

PUBLIC DISCLOSURE

January 7, 2025

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First Security Bank – Sleepy Eye
Certificate Number: 5252

100 East Main Street
Sleepy Eye, Minnesota 56085

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.

TABLE OF CONTENTS

INSTITUTION RATING.....	1
DESCRIPTION OF INSTITUTION.....	2
DESCRIPTION OF ASSESSMENT AREAS	3
SCOPE OF EVALUATION	4
CONCLUSIONS ON PERFORMANCE CRITERIA	5
DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW	7
SOUTHERN ASSESSMENT AREA – Full-Scope Review	7
BENSON ASSESSMENT AREA – Full-Scope Review.....	11
APPENDICES.....	155
SMALL BANK PERFORMANCE CRITERIA	155
GLOSSARY	16

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 – Sleepy Eye's Community Reinvestment Act (CRA) performance under the applicable performance criteria supports the overall rating. The following points summarize the bank's performance.

- The loan-to-deposit ratio is less than reasonable given the institution's size, financial condition, and the assessment areas' credit needs.
- The bank originated a majority of its small farm and small business loans in its assessment areas.
- The geographic distribution of small farm and small business loans reflects reasonable dispersion throughout the assessment areas.
- The distribution of borrowers reflects reasonable penetration among farms and businesses of different sizes.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the rating.

DESCRIPTION OF INSTITUTION

First Security Bank – Sleepy Eye is headquartered in Sleepy Eye, Minnesota. The bank is part of the Lloyd Amundson Chain Banking Organization, comprising six banks and four holding companies. First Sleepy Eye Bancorporation, Inc., Sioux Falls, South Dakota, a two-bank holding company, wholly owns First Security Bank – Sleepy Eye and First Security Bank – Canby, Canby, Minnesota. Beulah Bancorporation, Inc., Sioux Falls, South Dakota, is another holding company in the chain banking organization and wholly owns First Security Bank – West in Beulah, North Dakota, and First Security Bank in Mapleton, Iowa. Further, Olmsted Bancorporation, Inc., a one-bank holding company, owns First Security Bank in Byron, Minnesota. Lastly, Folden Financial Corporation, a one-bank holding company, owns First Security Bank – Hendricks, Hendricks, Minnesota.

In addition to its main office, First Security Bank – Sleepy Eye operates four full-service branches in the following Minnesota cities: Benson, Lamberton, Renville, and Storden. On January 27, 2024, First Security Bank – Sleepy Eye closed its Detroit Lakes branch in Becker County and the Evansville branch in Douglas County. The Detroit Lakes branch was in a moderate-income census tract, while the Evansville branch was in a middle-income census tract. Since the previous CRA evaluation, First Security Bank – Sleepy Eye has not opened any offices, and no merger or acquisition activities have occurred. First Security Bank – Sleepy Eye received a Satisfactory rating at its previous FDIC Performance Evaluation, dated February 20, 2019, based on Interagency Small Institution Examination Procedures.

First Security Bank – Sleepy Eye’s primary business focus is agricultural lending. The bank also offers a variety of commercial, home mortgage, and consumer loan products to meet the needs of the communities served. The bank’s business focus remains unchanged since the previous evaluation. The bank offers loan products through the Small Business Administration (SBA) and the bank Farm Service Agency. These two loan programs are designed to assist small farmers and small businesses who may not qualify for conventional financing. Further, the bank participated in the SBA’s Paycheck Protection Program (PPP), which assisted businesses struggling with the impact of the Coronavirus Disease 2019 (COVID-19) pandemic. During 2020 and 2021, the bank originated 628 PPP loans totaling approximately \$8.0 million.

First Security Bank – Sleepy Eye offers a variety of deposit accounts, including checking, savings, money market, health savings, and certificates of deposit. In addition to traditional banking services, customers have access to internet and mobile banking, electronic statements, telephone banking, electronic bill pay, direct deposit, and ATMs.

As of September 30, 2024, assets totaled approximately \$190.6 million, loans totaled \$55.1 million, and deposits totaled \$164.6 million. The bank’s loan portfolio distribution is illustrated in the following table.

Loan Portfolio Distribution as of September 30, 2024		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	639	1.2
Secured by Farmland	15,184	27.6
Secured by 1-4 Family Residential Properties	6,476	11.8
Secured by Multifamily (5 or more) Residential Properties	291	0.5
Secured by Nonfarm Nonresidential Properties	10,488	19.0
Total Real Estate Loans	33,078	60.1
Commercial and Industrial Loans	8,379	15.2
Agricultural Production and Other Loans to Farmers	7,746	14.1
Consumer Loans	2,387	4.3
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	3,468	6.3
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
Total Loans	55,058	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 the assessment areas' credit needs.

DESCRIPTION OF ASSESSMENT AREAS

The CRA requires each financial institution to define one or more assessment areas within which examiners evaluate its CRA performance. First Security Bank – Sleepy Eye designated two assessment areas, which have changed since the previous evaluation. Specifically, the bank combined the Sleepy Eye, Lamberton-Storden, and Renville assessment areas into one contiguous assessment area, referred to as the “Southern Assessment Area.” Further, the Detroit Lakes and Evansville assessment areas were removed due to branch closures. Lastly, the Southern and Benson assessment areas were updated to include whole counties. Specifically, the Southern Assessment Area includes all census tracts in Brown, Cottonwood, Redwood, and Renville counties. The Benson Assessment Area consists of all census tracts in Swift County. Both assessment areas are part of the nonmetropolitan area of Minnesota. Additional details regarding assessment area composition, demographics, and other information can be found in the Description of Institution's Operations section for each respective area.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated February 20, 2019, to the current evaluation dated January 7, 2025. Examiners used Interagency Small Institution Examination Procedures to evaluate First Security Bank – Sleepy Eye’s CRA performance. Examiners conducted full-scope reviews of the Southern and Benson assessment areas. The Southern Assessment Area is attributed more weight in the current evaluation. Examiners considered branch locations and the dollar volume of deposits and loans in each assessment area to determine scope and weighting. The following table provides a breakdown of loans, deposits, and branches in the assessment areas.

Assessment Area Breakdown of Loans, Deposits, and Branches						
Assessment Area	Loans		Deposits		Branches	
	\$(000s)	%	\$(000s)	%	#	%
Benson	14,905	27.6	68,063	41.2	1	20.0
Southern	39,051	72.4	97,236	58.8	4	80.0
Total	53,956	100.0	165,299	100.0	5	100.0
<i>Source: Bank Data</i>						
<i>Due to rounding, totals may not equal 100.0%</i>						

Activities Reviewed

Examiners determined the bank’s major product lines include agricultural and commercial loans. This conclusion considered discussions with management regarding the bank’s business strategy, review of bank records of the number and dollar volume of loans originated during the evaluation period, and a review of the Reports of Condition and Income (Reports of Condition) data. Further, examiners attributed more weight to small farm lending when deriving overall conclusions based on the loans originated during the review period and the percentage of the loan portfolio. Examiners did not review home mortgage lending because it represents a minimal portion of the loan portfolio, is not a major product line, and would provide no material support for conclusions.

Bank records indicate that the lending focus and product mix remained generally consistent throughout the evaluation period. Therefore, examiners reviewed all small farm and small business loans originated or extended in 2023, as this period was considered representative of the bank’s performance during the entire evaluation period. D&B data for 2023 provided a standard of comparison for the bank’s small farm and small business lending performance. Examiners reviewed the entire universe of loans to evaluate the Assessment Area Concentration criterion. Examiners further reviewed all small farm and small business loans originated inside the assessment areas to evaluate the Geographic Distribution and Borrower Profile criteria. The following table provides information on the number and dollar volume of loans reviewed.

Loan Products Reviewed				
Loan Category	Universe		Reviewed	
	#	\$(000s)	#	\$(000s)
Small Farm	85	11,058	69	8,870
Small Business	32	2,830	28	2,747
<i>Source: Bank records</i>				

While the number and dollar volume of loans are presented, examiners emphasized performance by number of loans because it is a better indicator of the number of farms and businesses served.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

First Security Bank – Sleepy Eye demonstrated satisfactory performance under the Lending Test. The bank’s performance under the Assessment Area Concentration, Geographic Distribution, and Borrower Profile criteria supports this conclusion. While the Loan-to-Deposit criterion is less than reasonable, it did not adversely impact the overall rating.

Loan-to-Deposit Ratio

The loan-to-deposit ratio is less than reasonable given the institution’s size, financial condition, and credit needs of the assessment areas. The bank’s net loan-to-deposit ratio, calculated from Reports of Condition data, averaged 47.4 percent over the past 23 calendar quarters from March 31, 2019, to September 30, 2024. The ratio ranged from a low of 33.4 percent as of June 30, 2022, to a high of 82.4 percent as of March 31, 2019. The ratio has shown a steady decline over the past 23 calendar quarters, reaching a low of 32.4 percent as of June 30, 2021, which remains comparable to the current evaluation date ratio of 33.0 percent. Bank data shows loans decreased 58.1 percent while deposits grew 5.5 percent during the evaluation period.

When available and relevant, the performance of similarly situated lenders serves as an additional method of assessing an institution’s average net loan-to-deposit ratio. Similarly situated lenders are defined as financial institutions located in or near the assessment areas and are comparable to the subject institution based on asset size, market served, product offerings, loan portfolio composition, and/or branching structure. Examiners selected comparable institutions based on their asset size, geographic location, and lending focus. First Security Bank – Sleepy Eye’s average loan-to-deposit ratio is lower than comparable institutions.

Loan-to-Deposit (LTD) Ratio Comparison		
Bank	Total Assets as of 9/30/2024 (\$000s)	Average Net LTD Ratio (%)
First Security Bank – Sleepy Eye Sleepy Eye, Minnesota	190,647	47.4
Integrity Bank Plus Wabasso, Minnesota	86,306	75.6
Farmers and Merchants State Bank of Springfield Springfield, Minnesota	138,818	69.6
Prairie Sun Bank Milan, Minnesota	114,932	71.9
Triumph State Bank Trimont, Minnesota	88,089	63.3
<i>Source: Reports of Condition and Income 3/31/2019 – 9/30/2024</i>		

Assessment Area Concentration

First Security Bank – Sleepy Eye originated a majority of its small farm and small business loans within its assessment areas as shown in the following table.

Lending Inside and Outside of the Assessment Area										
	Number of Loans					Dollar Amount of Loans \$(000s)				
Loan Category	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%	#	\$	%	\$	%	\$(000s)
Small Farm	69	81.2	16	18.8	85	8,870	80.2	2,188	19.8	11,058
Small Business	28	87.5	4	12.5	32	2,747	97.1	83	2.9	2,830
Source: 2023 Bank Data Due to rounding, totals may not equal 100.0%										

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the assessment areas. This conclusion is consistent with the bank's performance in the Southern Assessment Area. The Benson Assessment Area does not include any low- or moderate-income geographies, and a review of the Geographic Distribution criterion would not result in meaningful conclusions; therefore, examiners did not evaluate this criterion for that assessment area. Refer to comments in the Southern Assessment Area section later in this evaluation for further information.

Borrower Profile

The distribution of borrowers reflects reasonable penetration of loans among farms and businesses of different sizes. Reasonable overall performance in both assessment areas supports this conclusion. Refer to comments specific to each assessment area later in this evaluation for further information.

Response to Complaints

The institution has not received any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the rating.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

The bank's compliance with the laws relating to discrimination and other illegal credit practices was reviewed, including the Fair Housing Act and the Equal Credit Opportunity Act. Examiners did not identify any discriminatory or other illegal credit practices.

SOUTHERN ASSESSMENT AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE SOUTHERN ASSESSMENT AREA

The Southern Assessment Area includes all census tracts in Brown, Cottonwood, Redwood, and Renville counties. All counties in the assessment area are part of the nonmetropolitan areas of Minnesota. According to 2020 U.S. Census Data, the assessment area is comprised of 2 moderate-income and 22 middle-income census tracts. First Security Bank – Sleepy Eye's Lamberton, Renville, Sleepy Eye, and Storden branches are located within this assessment area. All offices are in middle-income census tracts.

Economic and Demographic Data

The following table illustrates select demographic characteristics of the assessment area.

Demographic Information of the Southern Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	24	0.0	8.3	91.7	0.0	0.0
Population by Geography	67,577	0.0	7.2	92.8	0.0	0.0
Housing Units by Geography	31,846	0.0	7.4	92.6	0.0	0.0
Owner-Occupied Units by Geography	21,405	0.0	6.4	93.6	0.0	0.0
Occupied Rental Units by Geography	6,447	0.0	9.7	90.3	0.0	0.0
Vacant Units by Geography	3,994	0.0	9.4	90.6	0.0	0.0
Businesses by Geography	6,619	0.0	6.8	93.2	0.0	0.0
Farms by Geography	1,572	0.0	4.8	95.2	0.0	0.0
Family Distribution by Income Level	17,665	18.3	19.6	24.5	37.6	0.0
Household Distribution by Income Level	27,852	22.3	17.9	20.5	39.2	0.0
Median Family Income Non-MSAs - MN		\$74,737	Median Housing Value			\$125,863
			Median Gross Rent			\$671
			Families Below Poverty Level			5.5%

Source: 2020 U.S. Census and 2023 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.

D&B data for 2023 indicates that service industries represent the largest portion of businesses in the assessment area at 28.4 percent; followed by agriculture, forestry, and fishing (19.2 percent); non-classifiable establishments (13.8 percent); and retail trade (8.8 percent). In addition, 69.2 percent of area businesses have 4 or fewer employees, and 89.2 percent operate from a single location.

Competition

The assessment area is a highly competitive market for credit products and financial services. According to Reports of Condition data filed by financial institutions, there were 26 financial institutions operating 43 locations within the assessment area. These institutions range from small community banks to larger national financial institutions. First Security Bank – Sleepy Eye is ranked 12th, with approximately 3.2 percent deposit market share.

First Security Bank – Sleepy Eye is not required to collect or report small farm or small business CRA loan data and has elected not to do so. Therefore, examiners did not compare the bank's small farm and small business lending performance to aggregate CRA data within this evaluation. However, the aggregate CRA data provides an indication of the level of demand for small farm and small loans and the level of competition within the assessment area. According to 2022 aggregate CRA data (most recent available), 21 CRA data reporters collectively reported 676 small farm loans within the assessment area. The top 3 lenders by number originated 78.6 percent of the market share. According to 2022 aggregate CRA data, 48 CRA data reporters collectively reported 995 small business loans within the assessment area. The top 5 lenders by number originated 62.6 percent of the market share. These figures do not include a high number of loans originated by smaller or mid-sized institutions, such as First Security Bank – Sleepy Eye, that are not required to report small farm or small business lending data but that operate within the assessment area. The overall volume of small farm and small business lending reflects a highly competitive market.

Community Contacts

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in identifying credit needs. This information helps determine whether local financial institutions are responsive to these needs. It also shows what credit opportunities are available. For this evaluation, examiners conducted a community contact interview with a representative from an agricultural-based organization that serves the assessment area.

The contact stated that people in the area either travel to neighboring towns for employment or work on local farms. The contact indicated that the past year or so has been challenging for farmers as crop prices are lower than past years and there has been challenging weather conditions during the growing season. In addition, the contact noted that land prices have increased considerably over the past few years and newer farmers have experienced challenges in obtaining financing for operations due to limited collateral, repayment ability, and higher interest rates. The area is seeing a competitive crop industry for sugar beets; however, corn, soybeans and edible beans are the main crops in the area. Overall, the contact noted that local financial institutions are doing a good job meeting the area's credit needs, and there are various alternative financing options in the area. The contact identified small farm loans, especially to individuals, as the primary credit need in the assessment area.

Credit Needs

Considering information from the community contact, and demographic and economic data, examiners determined that small farm and small business lending represent the primary credit needs for the assessment area.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE SOUTHERN ASSESSMENT AREA

LENDING TEST

First Security Bank – Sleepy Eye demonstrated reasonable performance under the Lending Test in the Southern Assessment Area. The bank’s Geographic Distribution and Borrower Profile performance support this conclusion.

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area and is supported by reasonable small farm and small business lending. The assessment area does not contain any low-income census tracts; therefore, examiners focused on the percentage of loans made in the moderate-income census tracts within the assessment area.

Small Farm Loans

The geographic distribution of small farm loans reflects reasonable dispersion throughout the assessment area. The following table shows that the bank did not make any loans in moderate-income census tracts. However, there are only 4.8 percent of farms located in the two moderate-income tracts. Competition for small farm loans affects lending opportunities in these areas, as confirmed by aggregate data. Further, the bank’s branches are a considerable distance from the moderate-income tracts, and examiners confirmed that three competing financial institutions operate offices in these moderate-income census tracts and engage in small farm lending. Considering these factors, the bank’s performance is reasonable.

Geographic Distribution of Small Farm Loans					
Tract Income Level	% of Farms	#	%	\$(000s)	%
Moderate	4.8	0	0.0	0	0.0
Middle	95.2	47	100.0	5,703	100.0
Total	100.0	47	100.0	5,703	100.0
<i>Source: 2023 D&B Data; 2023 Bank Data</i>					

Small Business Loans

The geographic distribution of small business loans reflects reasonable dispersion throughout the assessment area. The following table shows that the bank did not make any loans in moderate-income census tracts. However, there are only 6.7 percent of businesses located in the two moderate-income tracts. Competition for small business loans affects lending opportunities in these areas, as confirmed by aggregate data.

Further, the bank's branches are a considerable distance from the moderate-income tracts, and examiners confirmed that three competing financial institutions operate offices in these moderate-income census tracts and engage in small business lending. Considering these factors, the bank's performance is reasonable.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Moderate	6.7	0	0.0	0	0.0
Middle	93.3	19	100.0	525	100.0
Total	100.0	19	100.0	525	100.0
<i>Source: 2023 D&B Data; 2023 Bank Data</i>					

Borrower Profile

The distribution of borrowers reflects reasonable penetration in the assessment area. The bank's reasonable lending performance to farms and businesses with gross annual revenues of \$1 million or less support this conclusion. Examiners focused on the percentage of lending by number of loans to farms and businesses with gross annual revenues of \$1 million or less.

Small Farm Loans

The distribution of small farm loans reflects reasonable lending penetration to farms with gross annual revenues of \$1 million or less. The following table shows that the bank's lending to farms with gross annual revenues of \$1 million or less slightly lags demographic data. However, according to the 2022 Census of Agriculture, 49.0 percent of farmers did not pay interest. Therefore, there is a large population of farms that do not appear to have credit needs. Further, the contact stated that farms have trouble obtaining financing due to limited collateral availability, repayment ability, and higher interest rates. Considering these factors, the bank's performance is reasonable.

Distribution of Small Farm Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
<=\$1,000,000	98.2	41	87.2	4,648	81.5
>1,000,000	1.1	6	12.8	1,055	18.5
Revenue Not Available	0.7	0	0.0	0	0.0
Total	100.0	41	100.0	5,703	100.0
<i>Source: 2023 D&B Data, 2023 Bank Data</i>					
<i>Due to rounding, totals may not equal 100.0%</i>					

Small Business Loans

The distribution of small business loans reflects reasonable lending penetration to businesses with gross annual revenues of \$1 million or less. As illustrated in the following table, the bank's record of lending to businesses with gross annual revenues of \$1 million or less slightly lags demographic data. However, all 19 small business loans had loan sizes of \$100,000 or less. This information demonstrates the bank's willingness to serve the needs of smaller businesses. Considering this factor, the bank's performance is reasonable.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
≤\$1,000,000	82.2	14	73.7	468	89.1
>1,000,000	4.5	0	0.0	0	0.0
Revenue Not Available	13.3	5	26.3	57	10.9
Total	100.0	19	100.0	525	100.0
<i>Source: 2023 D&B Data, 2023 Bank Data</i> <i>Due to rounding, totals may not equal 100.0%</i>					

BENSON ASSESSMENT AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE BENSON ASSESSMENT AREA

The Benson Assessment Area includes all census tracts in Swift County, which is part of the nonmetropolitan area of Minnesota. According to 2020 U.S. Census Data, the assessment area is comprised of 3 middle-income and 1 upper-income census tracts. The bank operates one office located in Benson, which is in a middle-income geography.

Economic and Demographic Data

The following table illustrates select demographic characteristics of the assessment area.

Demographic Information of the Benson Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	4	0.0	0.0	75.0	25.0	0.0
Population by Geography	9,838	0.0	0.0	83.5	16.5	0.0
Housing Units by Geography	4,830	0.0	0.0	84.8	15.2	0.0
Owner-Occupied Units by Geography	3,017	0.0	0.0	80.6	19.4	0.0
Occupied Rental Units by Geography	1,226	0.0	0.0	96.1	3.9	0.0
Vacant Units by Geography	587	0.0	0.0	83.1	16.9	0.0
Businesses by Geography	963	0.0	0.0	82.1	17.9	0.0
Farms by Geography	233	0.0	0.0	67.8	32.2	0.0
Family Distribution by Income Level	2,676	19.9	20.7	21.6	37.9	0.0
Household Distribution by Income Level	4,243	27.7	17.0	17.2	38.1	0.0
Median Family Income Non-MSAs - MN		\$74,737	Median Housing Value			\$115,405
			Median Gross Rent			\$672
			Families Below Poverty Level			8.6%
Source: 2020 U.S. Census and 2023 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.						

D&B data for 2023 indicates that service industries represent the largest portion of businesses in the assessment area at 24.4 percent; followed by agriculture, forestry, and fishing (19.5 percent); non-classifiable establishments (15.7 percent); and retail trade (9.4 percent). In addition, 67.5 percent of area businesses have 4 or fewer employees, and 88.6 percent operate from a single location.

Competition

The assessment area is a competitive market for credit products and financial services. According to Reports of Condition data filed by financial institutions, there were 8 financial institutions operating 8 locations within the assessment area. First Security Bank – Sleepy Eye is ranked 1st with approximately 20.4 percent deposit market share.

According to 2022 aggregate CRA data (most recent available), 11 CRA data reporters collectively reported 121 small farm loans within the assessment area. The top 2 lenders by number originated 65.3 percent of the market share. According to 2022 aggregate CRA data, 25 CRA data reporters collectively reported 137 small business loans within the assessment area. The top 4 lenders by number originated 51.1 percent of the market share. These figures do not include a high number of loans originated by smaller or mid-sized institutions, such as First Security Bank – Sleepy Eye, that are not required to report small farm or small business lending data but that operate within the assessment area. The overall volume of small farm and small business lending reflects a highly competitive market.

Community Contact

For this evaluation, examiners reviewed a recently conducted community contact with a representative from an agricultural-based organization that serves the assessment area.

Information from the community contact indicates that local area is very rural, with limited large towns primarily supported by agricultural and manufacturing industries. There is a good mix of large, small, and hobby farm operations in the region. Although farm income has been steady over the past five years, recent trends in the agricultural industry are adversely affecting local farmers. Specifically, crop prices are low and production costs are high, making it difficult to maintain or recoup a sustained profit. Additionally, rising interest rates are making it difficult for small farmers to maintain current equipment and/or purchase new equipment, and increased land prices are making it difficult for smaller operations to grow. Further, the contact noted that businesses in the area continue to struggle to hire and retain employees, which is especially challenging for small locally-owned businesses. Overall, the contact noted that local financial institutions are meeting area credit needs and are actively engaged in the communities being served. However, area credit needs continue to be small farm and small business financing.

Credit Needs

Considering information from the community contact, and demographic and economic data, examiners determined that small farm and small business lending represent the primary credit needs for the assessment area.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE BENSON ASSESSMENT AREA

LENDING TEST

First Security Bank – Sleepy Eye demonstrated reasonable performance under the Lending Test in the Benson Assessment Area. The bank’s Borrower Profile performance supports this conclusion.

Geographic Distribution

The assessment area does not include any low- or moderate-income geographies, and a review of the Geographic Distribution criterion would not result in meaningful conclusions. Therefore, this criterion was not evaluated.

Borrower Profile

The distribution of borrowers reflects reasonable penetration in the assessment area. The bank’s reasonable lending performance to farms and businesses with gross annual revenues of \$1 million or less supports this conclusion. Examiners focused on the percentage of lending by number of loans to farms and businesses with gross annual revenues of \$1 million or less.

Small Farm Loans

The distribution of small farm loans reflects reasonable lending penetration to farms with gross annual revenues of \$1 million or less. The following table shows that the bank's lending performance to farms with gross annual revenues of \$1 million or less lags demographic data. However, according to the 2022 Census of Agriculture, the percentage of farmers that did not pay interest in the assessment area was 51.3 percent. Therefore, there is a large population of farms that do not appear to have credit needs. Additionally, the community contact stated that recent trends in the agricultural industry are adversely affecting local farmers. Further, the contact indicated that local banks are meeting the credit needs within the assessment area, including loans to smaller farms. Considering these factors, the bank's performance is reasonable.

Distribution of Small Farm Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
<=\$1,000,000	97.9	17	77.3	2,410	76.1
>1,000,000	0.4	5	22.7	758	23.9
Revenue Not Available	1.7	0	0.0	0	0.0
Total	100.0	22	100.0	3,168	100.0
<i>Source: 2023 D&B Data, 2023 Bank Data Due to rounding, totals may not equal 100.0%</i>					

Small Business Loans

The distribution of borrowers reflects reasonable penetration among businesses with gross annual revenues of \$1 million or less. As shown in the following table, the bank's lending performance lags the demographic data. However, of the nine small business loans, four were originated to the same borrower that reported gross annual revenues over \$1 million, which considerably skews the data. Further, the overall number of small business loans originated in the assessment area is small, and examiners gave lesser weight to this loan product when arriving at the overall conclusion. Of the nine loans reviewed, seven had loan sizes of \$255,000 or less. This information demonstrates the bank's willingness to serve the needs of smaller businesses. Considering these factors, the bank's performance is reasonable.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	81.2	4	44.4	523	23.5
>1,000,000	4.8	5	55.6	1,699	76.5
Revenue Not Available	14.0	0	0.0	0	0.0
Total	100.0	9	100.0	2,222	100.0
<i>Source: 2023 D&B Data, 2023 Bank Data Due to rounding, totals may not equal 100.0%</i>					

APPENDICES

SMALL BANK PERFORMANCE CRITERIA

Lending Test

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by considering the following criteria:

- 1) The bank's loan-to-deposit ratio, adjusted for seasonal variation, and, as appropriate, other lending-related activities, such as loan originations for sale to the secondary markets, community development loans, or qualified investments;
- 2) The percentage of loans, and as appropriate, other lending-related activities located in the bank's assessment area(s);
- 3) The geographic distribution of the bank's loans;
- 4) The institution's record of lending to and, as appropriate, engaging in other lending-related activities for borrowers of different income levels and businesses and farms of different sizes; and
- 5) The bank's record of taking action, if warranted, in response to written complaints about its performance in helping to meet credit needs in its assessment area(s).

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.

American Community Survey (ACS): A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five year estimates based on population thresholds.

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 institution 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.

5

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).

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 (e.g, geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (e.g, 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 Loans: Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

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 (e.g, 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.

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 (also known as non-MSA): 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.

BRANCH LOCATIONS AND HOURS



Sleepy Eye

100 E Main, PO Box 469
Sleepy Eye, MN 56085

Phone: 507-794-3911

Phone Banking: 866-794-3911

Fax: 507-794-5140

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

Lobby Hours

Mon	9:00am to 5:00pm
Tue - Fri	9:00am to 4:00pm
Sat	Closed

Drive Thru Hours

Mon - Fri	7:30am to 5:00pm
Sat	8:30am to 12:00pm



Benson

215 13th St S, PO Box 287
Benson, MN 56215

Phone: 320-843-4411

Phone Banking: 866-843-4411

Fax: 320-843-3371

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

Lobby Hours

Mon - Wed	9:00am to 3:00pm
Thurs	9:00am to 5:00pm
Fri	9:00am to 3:00pm

Drive Thru Hours

Mon - Fri	7:30am to 5:00pm
-----------	------------------



Storden

311 America Street, PO Box 129
Storden, MN 56174

Phone: 507-445-3417

Phone Banking: 1-866-794-3911

Fax: 507-445-3259

Lobby Hours

Mon - Thurs	8:30am to 3:00pm
Fri	8:30am to 4:00pm

Drive Thru Hours

None



Renville

106 5th Street SE, PO Box 429
Renville, MN 56284

Phone: 320-329-8373

Phone Banking: 1-866-794-3911

Fax: 320-329-8375

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

Lobby Hours

Mon - Fri 8:30 a.m. to 4:00 p.m.

Drive Thru Hours

Mon - Fri 8:00 a.m. to 4:30 p.m.



Lamberton

110 South Main Street, PO Box 38
Lamberton, MN 56152

Phone: 507-752-7020

Phone Banking: 866-794-3911

Fax: 507-752-7266

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

Lobby Hours

Mon - Thurs 8:30am to 3:00pm
Fri 8:30am to 4:00pm

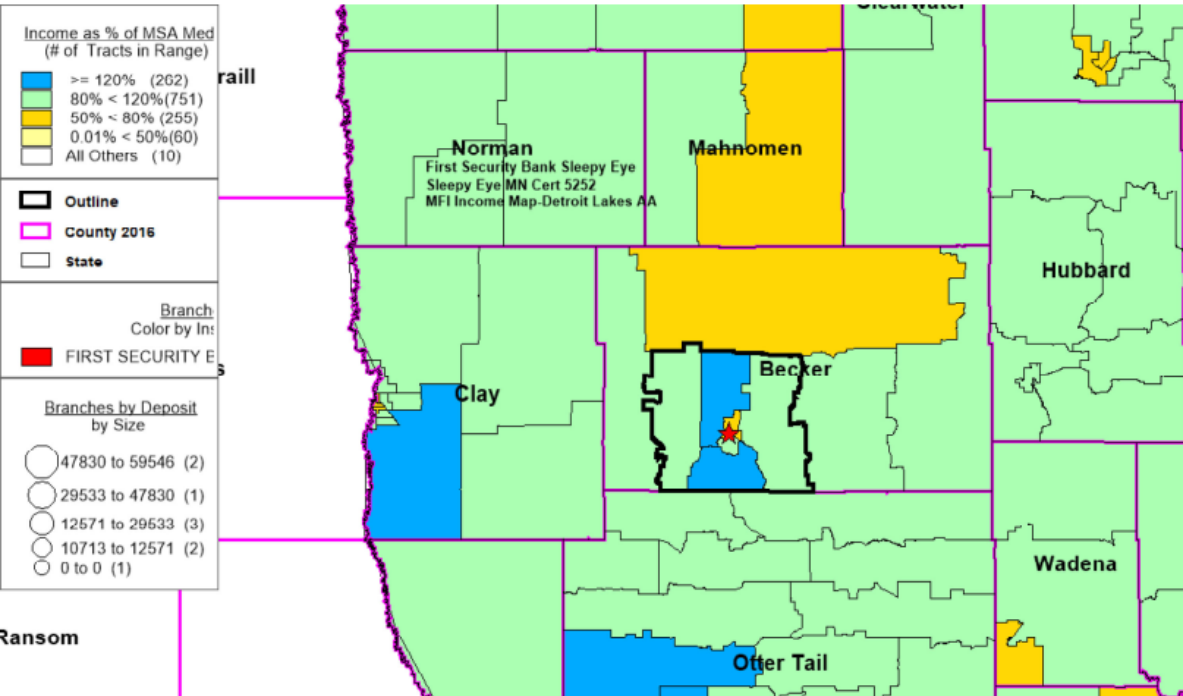
Drive Thru Hours

None

List of Closed Branches

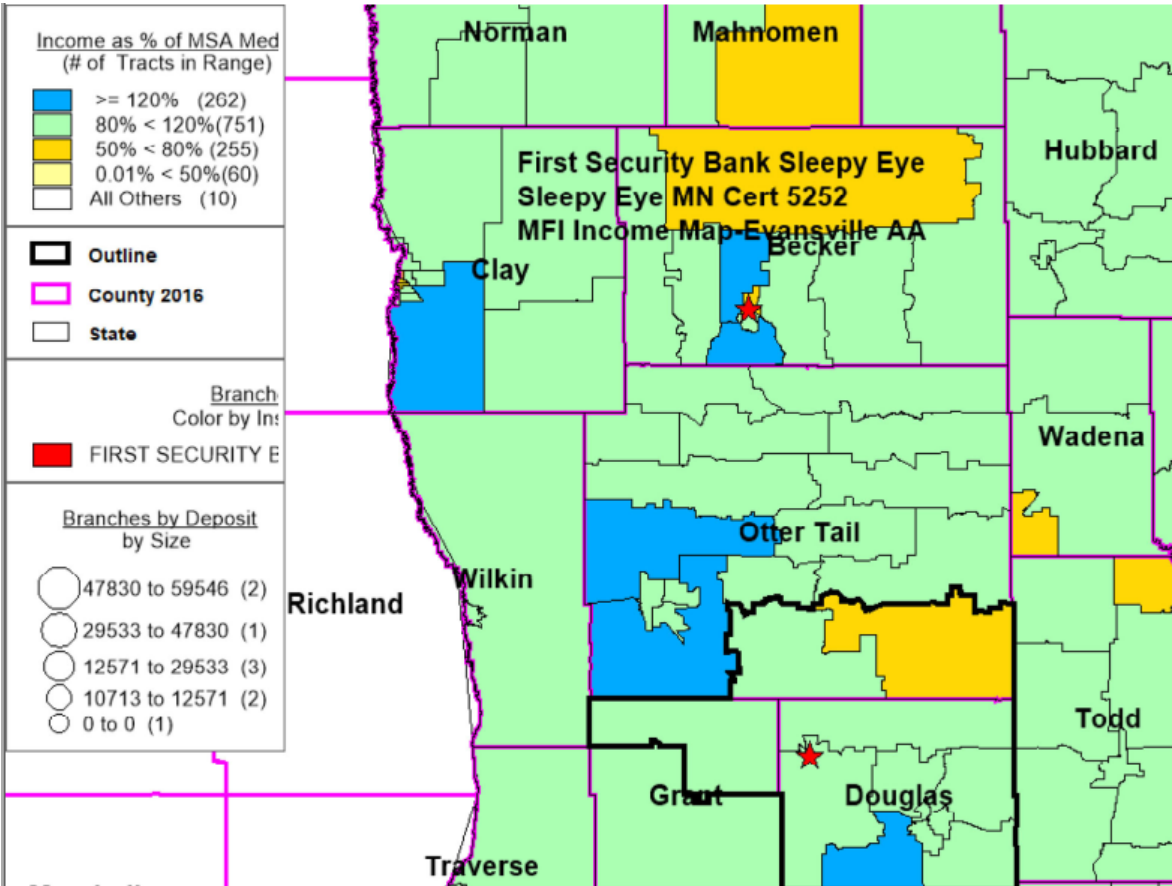
Date Closed 01/26/2024

611 Summit Ave.
Detroit Lakes, MN 56501



Date Closed 01/26/2024

303 Kron Street
Evansville, MN 56326





First Security Bank

Checking Accounts

Checking out the differences.

Reorder checks*

Whether you're in need of personal checking, business checking or both, First Security Bank has the plans you need and the rates and perks you'll want.

Classic Checking

- Minimum opening deposit required.
- Unlimited deposits into your account.
- Monthly service charges may apply.

Security Interest Checking

- Interest is earned on a tiered basis. The greater the account balance, the higher the interest rate and corresponding annual percentage yield. Rates will be disclosed at account opening and may change daily. Interest will be compounded monthly and credited monthly.
- Interest is calculated by the daily balance method.
- If your balance falls below a stated minimum on any day in the statement cycle, your account will be subject to a service charge for that cycle.

Business Checking

- You may make an unlimited number of deposits into your account.
- This account features an earnings credit which is applied to reduce or eliminate fees on the account. You do not need to maintain any minimum average daily balance during the monthly statement cycle to receive the credit.

Fees may reduce earnings.

*Restrictions may apply.

Savings Accounts



A penny saved is a lesson learned.

Saving money. It's not just for the well to do. Saving money is a good idea for everyone. And whether you save just a bit or a whole lot, it all adds up to far more than you might expect in the end, especially when it's placed in accounts offering attractive interest rates.

Savings Account

- Rates will be disclosed at account opening and may change daily.
- Interest calculated by the daily balance method.
- Interest compounded daily and credited quarterly.
- If your balance falls below a stated minimum on any day in the month your account will be subject to service charge for that month.
- Quarterly statements provided unless there are any electronic transfers in which case a statement will be provided monthly.
- During any calendar month or statement cycle of at least four weeks, you may not make more than six preauthorized withdrawals, automatic or telephone transfers, checks, drafts, and debit card or other similar transactions from your account. If you exceed the transfer limitations set forth above in any statement period, your account may be subject to closure by the financial institution.

Money Market Account

- Interest is earned on a tiered basis. The greater the account balances the higher the interest rate and corresponding annual percentage yield. Rates will be disclosed at account opening and may change daily.
- Interest will be compounded monthly and credited monthly.
- Interest calculated by the daily balance method.
- If your balance falls below the stated minimum on any day in the month, your account will be subject to a service charge for that month.
- During any calendar month or statement cycle of at least four weeks, you may not make more than six preauthorized withdrawals, automatic or telephone transfers, checks, drafts, and debit card or other similar transactions from your account. If you exceed the transfer limitations set forth above in any statement period, your account may be subject to closure by the financial institution.

Certificate of Deposit

Looking for safety, security, and liquidity? Certificates of Deposit at First Security Bank are your answer. We offer a wide variety of Certificates with varying interest rates and maturities. Three or six month interest penalty for early withdrawal. No withdrawals of principal from certificates are allowed until the maturity without penalty.

Health Savings Account

Health Savings Accounts (HSAs) are tax-favored consumer savings arrangements for individuals and families covered by high-deductible health insurance plans. See your insurance agent for insurance plan details. Stop in to a First Security Bank to establish your custodial account.

Fees may reduce earnings.

*Restrictions may apply.



Loan Products

We've Got a Loan That's Right For You.

The biggest obstacle between your reality and your plans should not be your finances. At First Security Banks we help customers finance whatever it is they need, be it their home, cars, vacations or more essential endeavors such as business investments, capital expenditures or agricultural items.

Real Estate Loans

- Fixed rate mortgages
- In house mortgage loans
- Home improvement loans
- Second mortgages

SAFE Act

In compliance with the Secure and Fair Enforcement of the Mortgage Licensing Act of 2008 (SAFE Act), a list of names and unique identification numbers of mortgage loan originators is available upon request.

Consumer Loans

Qualified applicants can receive professional assistance with financing of cars, vacations, recreational equipment, and other personal needs.

Ready Reserve loans are available to qualified applicants as a way to protect themselves from overdraft fees.

Business/Commercial Loans

First Security Banks lending officers are ready to assist you in a variety of ways. Get some sound advice regarding available borrowing options if you are considering starting a business, expanding an existing one or considering any other financial need that confronts today's business person.

Agriculture Loans

Our bankers know farmers. In fact, we're proud to count many farmers among our closest friends and customers. Of course this isn't surprising. When you're a family of rural banks, you understand the Ag business. It's as important to First Security Banks' success as it is to any crop producer, livestock producer or the Agra business.

Since we are directly tied to the Ag market, and have been for decades, we've learned to roll with its ups and downs. You need a steady hand and long-term vision to thrive. That's why our experienced agricultural loan officers are able to help with all of the financial needs that arise in today's farming operations. Be it operating, machinery, livestock, improvement loans, expansion of your operation or Ag real estate, we know what you need, why you need it and how to get the financing to acquire it all.

*Restrictions may apply.



First Security Bank

Specialty Services



The extra services that make a

financial difference

*Not available at all branches. Contact branch for details.

Debit Card Get a debit card that doubles as an electronic checkbook. First Security Bank's debit card gives you all the convenience of ATM access and all the buying power of a checkbook, in one versatile card. It's the one card you'll want to carry everywhere! It's available to all qualifying personal checking account holders. Use it as your cash card at VISA Plus, NYCE, All Point, Advantage and VISA ATMs. You can even use it instead of your checkbook to make purchases wherever VISA is accepted worldwide. It's cash, not credit. Funds from purchases are drawn from your checking account as if you had written a paper check. No more hassles with running out of checks, forgetting your checkbook or needing multiple forms of identification. Each month you get a detailed record of all debit card transactions on your account statement. An international fee will be added to the VISA exchange rate for international transactions. *Fees may apply at an ATM not in the First Security Bank network.

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

Automatic Deposits and Withdrawals You can use the time saving benefit of automatic deposits and withdrawals at your request! Have your paychecks or other funds set up for automatic deposit into your account, and with Automatic Withdrawals, have your loan payments automatically made!

24-Hour First Line Phone Banking: Go to the “Locations” page where you bank for the phone number.

First Security Banks offers telephone-banking service, at no cost to our customers.

- Confidential, easy, convenient
- Balance inquiries for checking, savings, CD's and loans
- Transfers between checking & savings accounts
- Loan payments

The 24 Hour First Line allows our customers to conveniently and confidentially access their account information 24 hours a day, seven days a week (including holidays) at no cost to them from any touch-tone phone. It's very easy to use and customers can use the service immediately with no need to apply or sign up. Just call toll tree and have your account number or numbers and your Personal Identification Number (PIN) ready. The first time you call, your PIN will be your nine digit Social Security/Tax identification number. To safeguard the security of your accounts you will then be instructed to change your PIN to a new four digit number that only you know.

First Security Banks also offers:

- Safe deposit box
- Night depository
- Notary service
- Wire transfers
- Bank money orders
- Cash advances
- Account reconciling
- Accurate and verified account information guarded by leading security measures and protocols to ensure financial information privacy.

*Restrictions & Fees may apply.



Online Banking

Digital Banking Experience

Digital Banking Experience

First Security Banks strives to provide the best banking experience for all our customers. Weather you are just down the street or across the world, feel confident that your will always have access to your finances.

Some of our features are:

- Money Management and Budgeting Tools
- Mobile Banking
- Mobile Deposit
- Online Bill Pay
- Schedule Payments
- Check Imaging
- Check Reorder
- Balance Inquiry and History
- Online Statements
- Online/Mobile Transfers
- Business Banking
- Live Chat and Assistance

Stop by your local branch for help set up your account or more information!



Mobile Banking App



The bank that fits in your pocket.

First Security Bank now offers secure, full-service banking in an app for Android and iPhone. Once you bank with your phone, you'll never view banking the same way. Our new app is the fastest, easiest, most convenient and highly secure way to manage your accounts.

- Transfer funds
- Schedule payments
- Pay bills
- Check balances
- Connect with First Security Customer Service
- Mobile Deposit

In person, online or on the go, First Security Bank is your around the clock, wherever-you-are, True Banker.

*Restrictions apply

*Data fees may apply

Download your First Security Bank app now by selecting your location:

[Sleepy Eye, MN](#)



First Security Bank

E-Z Pay Bill Pay



Make your life easier!

Pay bills the simple way with E-Z Pay from First Security Bank. Let your computer do the work for you. No more buying stamps, making out checks, licking envelopes and possibly forgetting to pay all of your bills.

E-Z Pay is a secure environment combining the latest technology features with rigorous security requirements. E-Z Pay removes the threat of mail theft and the hassle of address changing.

Fees may apply.

*Restrictions may apply.



Lighten the load – Online Statements

Online Statements

You can now receive your monthly paper statements electronically to your online banking account. Online statements look like the paper statements you receive today and include all the information you receive with your paper statements. Delivered safely and securely to your online banking account. Online statements will allow you quick and easy access to all of your checking or savings account information.

Simple

Online statements will be at your fingertips via your computer. They will be sent on the same cycle as your paper statements, except you do not have to wait for the mail. You will receive an email when your statement is available for viewing on your online banking account.

Organized

Eliminate the clutter in your life and get organized with online statements. Don't ever lose your statements again. Online statements are "PDF" files that can be viewed, printed or saved to your computer.

Paperless

Go green with online statements. You can't argue the positive benefits for the environment with online statements. You reduce the amount of paper that is used and less gas will be used to deliver them.

Go Green with Online Statements!

First Security Bank – Sleepy Eye

- Benson, MN
- Lamberton, MN
- Renville, MN
- Sleepy Eye, MN
- Storden, MN



First Security Bank

ID Theft Protection



Defend what's yours.

Now offering Identity Management Services backed by ID TheftSmart

Credit predators are everywhere. But did you know that credit fraud is only a small fraction of all identity theft fraud that takes place? First Security Bank is committed to protecting what's yours with a complete Identity Management Services package backed by a leader in ID theft monitoring.

Through a three-pronged approach, ID TheftSmart will defend your accounts at all levels:

PROTECTION

Get immediate and direct access to experienced professionals and learn the best ways to protect your personal information. We'll provide safety guidelines for all online interactions and provide all members with information regarding your rights under state and federal laws. You'll receive the best consultation and access available to learn more about consumer privacy.

DETECTION

Should your information be compromised, we'll establish an action plan and help you analyze and interpret your credit reports. Along with this, we'll alert you the second a fraud is spotted and discuss your credit freeze options.

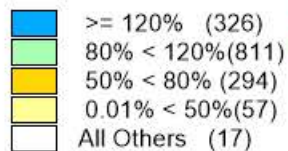
RESTORATION

Beyond confirming the nature and scope of the ID theft, we'll assist in obtaining a police report and provide complete credit and non-credit searches to identify any further fraud. We'll work on your behalf to resolve all issues with the credit agencies and provide complete victim documentation when applicable.

Begin to limit your exposure and protect your identity. Call a First Security representative today or visit any one of our branches in person to enroll.

Fees may apply.

Income as % of MSA Med
(# of Tracts in Range)

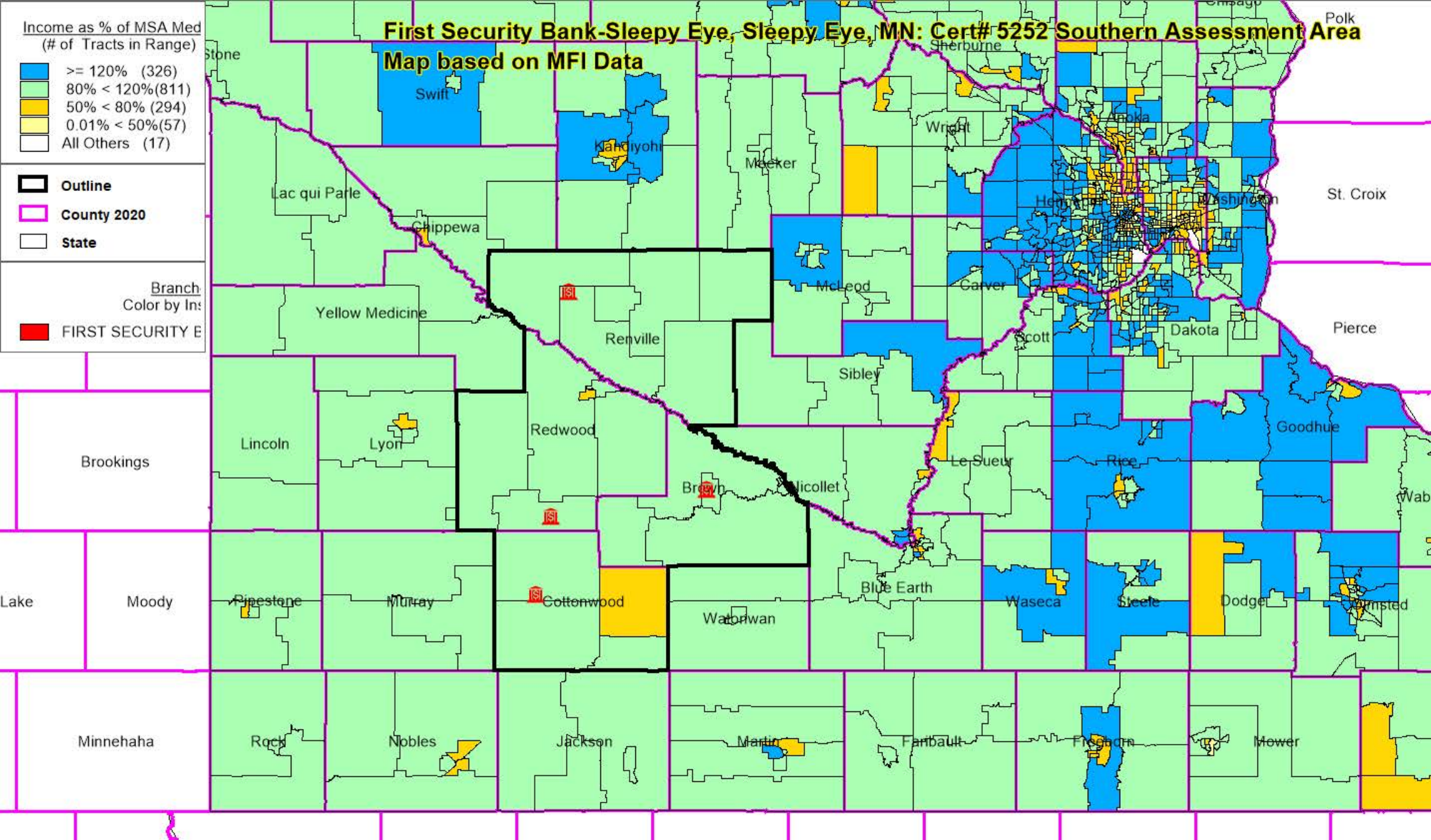


Outline
County 2020
State

Branch
Color by Ins
FIRST SECURITY E

First Security Bank-Sleepy Eye, Sleepy Eye, MN: Cert# 5252 Southern Assessment Area

Map based on MFI Data



First Security Bank-Sleepy Eye, Sleepy Eye, MN: Cert# 5252 Southern Assessment Area
Map based on Minority Population Data

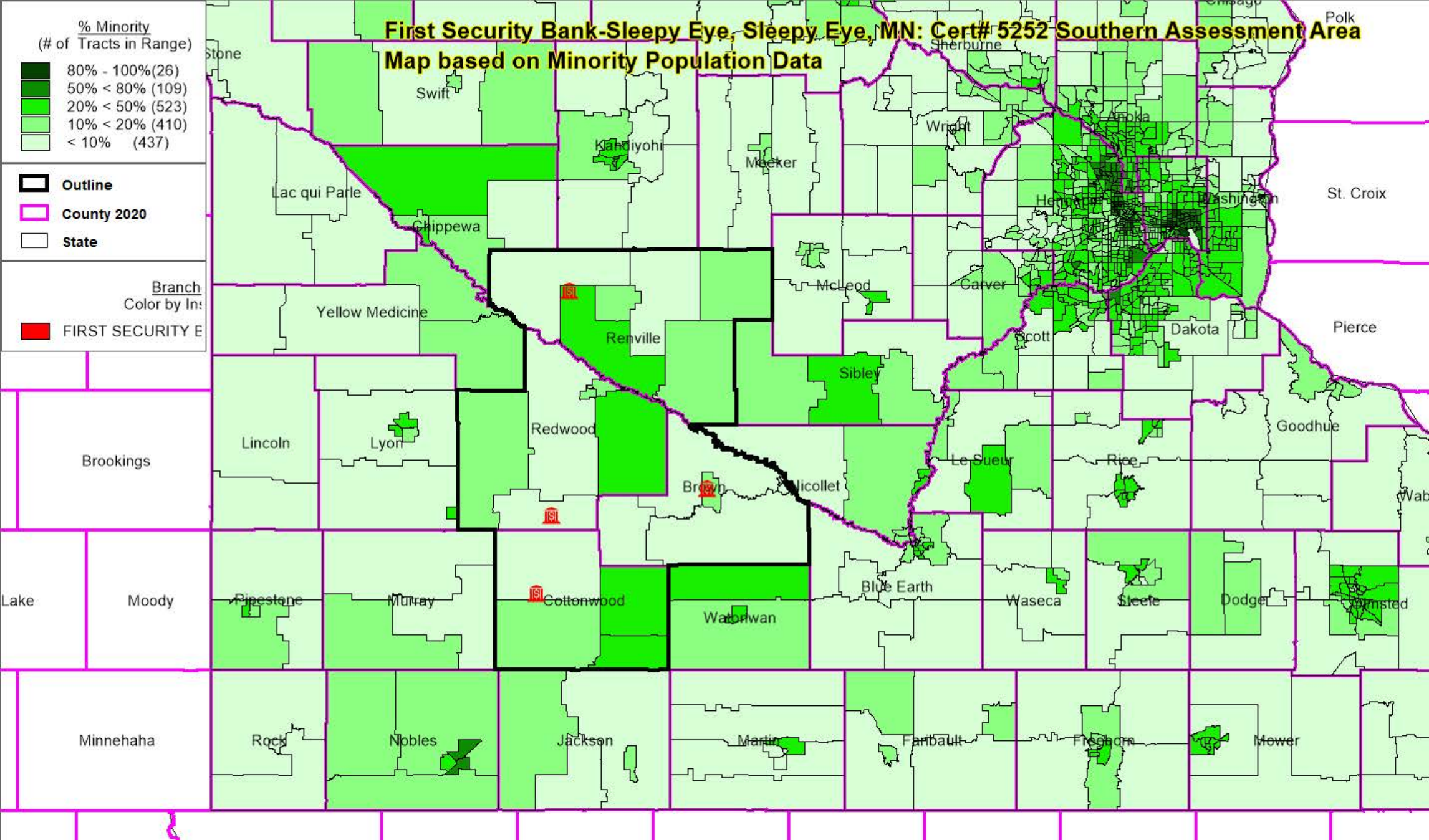
% Minority
(# of Tracts in Range)



Outline
County 2020
State

Branch
Color by Ins

FIRST SECURITY E

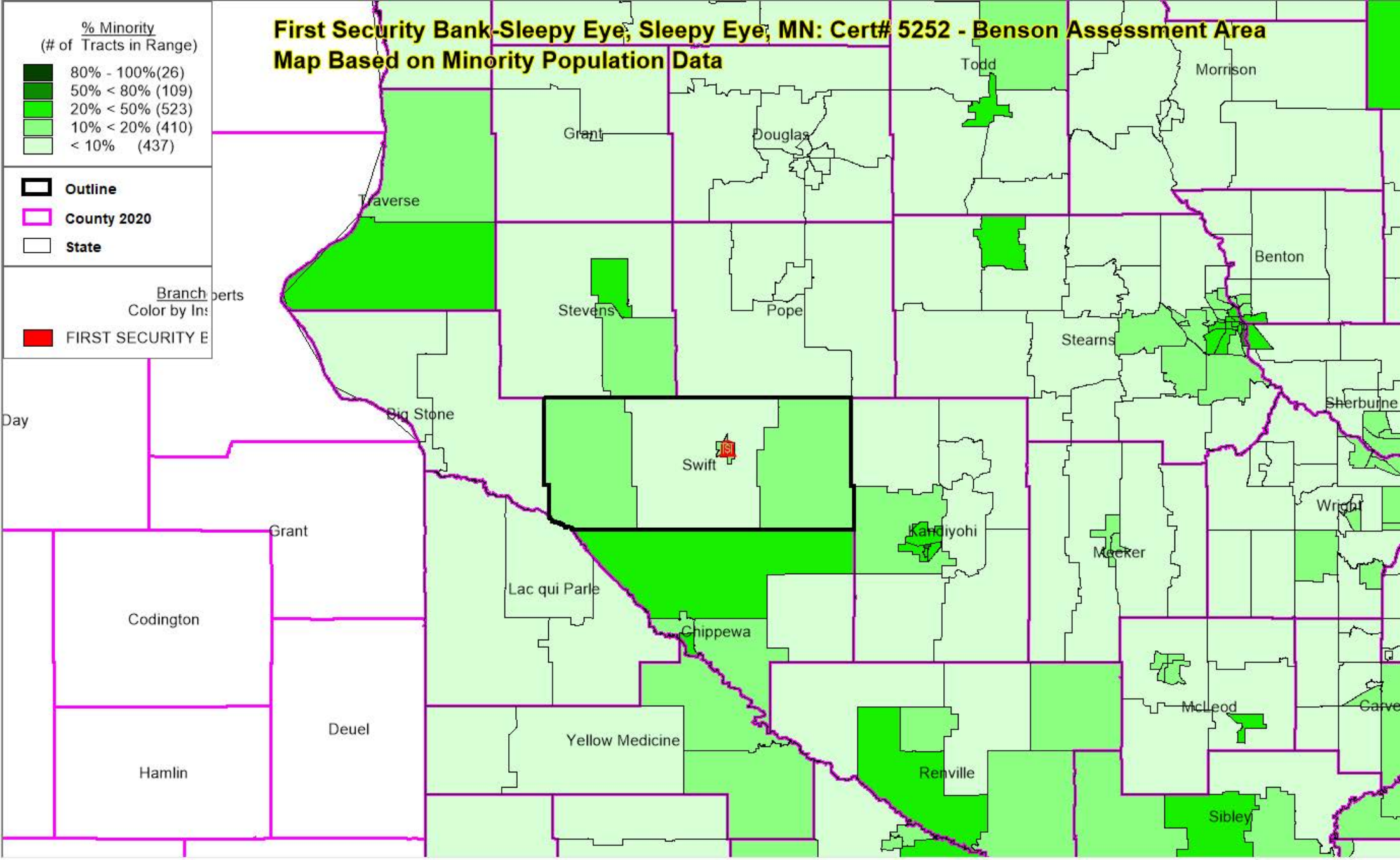


First Security Bank-Sleepy Eye, Sleepy Eye, MN: Cert# 5252 - Benson Assessment Area
Map Based on Minority Population Data

% Minority (# of Tracts in Range)	
<div></div>	80% - 100%(26)
<div></div>	50% < 80% (109)
<div></div>	20% < 50% (523)
<div></div>	10% < 20% (410)
<div></div>	< 10% (437)

- Outline
- County 2020
- State

Branch
Color by Ins
FIRST SECURITY E



First Security Bank-Sleepy Eye, Sleepy Eye, MN: Cert# 5252 - Benson Assessment Area

Map Based on MFI Data

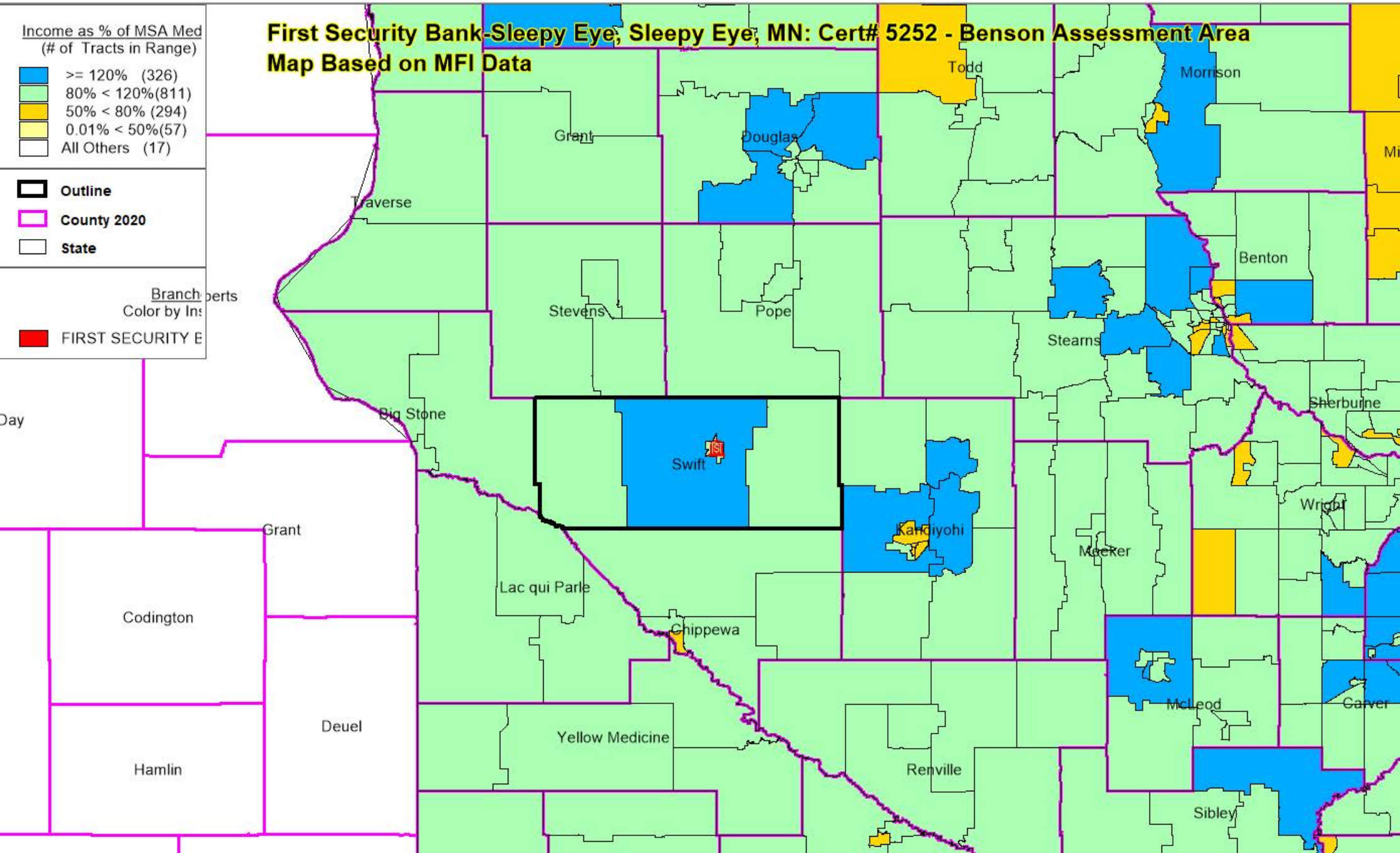
Income as % of MSA Med
(# of Tracts in Range)

- >= 120% (326)
- 80% < 120%(811)
- 50% < 80% (294)
- 0.01% < 50%(57)
- All Others (17)

- Outline
- County 2020
- State

Branch points
Color by Ins

FIRST SECURITY E



Assessment Area

The CRA requires each financial institution to define one or more assessment areas within which examiners evaluate its CRA performance. First Security Bank – Sleepy Eye designated two assessment areas, which have changed since the previous evaluation. Specifically, the bank combined the Sleepy Eye, Lamberton-Storden, and Renville assessment areas into one contiguous assessment area, referred to as the “Southern Assessment Area.” Further, the Detroit Lakes and Evansville assessment areas were removed due to branch closures. Lastly, the Southern and Benson assessment areas were updated to include whole counties. Specifically, the Southern Assessment Area includes all census tracts in Brown, Cottonwood, Redwood, and Renville counties. The Benson Assessment Area consists of all census tracts in Swift County. Both assessment areas are part of the nonmetropolitan area of Minnesota. Additional details regarding assessment area composition, demographics, and other information can be found in the Description of Institution’s Operations section for each respective area.

Sleepy Eye, Lamberton, Storden, Renville

All of Brown County, Cottonwood County, Redwood County, and Renville County.

Benson

All of Swift County.

CRA Written Comments Received

1. _____

2. _____

3. _____

4. _____

5. _____

6. _____

7. _____

8. _____

9. _____

10. _____

CRA LOAN TO DEPOSIT RATIOS

QUARTER 1 2010	73.0%
QUARTER 2 2010	77.8%
QUARTER 3 2010	74.4%
QUARTER 4 2010	74.3%
QUARTER 1 2011	71.3%
QUARTER 2 2011	72.1 %
QUARTER 3 2011	69.5%
QUARTER 4 2011	70.8%
QUARTER 1 2012	67.4%
QUARTER 2 2012	77.0%
QUARTER 3 2012	77.9%
QUARTER 4 2012	72.8%
QUARTER 1 2013	71.4%
QUARTER 2 2013	76.2%
QUARTER 3 2013	74.3%
QUARTER 4 2013	71.9%
QUARTER 1 2014	72.9%

QUARTER 2 2014	78.32%
QUARTER 3 2014	74.78%
QUARTER 4 2014	79.09%
QUARTER 1 2015	76.52%
QUARTER 2 2015	79.31%
QUARTER 3 2015	80.85%
QUARTER 4 2015	78.42%
QUARTER 1 2016	78.14%
QUARTER 2 2016	79.18%
QUARTER 3 2016	79.55%
QUARTER 4 2016	77.59%
QUARTER 1 2017	77.03%
QUARTER 2 2017	82.06%
QUARTER 3 2017	88.55%
QUARTER 4 2017	84.01%
QUARTER 1 2018	83.93%
QUARTER 2 2018	84.44%

QUARTER 3 2018	90.55%
QUARTER 4 2018	84.53%
QUARTER 1 2019	83.43%
QUARTER 2 2019	80.07%
QUARTER 3 2019	76.68%
QUARTER 4 2019	69.76
QUARTER 1 2020	71.16%
QUARTER 2 2020	63.34%
QUARTER 3 2020	57.92%
QUARTER 4 2020	49.89%
QUARTER 1 2021	46.42%
QUARTER 2 2021	42.12%
QUARTER 3 2021	37.27%
QUARTER 4 2021	38.41%
QUARTER 1 2022	34.95%
QUARTER 2 2022	32.87%
QUARTER 3 2022	35.22%


QUARTER 4 2022	36.56%
QUARTER 1 2023	35.50%
QUARTER 2 2023	35.13%
QUARTER 3 2023	36.47%
QUARTER 4 2023	35.03%
QUARTER 1 2024	36.07%
QUARTER 2 2024	35.83%
QUARTER 3 2024	33.44%
QUARTER 4 2024	34.15%

Annual Disclosure Statement
December 31, 2024
FFIEC 051

First Security Bank - Sleepy Eye
Sleepy Eye, MN 56085

I, the undersigned officer, attest to the correctness of this statement and declare that it has been examined by me and to the best of my knowledge and belief has been prepared in accordance with instructions issued by the appropriate Federal regulatory authority and is true and correct.


Signature


Date

This statement has not been reviewed, or confirmed for accuracy or relevance, by the Federal Deposit Insurance Corporation.

Consolidated Report of Income

December 31, 2024

	Prior Year 2023	Current Year 2024
Dollar Amounts in Thousands		
Interest income:		
Interest and fee income on loans:		
Loans secured by real estate:		
Loans secured by 1-4 family residential properties.....	600	357
All other loans secured by real estate.....	1,747	1,563
Commercial and industrial loans.....	647	547
Loans to individuals for household, family, and other personal expenditures:		
Credit cards.....	0	0
Other (includes revolving credit plans other than credit cards, automobile loans, and other consumer loans).....	203	181
All other loans.....	918	781
Total interest and fee income on loans.....	4,115	3,429
Income from lease financing receivables.....	0	0
Interest income on balances due from depository institutions.....	688	35
Interest and dividend income on securities:		
U.S. Treasury securities and U.S. Government agency obligations (excluding mortgage-backed securities).....	665	390
Mortgage-backed securities.....	1,043	1,766
All other securities (includes securities issued by states and political subdivisions in the U.S.).....	611	769
Interest income on federal funds sold and securities purchased under agreements to resell.....	57	792
Other interest income.....	16	7
Total interest income.....	7,195	7,188
Interest expense:		
Interest on deposits:		
Transaction accounts (interest-bearing demand deposits, NOW accounts, ATS accounts, and telephone and preauthorized transfer accounts).....	264	201
Nontransaction accounts:		
Savings deposits (includes MMDAs).....	862	802
Time deposits of \$250,000 or less.....	216	390
Time deposits of more than \$250,000.....	124	175
Expense of federal funds purchased and securities sold under agreements to repurchase.....	54	1
Other interest expense.....	3	11
Total interest expense.....	1,523	1,580
Net interest income.....	5,672	5,608
Provisions for credit losses.....	0	(400)
Noninterest income:		
Income from fiduciary activities.....	0	0
Service charges on deposit accounts.....	193	132
Income from securities-related and insurance activities:		
Fees and commissions from securities brokerage, investment banking, advisory, and underwriting activities.....	0	0
Income from insurance activities.....	3	1

Consolidated Report of Income

December 31, 2024

	Dollar Amounts in Thousands	Prior Year 2023	Current Year 2024
Noninterest income (continued):			
Net servicing fees.....		0	0
Net gains (losses) on sales of loans and leases.....		4	2
Net gains (losses) on sales of other real estate owned.....		0	0
Net gains (losses) on sales of other assets.....		0	0
Other noninterest income.....		587	4,888
Total noninterest income.....		787	5,023
Realized gains (losses) on held-to-maturity securities.....		0	0
Realized gains (losses) on available-for-sale debt securities.....		(4,409)	(3,021)
Noninterest expense:			
Salaries and employee benefits.....		2,127	1,858
Expenses of premises and fixed assets (net of rental income) (excluding salaries and employee benefits and mortgage interest).....		496	365
Goodwill impairment losses.....		0	0
Amortization expense and impairment losses for other intangible assets.....		0	0
Other noninterest expense.....		2,274	1,714
Total noninterest expense.....		4,897	3,937
Income (loss) before change in net unrealized holding gains (losses) on equity securities not held for trading, applicable income taxes, and discontinued operations.....		(2,847)	4,073
Change in net unrealized holding gains (losses) on equity securities not held for trading.....		0	0
Income (loss) before applicable income taxes and discontinued operations.....		(2,847)	4,073
Applicable income taxes.....		(102)	0
Income (loss) before discontinued operations.....		(2,745)	4,073
Discontinued operations, net of applicable income taxes.....		0	0
Net income (loss) attributable to bank and noncontrolling (minority) interests.....		(2,745)	4,073
LESS: Net income (loss) attributable to noncontrolling (minority) interests.....		0	0
Net income (loss) attributable to bank.....		(2,745)	4,073
Memoranda			
Income on tax-exempt loans and leases to states and political subdivisions in the U.S.....		169	144
Income on tax-exempt securities issued by states and political subdivisions in the U.S.....		519	43
Number of full-time equivalent employees at end of current period (round to the nearest whole number).....		31	23
The following item is to be completed by:			
• banks with \$300 million or more in total assets, and			
• banks with less than \$300 million in total assets that have loans to finance agricultural production and other loans to farmers exceeding five percent of total loans.			
Interest and fee income on loans to finance agricultural production and other loans to farmers.....		748	638

Consolidated Report of Income
December 31, 2024

Dollar Amounts in Thousands		Prior Year 2023	Current Year 2024
Memoranda (continued)			
Does the reporting bank have a Subchapter S election in effect for federal income tax purposes for the current tax year?.....		YES / NO	YES / NO
		YES	YES
The following items are to be completed by institutions with \$1 billion or more in total assets and offer one or more consumer deposit account products.			
Components of service charges on deposit accounts:			
Consumer overdraft-related service charges levied on those transaction account and nontransaction savings account deposit products intended primarily for individuals for personal, household, or family use.....		NR	NR
Consumer account periodic maintenance charges levied on those transaction account and nontransaction savings account deposit products intended primarily for individuals for personal, household, or family use.....		NR	NR
Consumer customer automated teller machine (ATM) fees levied on those transaction account and nontransaction savings account deposit products intended primarily for individuals for personal, household, or family use.....		NR	NR
All other service charges on deposit accounts.....		NR	NR

Consolidated Report of Income

December 31, 2024

Dollar Amounts in Thousands

	Prior Year 2023	Current Year 2024
Changes in Bank Equity Capital		
Total bank equity capital most recently reported for the December 31, 2023 Reports of Condition and Income (i.e., after adjustments from amended Reports of Income).....	14,300	18,847
Cumulative effect of changes in accounting principles and corrections of material accounting errors.....	0	0
Balance end of previous calendar year as restated.....	14,300	18,847
Net income (loss) attributable to bank.....	(2,745)	4,073
Sale, conversion, acquisition, or retirement of capital stock, net (excluding treasury stock transactions).....	0	0
Treasury stock transactions, net.....	0	0
Changes incident to business combinations, net.....	0	0
LESS: Cash dividends declared on preferred stock.....	0	0
LESS: Cash dividends declared on common stock.....	0	2,000
Other comprehensive income.....	7,292	3,249
Other transactions with stockholders (including a parent holding company).....	0	0
Total bank equity capital end of current period.....	18,847	24,169
Changes in Allowances for Credit Losses		
Loans and Leases Held for Investment		
Balance most recently reported for the December 31, 2023, Reports of Condition and Income (i.e., after adjustments from amended Reports of Income).....	1,173	1,166
Recoveries.....	49	1
LESS: Charge-offs.....	57	14
LESS: Write-downs arising from transfers of financial assets.....	0	0
Provisions for credit losses.....	0	(440)
Adjustments.....	0	0
Balance end of current period.....	1,165	713
Changes in Allowances for Credit Losses		
Held-to-Maturity Debt Securities		
Balance most recently reported for the December 31, 2023, Reports of Condition and Income (i.e., after adjustments from amended Reports of Income).....	0	0
Recoveries.....	0	0
LESS: Charge-offs.....	0	0
LESS: Write-downs arising from transfers of financial assets.....	0	0
Provisions for credit losses.....	0	0
Adjustments.....	0	0
Balance end of current period.....	0	0

Consolidated Report of Income
December 31, 2024

Dollar Amounts in Thousands		Prior Year 2023	Current Year 2024
Changes in Allowances for Credit Losses			
Available-for-Sale Debt Securities			
Balance most recently reported for the December 31, 2023, Reports of Condition and Income (i.e., after adjustments from amended Reports of Income).....		0	0
Recoveries.....		0	0
LESS: Charge-offs.....		0	0
LESS: Write-downs arising from transfers of financial assets.....		0	0
Provisions for credit losses.....		0	0
Adjustments.....		0	0
Balance end of current period.....		0	0
Memoranda			
Provisions for credit losses on other financial assets measured at amortized cost.....		0	0
Allowance for credit losses on other financial assets measured at amortized cost.....		0	0
Provisions for credit losses on off-balance-sheet credit exposures.....		0	40

Consolidated Report of Condition

December 31, 2024

	Dollar Amounts in Thousands	Prior Year 2023	Current Year 2024
Assets			
Cash and balances due from depository institutions:			
Noninterest-bearing balances and currency and coin		12,688	6,047
Interest-bearing balances		43,838	13,073
Securities:			
Held-to-maturity securities		0	0
Available-for-sale debt securities		96,889	106,215
Equity securities with readily determinable fair values not held for trading		0	0
Federal funds sold and securities purchased under agreements to resell:			
Federal funds sold		0	0
Securities purchased under agreements to resell		0	0
Loans and lease financing receivables:			
Loans and leases held for sale		0	0
Loans and leases held for investment		75,515	55,375
LESS: Allowance for credit losses on loans and leases		1,165	713
Loans and leases held for investment, net of allowance		74,350	54,662
Trading assets		0	0
Premises and fixed assets (including right-of-use assets)		1,592	404
Other real estate owned		0	0
Investments in unconsolidated subsidiaries and associated companies		0	0
Direct and indirect investments in real estate ventures		0	0
Intangible assets		2,241	2,241
Other assets		4,283	4,408
Total assets		235,881	187,050
Liabilities			
Deposits:			
In domestic offices:			
Noninterest-bearing		215,567	162,165
Interest-bearing		98,135	70,612
Federal funds purchased and securities sold under agreements to repurchase:		117,432	91,553
Federal funds purchased		0	0
Securities sold under agreements to repurchase		794	118
Trading liabilities		0	0
Other borrowed money (includes mortgage indebtedness)		0	0
Subordinated notes and debentures		0	0
Other liabilities		674	598
Total liabilities		217,035	162,881
Equity Capital			
Bank Equity Capital			
Perpetual preferred stock and related surplus		0	0
Common stock		300	300
Surplus (excludes all surplus related to preferred stock)		14,700	14,700
Retained earnings		13,555	15,629
Accumulated other comprehensive income		(9,709)	(6,460)
Other equity capital components		0	0
Total bank equity capital		18,846	24,169
Noncontrolling (minority) interests in consolidated subsidiaries		0	0
Total equity capital		18,846	24,169
Total liabilities and equity capital		235,881	187,050

Consolidated Report of Condition

December 31, 2024

**Past Due and Nonaccrual Loans, Leases,
and Other Assets**

	Prior Year - 2023		Current Year - 2024	
	Past Due 90 days or more and still accruing	Nonaccrual	Past Due 90 days or more and still accruing	Nonaccrual
Dollar Amounts in Thousands				
Loans secured by real estate:				
Construction, land development, and other land loans:				
1-4 family residential construction loans.....	0	0	0	0
Other construction loans and all land development and other land loans.....	0	0	0	0
Secured by farmland.....	0	0	0	0
Secured by 1-4 family residential properties:				
Revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit.....	0	31	0	0
Closed-end loans secured by 1-4 family residential properties:				
Secured by first liens.....	0	0	0	0
Secured by junior liens.....	0	0	0	0
Secured by multifamily (5 or more) residential properties.....	0	0	0	0
Secured by nonfarm nonresidential properties:				
Loans secured by owner-occupied nonfarm nonresidential properties.....	0	0	0	0
Loans secured by other nonfarm nonresidential properties.....	0	0	0	0
Loans to depository institutions and acceptances of other banks.....	0	0	0	0
Commercial and industrial loans.....	0	8	0	4
Loans to individuals for household, family, and other personal expenditures:				
Credit cards.....	0	0	0	0
Automobile loans.....	0	0	0	0
Other (includes revolving credit plans other than credit cards and other consumer loans).....	0	0	0	0
All other loans.....	0	0	0	0
Lease financing receivables.....	0	0	0	0
Total loans and leases.....	0	39	0	4
Debt securities and other assets (exclude other real estate owned and other repossessed assets).....	0	0	0	0
Loans and leases reported in items above that are wholly or partially guaranteed by the U.S. Government, excluding loans and leases covered by loss-sharing agreements with the FDIC.....	0	0	0	0
Guaranteed portion of loans and leases included in item above, excluding rebooked "GNMA loans".....	0	0	0	0
Rebooked "GNMA loans" that have been repurchased or are eligible for repurchase included in item above.....	0	0	0	0
Portion of covered loans and leases included in total above that is protected by FDIC loss-sharing agreements.....	0	0	0	0

Consolidated Report of Condition

December 31, 2024

**Past Due and Nonaccrual Loans, Leases,
and Other Assets**

Memoranda	Dollar Amounts in Thousands	Prior Year - 2023		Current Year - 2024	
		Past Due 90 days or more and still accruing	Nonaccrual	Past Due 90 days or more and still accruing	Nonaccrual
Loan modifications to borrowers experiencing financial difficulty included in items above:					
Construction, land development, and other land loans:					
1-4 family residential construction loans.....		0	0	0	0
Other construction loans and all land development and other land loans.....		0	0	0	0
Loans secured by 1-4 family residential properties.....		0	0	0	0
Secured by multifamily (5 or more) residential properties.....		0	0	0	0
Secured by nonfarm nonresidential properties:					
Loans secured by owner-occupied nonfarm nonresidential properties.....		0	0	0	0
Loans secured by other nonfarm nonresidential properties.....		0	0	0	0
Commercial and industrial loans.....		0	0	0	0
All other loans (include loans to individuals for household, family, and other personal expenditures).....		0	0	0	0
Itemize loan categories included in item above that exceed 10% of total loan modifications to borrowers experiencing financial difficulty that are past due 30 days or more or in nonaccrual status:					
Loans secured by farmland.....		0	0	0	0
Loans to individuals for household, family, and other personal expenditures:					
Credit cards.....		0	0	0	0
Automobile loans.....		0	0	0	0
Other (includes revolving credit plans other than credit cards and other consumer loans).....		0	0	0	0
The following item is to be completed by:					
• Banks with \$300 million or more in total assets					
• Banks with less than \$300 million in total assets that have loans to finance agricultural production and other loans to farmers exceeding five percent of total loans					
Loans to finance agricultural production and other loans to farmers included in item above.....		0	0	0	0
Total loan modifications to borrowers experiencing financial difficulty included in items above.....		0	0	0	0
Loans to finance commercial real estate, construction, and land development activities (not secured by real estate) included in items above.....		0	0	0	0

Consolidated Report of Condition

December 31, 2024

**Past Due and Nonaccrual Loans, Leases,
and Other Assets**
Memoranda

Dollar Amounts in Thousands

The following item is to be completed by:

- Banks with \$300 million or more in total assets
- Banks with less than \$300 million in total assets that have loans to finance agricultural production and other loans to farmers exceeding five percent of total loans

Loans to finance agricultural production and other loans

to farmers (included in items above).....

Loans and leases held for sale (included in items above).....

Prior Year - 2023		Current Year - 2024	
Past Due 90 days or more and still accruing	Nonaccrual	Past Due 90 days or more and still accruing	Nonaccrual
0	0	0	0
0	0	0	0

Dollar Amounts in Thousands

Prior Year
2023Current Year
2024

Additions to nonaccrual assets during the previous six months.....

Nonaccrual assets sold during the previous six months.....

39	4
0	0

Memoranda

Dollar Amounts in Thousands

Loans to nondepository financial institutions

included in "All other loans," above.....

Prior Year - 2023		Current Year - 2024	
Past Due 90 days or more and still accruing	Nonaccrual	Past Due 90 days or more and still accruing	Nonaccrual
NR	NR	0	0

2024 ANNUAL DISCLOSURE STATEMENT NOTICE OF AVAILABILITY

In accordance with Federal regulation, this bank will provide an Annual Disclosure Statement to our customers, shareholders, and the general public, upon request, containing the bank's financial information for the last two years. This information will be updated annually and made available on or before March 31, 2025.

To request a copy

of the Annual Disclosure Statement, please contact:

First Security Bank - Sleepy Eye

Sleepy Eye, MN 56085