
May-2024	\$71,264	\$37,632	52.81%
Jun-2024	\$69,559	\$37,867	54.44%
Jul-2024	\$69,124	\$37,882	54.80%
Aug-2024	\$69,947	\$38,639	55.24%
Sep-2024	\$68,764	\$39,928	58.07%
Oct-2024	\$68,405	\$39,661	57.98%
Nov-2024	\$68,684	\$38,824	56.53%
Dec-2024	\$68,163	\$38,316	56.21%
Jan-2025	\$70,326	\$38,309	54.47%
Feb-2025	\$70,326	\$38,203	54.32%
Mar-2025	\$69,779	\$38,337	54.94%

2025 CRA COMMENTS

First Security Bank-Canby continues to be a strong support of the communities of Canby, Lake Benton and the surrounding area. The employees of the Banks continue to be actively involved in the community. The employees of the bank are involved in community organizations including Rotary, Chamber of Commerce, CVB, LBAF, church organization, sportsman's clubs, elementary and high schools, and much more.

The bank provides tours of our facility throughout the year to local school classes. The Bank strongly supports the activities of the Chamber of Commerce and other Community organizations through volunteer time and monetary donations. The Bank sponsors the kiddie tractor pull and helps organize the Hat Daze parade, and the hometown holiday event in Canby, and organizes the Hot Dog feed, Santa Claus Day, and organizes the parade in Lake Benton, along with support and participates in numerous activities throughout the year.

The Bank generously contributes money to the Yellow Medicine County Fair to help pay for the free entertainment and sponsors events at the Lincoln County Fair.

First Security Bank-Canby continues to offer a full range of financial products to our banking community for consumers, agriculture and business. Home purchase and refinancing loan on homes are often referred Servion or other 3rd parties. Our customers have the convenience of using our web site for their banking convenience, smart phone app, bank by phone, bill pay, mobile banking including mobile deposit, and other electronic banking products for their convenience.

We are pleased to offer secondary education scholarships to graduating seniors from Canby, Lake Benton, and other area high schools through the L. A. Amundson Scholarship Foundation. Scholarships are available for the first and second year of post secondary education. These scholarships are available to all students whose parents have their primary banking relationship with First Security Bank-Canby.

During the winter months the Canby bank provides free bus passes on Prairie Five Rides.

The Bank continues to provide a check writing program for the Business and Accounting classes at the high school. A Bank representative spoke to high school and elementary classes throughout the year about banking and lending products and practices.

We again contributed to the purchase of books for elementary schools on drug abuse, physical abuse, and what to do if a stranger approaches a child.

The banks continue to be supported by the LA Amundson Ohana Foundation. Since 2017, over \$500,000 has been given away from the Canby location. The large benefactor has been the Canby School which received a \$350,000 grant towards the remodeling of their outdoor athletic facilities. The bank has had their name put on the grand stands as part of this endeavor.

On top of those contributions, the Foundation also awarded \$127,500 in scholarships to 40 students between the two locations. In total, 5,975 recipients from all the First Security Banks have received over \$8.1mm in scholarships.

Our Bank is a strong supporter of numerous local, county, and state organizations.