

PUBLIC DISCLOSURE

October 6, 2025

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Security Bank Midwest
Certificate Number: 485

1600 Main Street
Tyndall, South Dakota 57066

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 areas, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

The following points summarize the bank's Community Reinvestment Act (CRA) performance:

- The loan-to-deposit ratio is reasonable given the institution's size, financial condition, and credit needs of the assessment areas.
- The institution made 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 of loans 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

Security Bank Midwest is headquartered in Tyndall, South Dakota. The institution is owned by Midwest Bancshares, Inc., a one-bank holding company also located in Tyndall. Security Bank Midwest received a Satisfactory rating at its previous FDIC Performance Evaluation, dated December 2, 2019, based on Interagency Small Institution Examination Procedures.

In addition to its main office in Tyndall, the institution operates five branches in southeastern South Dakota and southwestern Minnesota. Three of these branches are new since the prior evaluation. Specifically, the bank opened a branch in Viborg, South Dakota, on January 2, 2020; a branch in Jackson, Minnesota opened on August 10, 2020; and a branch in Lennox, South Dakota opened on October 7, 2024. The Viborg branch is located in a moderate-income geography, while the Jackson and Lennox branches are located in middle-income geographies.

Security Bank Midwest offers a variety of traditional credit products including agricultural, commercial, home mortgage, and consumer loans. However, agricultural lending continues to be the institution's primary lending focus, followed by commercial lending. Security Bank Midwest also participates in government-sponsored loan programs through entities including the Small Business Administration (SBA) and the Farm Service Agency. Notably, the institution participated in the SBA-administered Paycheck Protection Program and originated 114 loans totaling \$3.9

million in 2020, and 373 loans totaling \$6.3 million in 2021. This program assisted small business and small farm operators struggling with the impact of the Coronavirus Disease 2019 pandemic.

The institution provides standard deposit products, including checking and savings accounts and certificates of deposit. In addition to traditional banking services, Security Bank Midwest offers online and mobile banking, electronic bill payment, mobile check deposit, and electronic periodic statements. The bank also owns and operates three cash-dispensing ATMs, two of which are new since the prior evaluation. The two new ATMs are located at the branches in Jackson, Minnesota, and Lennox, South Dakota.

As of June 30, 2025, Security Bank Midwest reported total assets of \$327.7 million, total loans of \$219.0 million, and total deposits of \$253.7 million. The following table illustrates the bank’s loan portfolio distribution. Examiners did not identify any financial, legal, or other impediments that would limit the institution’s ability to meet the credit needs of its assessment areas.

Loan Portfolio Distribution as of June 30, 2025		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	7,483	3.4
Secured by Farmland	59,198	27.0
Secured by 1-4 Family Residential Properties	8,344	3.8
Secured by Multifamily (5 or more) Residential Properties	0	0.0
Secured by Nonfarm Nonresidential Properties	10,936	5.0
Total Real Estate Loans	85,961	39.2
Agricultural Production and Other Loans to Farmers	110,100	50.3
Commercial and Industrial Loans	19,810	9.1
Consumer Loans	1,798	0.8
Obligations of States and Political Subdivisions in the U.S.	235	0.1
Other Loans	1,111	0.5
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
Total Loans	219,015	100.0
<i>Source: Reports of Condition and Income</i>		

DESCRIPTION OF ASSESSMENT AREAS

The CRA requires each financial institution to define one or more assessment areas within which its CRA performance will be evaluated. Security Bank Midwest has designated three assessment areas, two in South Dakota and one in Minnesota. Therefore, the bank will receive State ratings for both South Dakota and Minnesota. The assessment areas in South Dakota include Metropolitan South Dakota and Nonmetropolitan South Dakota. The Nonmetropolitan Minnesota Assessment Area is the sole assessment area in Minnesota. The assessment areas are discussed in further detail under the applicable State sections of this evaluation.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated December 2, 2019, to the current evaluation dated October 6, 2025. Examiners used Interagency Small Institution Examination Procedures to evaluate Security Bank Midwest’s CRA performance. These procedures evaluate the institution’s performance according to the Lending Test as outlined in the Small Bank Performance Criteria Appendix.

Security Bank Midwest’s assessment areas in South Dakota both received full-scope reviews due to its operations in both areas. Further, the institution’s performance in its South Dakota assessment areas received the greatest weight when determining the overall CRA rating as a majority of the bank’s lending, deposits, and branches are in South Dakota. In addition, although receiving less weight in determining the overall rating, the Nonmetropolitan Minnesota Assessment Area also received a full-scope review, as it is the only assessment area in the State of Minnesota. See the following table for details on the bank’s loans, deposits, and branches in each assessment area.

Assessment Area Breakdown of Loans, Deposits, and Branches						
Assessment Area	Loans		Deposits		Branches	
	\$(000s)	%	\$(000s)	%	#	%
Metropolitan South Dakota	134,727	62.2	108,755	42.9	3	50.0
Nonmetropolitan South Dakota	56,501	26.1	97,288	38.3	1	16.7
South Dakota Subtotal	191,228	88.3	206,043	81.2	4	66.7
Nonmetropolitan Minnesota	25,530	11.8	47,697	18.8	2	33.3
Minnesota Subtotal	25,530	11.8	47,697	18.8	2	33.3
Total	216,758	100.0	253,740	100.0	6	100.0

Source: Bank Data (7/31/2025), FDIC Summary of Deposits (6/30/2025). Due to rounding, totals may not equal 100%.

Activities Reviewed

Security Bank Midwest’s primary lending focus is agricultural loans, followed by commercial loans. This conclusion considered the bank’s business strategy, lending activity during the evaluation period, and Reports of Condition and Income data. Further, bank records indicate that the lending focus and product mix remained relatively consistent throughout the evaluation period. Therefore, examiners selected 2024, the most recent full calendar year, as the review period. This time frame was considered representative of the bank’s performance during the entire evaluation period. Finally, while Security Bank Midwest also offers home mortgage loans, they are not a primary lending focus and were not reviewed during this evaluation.

The scope of the evaluation for the South Dakota assessment areas included all small farm and small business loans originated, renewed, or extended in 2024, while the scope of the evaluation for the Minnesota assessment area only included small farm loans originated, renewed, or extended in 2024. The products selected for review were determined based on the bank’s business strategy; the number and dollar volume of loans originated, renewed, or extended in the evaluation period; and the credit needs of the assessment areas.

For the Lending Test, the entire universe of small farm and small business loans was used to evaluate the Assessment Area Concentration criterion. The universe included 231 small farm loans totaling \$31.1 million, and 77 small business loans totaling \$12.6 million. To evaluate the Geographic Distribution criterion, examiners reviewed all loans made within the Metropolitan South Dakota and Nonmetropolitan Minnesota Assessment Areas. Finally, as revenue information was not readily available, examiners selected random samples of loans located within the assessment areas to evaluate the Borrower Profile criterion. The samples included 51 small farm loans totaling \$7.1 million, and 30 small business loans totaling \$3.8 million. The 2024 D&B data provided a standard of comparison for the bank’s small farm and small business lending performance.

Security Bank Midwest’s small farm lending performance was given the most weight during the evaluation as agricultural lending is the institution’s primary focus and represents a larger portion of the loan portfolio (77.3 percent) than commercial loans (14.1 percent). Finally, although both the number and dollar volume of loans are presented, examiners emphasized performance by number because the number of loans is a better indicator of the number of farms and businesses served.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Security Bank Midwest demonstrated satisfactory performance under the Lending Test. The bank’s performance under all the evaluated criteria supports this conclusion. The bank’s overall performance was consistent with the conclusions for the rated areas of South Dakota and Minnesota.

Loan-to-Deposit Ratio

Security Bank Midwest’s loan-to-deposit ratio is reasonable given the bank’s size, financial condition, and the assessment areas’ credit needs. Calculated from Reports of Condition and Income data, the bank’s loan-to-deposit ratio averaged 86.9 percent over the past 23 calendar quarters, and is comparable to the ratios of similarly situated institutions. These institutions were chosen based on their asset size, branching structure, location, and lending focus. See the following table for details.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 6/30/2025 (\$000s)	Average Net Loan-to-Deposit Ratio (%)
Security Bank Midwest, Tyndall, South Dakota	327,680	86.9
Security Savings Bank, Canton, South Dakota	520,643	78.2
Rivers Edge Bank, Marion, South Dakota	317,561	81.9
<i>Source: Reports of Condition and Income 12/31/2019 – 6/30/2025</i>		

Assessment Area Concentration

Overall, Security Bank Midwest made a majority of its small farm and small business loans within its assessment areas. However, as illustrated in the following table, a majority of the bank’s small

business loans, by dollar volume, are outside of the assessment areas. Management explained that the bank maintains relationships with several larger commercial customers located just outside of the assessment areas' boundaries. For example, eight loans to one borrower comprised 33.1 percent of the total dollar amount of loans outside of the assessment areas. Further, loan requests inside of the assessment areas tend to be smaller in dollar volume. Finally, examiners placed more weight on the bank's small farm lending performance as agricultural loans are the primary lending focus. Given this information, the bank's performance is reasonable.

Lending Inside and Outside of the Assessment Areas										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000)				Total \$(000)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Small Farm	158	68.4	73	31.6	231	20,538	66.0	10,581	34.0	31,119
Small Business	45	58.4	32	41.6	77	5,437	43.1	7,165	56.9	12,602
Total	203	65.9	105	34.1	308	25,975	59.4	17,746	40.6	43,721
<i>Source: Bank Data</i>										

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the assessment areas. The bank's reasonable performance in South Dakota and Minnesota supports this conclusion. Detailed discussion of the bank's performance under this criterion is included in the rated area sections and assessment area sections of this evaluation. In analyzing this criterion, examiners focus on the percentage of loans in low- and moderate-income census tracts, as applicable.

Borrower Profile

Overall, the distribution of borrowers reflects reasonable penetration among farms and businesses of different revenue sizes. The bank's reasonable performance in South Dakota primarily supports this conclusion. Although performance in the State of Minnesota was excellent, the bank's lending in the State of South Dakota was given more weight during the evaluation. Detailed discussion of the bank's performance under this criterion is included in the rated area sections and assessment area sections of this evaluation. In analyzing this criterion, examiners focus on the percentage of loans to farms and businesses with gross annual revenues of \$1 million or less.

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.

SOUTH DAKOTA

CRA RATING FOR SOUTH DAKOTA: SATISFACTORY

DESCRIPTION OF INSTITUTION'S OPERATIONS IN SOUTH DAKOTA

Security Bank Midwest designated the following two assessment areas in South Dakota: Metropolitan South Dakota and Nonmetropolitan South Dakota. The bank operates four branches and two ATMs in South Dakota. Details for the individual assessment areas are provided in subsequent sections.

SCOPE OF EVALUATION – SOUTH DAKOTA

Examiners reviewed small farm and small business loans in both South Dakota assessment areas. Small farm lending received greater weight when drawing conclusions as agricultural lending is the bank's primary lending focus. Further, the Metropolitan South Dakota Assessment Area received the most weight when arriving at the State rating. Refer to the overall Scope of Evaluation section for additional information.

CONCLUSIONS ON PERFORMANCE CRITERIA IN SOUTH DAKOTA

LENDING TEST

Security Bank Midwest demonstrated satisfactory performance under the Lending Test in South Dakota. The bank's reasonable Geographic Distribution and Borrower Profile performance supports this conclusion. The bank's performance in the Metropolitan South Dakota and Nonmetropolitan South Dakota Assessment Areas is consistent with the overall state performance.

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion. The bank's performance throughout the Metropolitan South Dakota Assessment Area supports this conclusion as the Nonmetropolitan South Dakota Assessment Area does not include any low- or moderate-income census tracts.

Borrower Profile

The distribution of borrowers reflects reasonable penetration among farms and businesses of different sizes in South Dakota. The bank's performance in each assessment area is consistent with the overall state performance.

METROPOLITAN SOUTH DAKOTA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE METROPOLITAN SOUTH DAKOTA ASSESSMENT AREA

The Metropolitan South Dakota Assessment Area includes the entirety of Turner County, as well as Census Tract 103 in Lincoln County. Lincoln and Turner counties are part of the Sioux Falls, South Dakota-Minnesota Metropolitan Statistical Area (MSA). According to 2020 U.S. Census data, Census Tract 9652 in Turner County is a moderate-income tract, while the remaining two census tracts are designated as middle-income. This reflects a change from the last evaluation when all three census tracts were middle-income. Security Bank Midwest operates three branches in this assessment area, which are located in Chancellor, Lennox, and Viborg, South Dakota. The Viborg branch is located in the moderate-income census tract, while the Chancellor and Lennox offices are located in middle-income tracts.

Economic and Demographic Data

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

Demographic Information of the Metropolitan South Dakota Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	N/A* % of #
Geographies (Census Tracts)	3	0.0	33.3	66.7	0.0	0.0
Population by Geography	13,560	0.0	31.0	69.0	0.0	0.0
Housing Units by Geography	6,046	0.0	35.2	64.8	0.0	0.0
Owner-Occupied Units by Geography	4,447	0.0	31.7	68.3	0.0	0.0
Occupied Rental Units by Geography	984	0.0	39.6	60.4	0.0	0.0
Vacant Units by Geography	615	0.0	53.3	46.7	0.0	0.0
Businesses by Geography	1,760	0.0	31.4	68.6	0.0	0.0
Farms by Geography	290	0.0	41.7	58.3	0.0	0.0
Family Distribution by Income Level	3,776	19.3	19.5	29.0	32.2	0.0
Household Distribution by Income Level	5,431	24.0	15.5	22.3	38.3	0.0
Median Family Income: Sioux Falls, South Dakota-Minnesota MSA	\$83,517	Median Housing Value				\$ 150,621
		Median Gross Rent				\$641
		Families Below Poverty Level				5.8%
<i>Source: 2020 Census; 2024 D&B Data; (*) The NA category consists of geographies that have not been assigned an income classification; Due to rounding, totals may not equal 100%.</i>						

According to 2024 D&B data, nonclassifiable establishments represent the largest portion of operations within the assessment area at 18.2 percent, followed by agriculture, forestry, fishing, and hunting at 14.2 percent. Local businesses are predominantly small operations as 93.7 percent operate from a single location, and 73.7 percent have four or fewer employees.

Competition

There is significant competition for financial services within the Metropolitan South Dakota Assessment Area. According to June 30, 2025 FDIC Deposit Market Share data, 29 financial institutions operate 45 offices within Lincoln and Turner counties. Of these institutions, Security Bank Midwest ranked 11th with a deposit market share of only 0.02 percent. However, this data does not include deposit market share information for credit unions, which are also present in the assessment area.

Many area financial institutions offer similar loan products; consequently, there is a significant level of competition for small farm and small business loans within the assessment area. Specifically, 2023 aggregate CRA data reveals that 20 lenders reported 284 small farm loans, and 57 lenders reported 1,914 small business loans originated or purchased within Lincoln and Turner counties. These figures do not include loans originated or purchased by smaller institutions that are not required to report data but operate within the assessment area. Security Bank Midwest was not required to report its small farm or small business loan data during the evaluation period; however, the data is included as an indicator of the level of demand and competition for these products.

Credit Needs

Considering information from management, as well as demographic and economic data, examiners determined that agricultural loans represent the primary credit need within the bank's Metropolitan South Dakota Assessment Area, followed by commercial loans.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE METROPOLITAN SOUTH DAKOTA ASSESSMENT AREA

LENDING TEST

Security Bank Midwest demonstrated reasonable performance under the Lending Test in the Metropolitan South Dakota Assessment Area. The bank's Geographic Distribution and Borrower Profile performance supports this conclusion.

Geographic Distribution

Overall, the geographic distribution of loans reflects reasonable dispersion throughout the Metropolitan South Dakota Assessment Area. Although the small business lending performance was excellent, this conclusion is primarily supported by the bank's reasonable small farm lending performance, which was given the greatest weight throughout the analysis. Examiners focused on lending within the sole moderate-income census tract in Turner County.

Small Farm Loans

The geographic distribution of small farm loans reflects reasonable dispersion throughout the assessment area. The following table indicates that the bank’s lending in the moderate-income census tract is less than but comparable to D&B data. As previously noted, there is significant competition for small farm loans within the assessment area. Additionally, only a limited number of farm operations are present within the moderate-income census tract. Specifically, the 2024 D&B data revealed that there are approximately 121 farms located within the sole moderate-income census tract in the assessment area. Given this information, the bank’s performance is reasonable.

Geographic Distribution of Small Farm Loans					
Tract Income Level	% of Farms	#	%	\$(000s)	%
Moderate	41.7	19	32.2	2,653	36.9
Middle	58.3	40	67.8	4,538	63.1
Total	100.0	59	100.0	7,191	100.0
<i>Source: 2024 D&B Data, Bank Data</i>					

Small Business Loans

The geographic distribution of small business loans reflects excellent dispersion throughout the assessment area. As detailed in the following table, the bank’s lending within the moderate-income census tract exceeds 2024 D&B data.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Moderate	31.4	9	42.9	3,155	77.5
Middle	68.6	12	57.1	915	22.5
Total	100.0	21	100	4,070	100
<i>Source: 2024 D&B Data, Bank Data</i>					

Borrower Profile

The distribution of borrowers reflects reasonable penetration among farms and businesses of different revenue sizes. This conclusion is supported by the bank’s reasonable small farm and small business lending performance.

Small Farm Loans

The distribution of sampled small farm loans reflects reasonable penetration to farm operations of different revenue sizes. As shown in the following table, the bank’s lending to farms with revenues of \$1 million or less is lower than D&B data. However, the 2022 Census of Agriculture revealed that 58.4 and 51.7 percent of producers in Lincoln and Turner counties, respectively, do not list farming as their primary occupation. The 2022 Census of Agriculture also showed that 61.4 and 49.3 percent of farm operations in those same counties did not report interest expense. This information indicates that many farms in the assessment area have off-farm income, and they may not need credit to finance their operations. In addition, aggregate CRA data can also be used to provide context about the size of farms to which other institutions are lending. The aggregate CRA data from 2021 through 2023 revealed that, on average, 52.8 percent of loans originated or

purchased by reporting banks were to farms with revenues of \$1 million or less. Given this additional information, 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	98.6	13	76.5	1,555	60.5
> \$1,000,000	1.4	2	11.8	982	38.2
Revenue Not Available	0.0	2	11.8	34	1.3
Total	100.0	17	100.00	2,571	100.0
<i>Source: 2024 D&B Data, Bank Data; Due to rounding, totals may not equal 100.0%</i>					

Small Business Loans

The distribution of sampled small business loans reflects reasonable penetration to businesses of different revenue sizes. As illustrated in the following table, the bank’s lending to businesses with revenues of \$1 million or less is lower than comparable demographic data. However, D&B data includes all businesses in the assessment area that voluntarily respond to a survey request, including some very small entities that have limited or no credit needs. In addition, aggregate CRA data can be used to provide context about the size of businesses to which other banks are lending. The aggregate CRA data from 2021 through 2023 revealed that, on average, 59.1 percent of loans originated or purchased by reporting banks in the assessment area were to businesses with revenues of \$1 million or less. Given 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	88.7	13	72.2	1,100	36.5
> \$1,000,000	2.6	5	27.8	1,915	63.5
Revenue Not Available	8.7	0	0	0	0
Total	100	18	100	3,015	100
<i>Source: 2024 D&B Data, Bank Data</i>					

NONMETROPOLITAN SOUTH DAKOTA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE NONMETROPOLITAN SOUTH DAKOTA ASSESSMENT AREA

The Nonmetropolitan South Dakota Assessment Area is comprised of Bon Homme County in southeastern South Dakota. According to 2020 U.S. Census data, Bon Homme County includes two middle-income census tracts, which have not changed since the prior evaluation. The bank operates its main office and one ATM within this assessment area in the City of Tyndall.

Economic and Demographic Data

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

Demographic Information of the Nonmetropolitan South Dakota Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	N/A* % of #
Geographies (Census Tracts)	2	0.0	0.0	100.0	0.0	0.0
Population by Geography	7,003	0.0	0.0	100.0	0.0	0.0
Housing Units by Geography	2,969	0.0	0.0	100.0	0.0	0.0
Owner-Occupied Units by Geography	1,853	0.0	0.0	100.0	0.0	0.0
Occupied Rental Units by Geography	703	0.0	0.0	100.0	0.0	0.0
Vacant Units by Geography	413	0.0	0.0	100.0	0.0	0.0
Businesses by Geography	664	0.0	0.0	100.0	0.0	0.0
Farms by Geography	159	0.0	0.0	100.0	0.0	0.0
Family Distribution by Income Level	1,554	22.2	18.6	23.3	35.9	0.0
Household Distribution by Income Level	2,556	26.9	19.1	16.7	37.3	0.0
Median Family Income: Nonmetropolitan South Dakota	\$72,374	Median Housing Value				\$ 92,925
		Median Gross Rent				\$581
		Families Below Poverty Level				8.9%

Source: 2020 Census; 2024 D&B Data; () The NA category consists of geographies that have not been assigned an income classification.*

According to 2024 D&B data, businesses related to agriculture, forestry, fishing, and hunting represent the largest portion of operations within the assessment area at 19.3 percent. Furthermore, local businesses are predominantly small operations as 91.4 percent operate from a single location, and 75.0 percent have four or fewer employees.

Competition

The Nonmetropolitan South Dakota Assessment Area is moderately competitive for financial services. According to June 30, 2025 FDIC Deposit Market Share data, there are five financial institutions operating five offices within the assessment area. Of these institutions, Security Bank Midwest ranked first with a deposit market share of 41.8 percent.

There is a moderate level of competition for small farm and small business loans within the assessment area. Specifically, 2023 aggregate CRA data revealed that 11 lenders reported 95 small farm loans, and 19 lenders reported 76 small business loans originated or purchased within Bon Homme County. Security Bank Midwest was not required to report its small farm or small business loan data during the evaluation period; however, the data is included as an indicator of the level of demand and competition for these products.

Credit Needs

Considering information from bank management, as well as demographic and economic data, examiners determined that agricultural loans represent the primary credit need within the Nonmetropolitan South Dakota Assessment Area, followed by commercial loans.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE NONMETROPOLITAN SOUTH DAKOTA ASSESSMENT AREA

LENDING TEST

Security Bank Midwest demonstrated reasonable performance under the Lending Test in the Nonmetropolitan South Dakota Assessment Area. The bank's Borrower Profile performance supports this conclusion.

Geographic Distribution

The Nonmetropolitan South Dakota Assessment Area does not include any low- and 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 demonstrates reasonable penetration among farms and businesses of different revenue sizes. The bank's reasonable small farm and small business lending performance supports this conclusion.

Small Farm Loans

The distribution of sampled small farm loans reflects reasonable penetration to farm operations of different revenue sizes. As shown in the following table, the bank's lending to farms with revenues of \$1 million or less is lower than D&B data. However, the 2022 Census of Agriculture revealed that 54.4 percent of producers in Bon Homme County do not list farming as their primary occupation. The 2022 Census of Agriculture also showed that 56.5 percent of farm operations in Bon Homme County did not report interest expense. This information indicates that many farms in the assessment area have off-farm income, and they may not need credit to finance their operations.

In addition, aggregate CRA data can also be used to provide context about the size of farms to which other institutions are lending. The aggregate CRA data from 2021 through 2023 revealed that, on average, only 59.1 percent of loans originated or purchased by reporting banks within the assessment area were to farms with revenues of \$1 million or less. Given this information, 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	98.7	9	69.2	1,065	54.3
> \$1,000,000	1.3	3	23.1	645	32.9
Revenue Not Available	0.0	1	7.7	250	12.8
Total	100.0	13	100.0	1,960	100.0
<i>Source: 2024 D&B Data, Bank Data</i>					

Small Business Loans

The distribution of sampled small business loans reflects reasonable penetration to operations of different revenue sizes. As illustrated in the following table, the bank’s lending to businesses with revenues of \$1 million or less is lower than comparable demographic data. However, D&B data includes all businesses in the assessment area that voluntarily respond to a survey request, including some very small entities that have limited or no credit needs. In addition, aggregate CRA data can be used to provide context about the size of businesses to which other banks are lending. The aggregate CRA data from 2021 through 2023 revealed that, on average, 65.7 percent of loans originated or purchased by reporting banks in the assessment area were to businesses with revenues of \$1 million or less. Given this information, 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	84.8	8	66.7	451	55.6
> \$1,000,000	3.6	3	25.0	310	38.2
Revenue Not Available	11.6	1	8.3	50	6.2
Total	100.0	12	100.0	811	100.0
<i>Source: 2024 D&B Data, Bank Data</i>					

MINNESOTA

CRA RATING FOR MINNESOTA: SATISFACTORY

DESCRIPTION OF INSTITUTION’S OPERATIONS IN MINNESOTA

Security Bank Midwest has designated one assessment area in Minnesota, the Nonmetropolitan Minnesota Assessment Area, which is comprised of the entirety of Cottonwood, Jackson, Murray, and Nobles counties in southwestern Minnesota. Based on 2020 U.S. Census data, the assessment area includes 3 moderate-income census tracts, and 14 middle-income census tracts. This reflects a change from the prior evaluation when the assessment area included 2 moderate-income tracts, 14 middle-income tracts, and 1 upper-income tract. The bank operates two branches in Jackson and Heron Lake in this assessment area, both of which 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 Nonmetropolitan Minnesota Assessment Area							
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	N/A* % of #	
Geographies (Census Tracts)	17	0.0	17.7	82.4	0.0	0.0	
Population by Geography	51,975	0.0	21.9	78.1	0.0	0.0	
Housing Units by Geography	23,822	0.0	17.5	82.6	0.0	0.0	
Owner-Occupied Units by Geography	16,096	0.0	14.6	85.4	0.0	0.0	
Occupied Rental Units by Geography	4,856	0.0	30.0	70.0	0.0	0.0	
Vacant Units by Geography	2,870	0.0	12.1	87.9	0.0	0.0	
Businesses by Geography	3,997	0.0	18.8	81.2	0.0	0.0	
Farms by Geography	962	0.0	6.2	93.8	0.0	0.0	
Family Distribution by Income Level	13,598	20.1	19.8	24.7	35.4	0.0	
Household Distribution by Income Level	20,952	22.6	18.6	19.2	39.8	0.0	
Median Family Income: Nonmetropolitan Minnesota	\$74,710	Median Housing Value				\$ 126,983	
		Median Gross Rent				\$677	
		Families Below Poverty Level				6.5%	
<i>Source: 2020 Census; 2024 D&B Data; (*) The NA category consists of geographies that have not been assigned an income classification; Due to rounding, totals may not equal 100%.</i>							

According to 2024 D&B data, businesses related to agriculture, forestry, fishing, and hunting represent the largest portion of operations within the assessment area at 19.4 percent. Local businesses are predominantly small operations with 90.3 percent operating from a single location, and 75.8 percent having four or fewer employees.

Competition

The Nonmetropolitan Minnesota Assessment Area is moderately competitive for financial services. The June 30, 2025 FDIC Deposit Market Share data reveals that there were 19 financial institutions operating 35 offices within the assessment area. Of these institutions, Security Bank Midwest ranked 12th with a deposit market share of 2.4 percent. However, this data does not include deposit market share information for credit unions, which are also present in the assessment area.

There is competition for small farm loans within the assessment area. Specifically, 2023 aggregate CRA data revealed that 20 lenders reported 439 small farm loans originated or purchased within the Nonmetropolitan Minnesota Assessment Area. Security Bank Midwest was not required to report its small farm loan data during the evaluation period; however, the data is included as an indicator of the level of demand and competition for this product.

Community Contact

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in identifying the credit needs. This information helps determine whether local financial institutions are responsive to these needs. It also shows what credit opportunities are available. For this evaluation, examiners reviewed a community contact interview previously conducted with an individual familiar with agricultural activity in the assessment area.

The community contact indicated that the area is heavily dependent upon agricultural activity and related businesses. Primary demographics include a significant number of farmers that are younger individuals just starting their operations. However, beginning farmers may struggle to increase the size of their operations as both land and home prices are currently high. The contact noted that assessment area residents tend to travel to larger cities to seek employment. Many individuals also work for the railroad or at local grain elevators. The contact stated that the primary credit need is agricultural loans. Finally, the community contact explained that there are many local banks willing to work with borrowers, and they may offer alternative financing options to ensure that credit needs are met.

Credit Needs

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that agricultural lending represents the primary credit need within the assessment area, followed by commercial lending.

SCOPE OF EVALUATION – MINNESOTA

In the Nonmetropolitan Minnesota Assessment Area, only small farm loans were analyzed as described under the Scope of Evaluation section.

CONCLUSIONS ON PERFORMANCE CRITERIA IN MINNESOTA

LENDING TEST

Security Bank Midwest demonstrated reasonable performance under the Lending Test in Minnesota. The bank’s Geographic Distribution and Borrower Profile performance for the Nonmetropolitan Minnesota Assessment Area supports this conclusion.

Geographic Distribution

The geographic distribution of small farm loans reflects reasonable dispersion throughout the Nonmetropolitan Minnesota Assessment Area. Examiners focused on the percentage of loans in the three moderate-income census tracts within the assessment area. Two of the moderate-income tracts are in Nobles County and make up the City of Worthington. The remaining moderate-income census tract is in rural Cottonwood County.

The following table indicates that the bank did not originate any small farm loans in the moderate-income census tracts. However, there is competition for small farm loans within the assessment area. Additionally, only a limited number of farm operations are present within the moderate-income census tracts. Specifically, the 2020 U.S. Census data revealed that there are only 6 farms located in the 2 moderate-income tracts in Nobles County where Security Bank Midwest does not maintain a presence. Further, the 2020 U.S. Census data revealed that there are approximately 54 farms in the moderate-income tract in Cottonwood County. Given this information, the bank’s performance is reasonable.

Geographic Distribution of Small Farm Loans					
Tract Income Level	% of Farms	#	%	\$(000s)	%
Moderate	6.2	0	0	0	0
Middle	93.8	49	100	6,864	100
Total	100.0	49	100	6,864	100

Source: 2024 D&B Data, Bank Data

Borrower Profile

The distribution of small farm loans reflects excellent penetration to farms of different revenue sizes within the Nonmetropolitan Minnesota Assessment Area. All of the 21 sampled small farm loans were originated to farm operations with revenues of \$1 million or less. This exceeds 2024 D&B data, which indicates that 98.3 percent of assessment area farms are in this same revenue category.

APPENDICES

SMALL INSTITUTION 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 market, 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).

SUMMARY OF RATINGS FOR RATED AREAS

Rated Area	Rating
SOUTH DAKOTA	SATISFACTORY
MINNESOTA	SATISFACTORY

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.

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.

Multifamily: 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.