

# Proudly Reinvesting in our Communities

Our communities are strong because many different cultures, talents, and expectations are woven together. Working side by side, our future will be better.

We're dedicated to meeting your financial needs, whoever you are, whatever your dreams. We'll help you get the credit you need, when you need it.

Your Hometown Bank  
[www.ssbmnn.com](http://www.ssbmnn.com)



Member  
**FDIC**



*Greetings to our customers....*

*We have important information for you.*

As your financial institution, we are involved in a program that directly affects you and our entire community. Please take a few minutes to learn about the COMMUNITY REINVESTMENT ACT.

The Community Reinvestment Act (CRA) was developed by Congress in 1977. It requires financial institutions to help communities meet local financial needs. To you, our customer, that means: we provide credit services to fit your needs, make many types of loans available, and ask for your suggestions and comments about our credit policies. In addition, we work with community groups, local businesses, and all levels of government to improve the area we serve.

*We invite you to learn more about CRA by looking at this binder. CRA is intended to make a difference- for you and for our community.*





# Security State Bank of Aitkin

## Net Loan-to-Deposit Ratios\*

March 31, 2025	49.22%
June 30, 2025	48.65%
September 30, 2025	49.91%
December 31, 2025	51.45%

\*Net Total Loan to Deposit Ratios from Quarterly Consolidated Reports of Condition and Income.

**Security State Bank of Aitkin**

402 Minnesota Avenue North

Aitkin, MN 56431

218/927-3765

Census Tract: 7703.00

**Branch Location Listing**

***GARRISON***

Security State Bank of Aitkin, Garrison Branch

PO Box 62

27310 Central Street

Garrison, MN 56450

320/692-4353

Census Tract: 9516.00

***GRAND MARAIS***

Security State Bank of Aitkin, Grand Marais Branch

PO Box 250

6 W. Wisconsin Street

Grand Marais, MN 55604

218/387-1000

Census Tract: 4802.00

***PAULBECK'S MARKET***

Security State Bank of Aitkin, County Market Branch

PO Box 170

171 Red Oak Dr., Suite 500

Aitkin, MN 56431

218/927-3150

Census Tract: 7703.00

**Branches opened and closed during the current and each of the prior two calendar years;**

**Opened:**       None.

**Closed:**       None.

## Security State Bank Locations and Contact Information

MAIN BANK- AITKIN  
Security State Bank  
PO Box 170  
402 Minnesota Ave N  
Aitkin MN 56431

Phone Number:  
218.927.3765

Lobby Hours:  
M-F 8:30 AM – 4:30 PM

Drive Up Hours:  
M-F 8:00 AM – 5:00 PM

ATM:  
Located across 4<sup>th</sup> St. at our  
Aitkin Office

PAULBECK'S MARKET - AITKIN  
Security State Bank  
PO Box 170  
171 Red Oak Rd Suite 500  
Aitkin MN 56431

Phone Number:  
218.927.3150

Lobby Hours:  
M-F 9:00 AM – 6:00 PM  
Sat. 9:00 AM – 12:00 PM

Drive Up Hours:  
Drive-up not available at this  
Location.

ATM:  
Walk-up ATM in front of our  
County Market office

GARRISON  
Security State Bank  
PO Box 62  
27310 Central Street  
Garrison MN 56450

Phone Number:  
320.692.4353

Lobby Hours:  
M-F 8:00 AM – 4:30 PM

Drive Up Hours:  
M-F 8:00 AM – 4:30 PM

ATM:  
Drive-thru window at our  
Garrison Office

GRAND MARAIS  
Security State Bank  
PO Box 250  
6 W Wisconsin Street  
Grand Marais MN 55604

Phone Number:  
218.387.1000

Lobby Hours:  
M-F 8:00 AM – 4:00 PM

Drive Up Hours:  
M-F 8:00 AM – 4:00 PM

ATM:  
Walk-up ATM in front of our  
Grand Marais Office

Website:  
[www.ssbmn.com](http://www.ssbmn.com)

For your convenience, bank-by-mail envelopes are available at no-charge. Night depositories are located at the ATM machine across the street from the Aitkin main office, in the drive up lane at the Garrison and Grand Marais branches and at the front of the Aitkin Paulbeck's Market branch.

# SECURITY STATE BANK OF AITKIN

## Loan Products and Programs

As of December 31, 2025

**Consumer Loan Products:** Direct-in-House Loans: Aitkin County Clean Water Partnership Management Sewer System Replacement Loan Program, Manufactured Housing Finance Loan Program, Security's Ready Reserve/Overdraft Protection.

**Real Estate Loan Products:** Residential Mortgages: Direct-in-House Loans, Construction Loans, Secondary Market Fixed Rate and a variety of other Conventional Loans, Secondary Market First-Time Homebuyers Loans, and Home Equity Loans.

**Agriculture:** Direct-in-House Loans and Farm Service Agency Guaranteed Loans.

**Commercial:** Direct-in-House Loans and Loan using various programs, organizations and guaranty loan programs available as outlined below in Commercial Loans.

**Other Commercial Loan Products:** Direct-in-House Loans, Aitkin County Development Fund, City of Aitkin Storefront Renovation Loan Program, Mille Lacs Electric Cooperative Loan Program, Central Minnesota Initiative Fund, Northland Foundation (Northeast Minnesota Initiative Fund), FmHA Guaranteed Loan Program, Minnesota Power Loan Program, Minnesota Community Capital Fund, Minnesota Business Finance, Inc.(MBFC) Loans, Minnesota State Tourism Loan Program, Blandin Foundation Loan Program, IRR Loan Programs, Small Business Administration (SBA) 7A and Express guaranty programs and United State Department of Agriculture Rural development (USDA) guaranty program.

Year	MSA/MD code type	MSA/MD code	State code	County code	Tract	MSA/MD na	State	County name
2024-2026	Non-MSA	99999	27	001	770100	N/A	MN	AITKIN COUNTY
2024-2026	Non-MSA	99999	27	001	770200	N/A	MN	AITKIN COUNTY
2024-2026	Non-MSA	99999	27	001	770300	N/A	MN	AITKIN COUNTY
2024-2026	Non-MSA	99999	27	001	770401	N/A	MN	AITKIN COUNTY
2024-2026	Non-MSA	99999	27	001	770402	N/A	MN	AITKIN COUNTY
2024-2026	Non-MSA	99999	27	001	790501	N/A	MN	AITKIN COUNTY
2024-2026	Non-MSA	99999	27	001	790503	N/A	MN	AITKIN COUNTY
2024-2026	Non-MSA	99999	27	001	790504	N/A	MN	AITKIN COUNTY
2024-2026	Non-MSA	99999	27	031	480101	N/A	MN	COOK COUNTY
2024-2026	Non-MSA	99999	27	031	480102	N/A	MN	COOK COUNTY
2024-2026	Non-MSA	99999	27	031	480200	N/A	MN	COOK COUNTY
2024-2026	Non-MSA	99999	27	031	990000	N/A	MN	COOK COUNTY
2024-2026	Non-MSA	99999	27	035	950100	N/A	MN	CROW WING COUNTY
2024-2026	Non-MSA	99999	27	035	950204	N/A	MN	CROW WING COUNTY
2024-2026	Non-MSA	99999	27	035	950401	N/A	MN	CROW WING COUNTY
2024-2026	Non-MSA	99999	27	035	950402	N/A	MN	CROW WING COUNTY
2024-2026	Non-MSA	99999	27	035	950501	N/A	MN	CROW WING COUNTY
2024-2026	Non-MSA	99999	27	035	950502	N/A	MN	CROW WING COUNTY
2024-2026	Non-MSA	99999	27	035	950701	N/A	MN	CROW WING COUNTY
2024-2026	Non-MSA	99999	27	035	950702	N/A	MN	CROW WING COUNTY
2024-2026	Non-MSA	99999	27	035	950801	N/A	MN	CROW WING COUNTY
2024-2026	Non-MSA	99999	27	035	950802	N/A	MN	CROW WING COUNTY
2024-2026	Non-MSA	99999	27	035	950901	N/A	MN	CROW WING COUNTY
2024-2026	Non-MSA	99999	27	035	950902	N/A	MN	CROW WING COUNTY
2024-2026	Non-MSA	99999	27	035	951000	N/A	MN	CROW WING COUNTY
2024-2026	Non-MSA	99999	27	035	951100	N/A	MN	CROW WING COUNTY
2024-2026	Non-MSA	99999	27	035	951200	N/A	MN	CROW WING COUNTY
2024-2026	Non-MSA	99999	27	035	951301	N/A	MN	CROW WING COUNTY
2024-2026	Non-MSA	99999	27	035	951303	N/A	MN	CROW WING COUNTY
2024-2026	Non-MSA	99999	27	035	951304	N/A	MN	CROW WING COUNTY
2024-2026	Non-MSA	99999	27	035	951400	N/A	MN	CROW WING COUNTY
2024-2026	Non-MSA	99999	27	035	951600	N/A	MN	CROW WING COUNTY

2024-2026 Non-MSA	99999	27	035	951700 N/A	MN	CROW WING COUNTY
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Note: The 2026 tract list is identical to the 2025 tract list. <https://www.ffiec.gov/data/census/tract-list>



Year	County name	FIPS code	MSA/MD MFI	Tract MFI	Tract income percentage	Tract income level
2024-2025	AITKIN COUNTY	27001770100	74710	60878	81.48	Middle
2024-2025	AITKIN COUNTY	27001770200	74710	61875	82.82	Middle
2024-2025	AITKIN COUNTY	27001770300	74710	53438	71.52	Moderate
2024-2025	AITKIN COUNTY	27001770401	74710	71250	95.36	Middle
2024-2025	AITKIN COUNTY	27001770402	74710	52232	69.91	Moderate
2024-2025	AITKIN COUNTY	27001790501	74710	68000	91.01	Middle
2024-2025	AITKIN COUNTY	27001790503	74710	66458	88.95	Middle
2024-2025	AITKIN COUNTY	27001790504	74710	66667	89.23	Middle
2024-2025	COOK COUNTY	27031480101	74710	71696	95.96	Middle
2024-2025	COOK COUNTY	27031480102	74710	74609	99.86	Middle
2024-2025	COOK COUNTY	27031480200	74710	67361	90.16	Middle
2024-2025	COOK COUNTY	27031990000	74710	0	0.00	Unknown
2024-2025	CROW WING COUNTY	27035950100	74710	73750	98.71	Middle
2024-2025	CROW WING COUNTY	27035950204	74710	72243	96.69	Middle
2024-2025	CROW WING COUNTY	27035950401	74710	79338	106.19	Middle
2024-2025	CROW WING COUNTY	27035950402	74710	75938	101.64	Middle
2024-2025	CROW WING COUNTY	27035950501	74710	81100	108.55	Middle
2024-2025	CROW WING COUNTY	27035950502	74710	69740	93.34	Middle
2024-2025	CROW WING COUNTY	27035950701	74710	62227	83.29	Middle
2024-2025	CROW WING COUNTY	27035950702	74710	57404	76.83	Moderate
2024-2025	CROW WING COUNTY	27035950801	74710	83826	112.20	Middle
2024-2025	CROW WING COUNTY	27035950802	74710	81518	109.11	Middle
2024-2025	CROW WING COUNTY	27035950901	74710	95294	127.55	Upper
2024-2025	CROW WING COUNTY	27035950902	74710	78972	105.70	Middle
2024-2025	CROW WING COUNTY	27035951000	74710	55682	74.53	Moderate
2024-2025	CROW WING COUNTY	27035951100	74710	45257	60.57	Moderate
2024-2025	CROW WING COUNTY	27035951200	74710	52500	70.27	Moderate
2024-2025	CROW WING COUNTY	27035951301	74710	73644	98.57	Middle
2024-2025	CROW WING COUNTY	27035951303	74710	58182	77.87	Moderate
2024-2025	CROW WING COUNTY	27035951304	74710	102704	137.47	Upper
2024-2025	CROW WING COUNTY	27035951400	74710	86779	116.15	Middle
2024-2025	CROW WING COUNTY	27035951600	74710	77670	103.96	Middle

2024-2025 CROW WING COUNTY

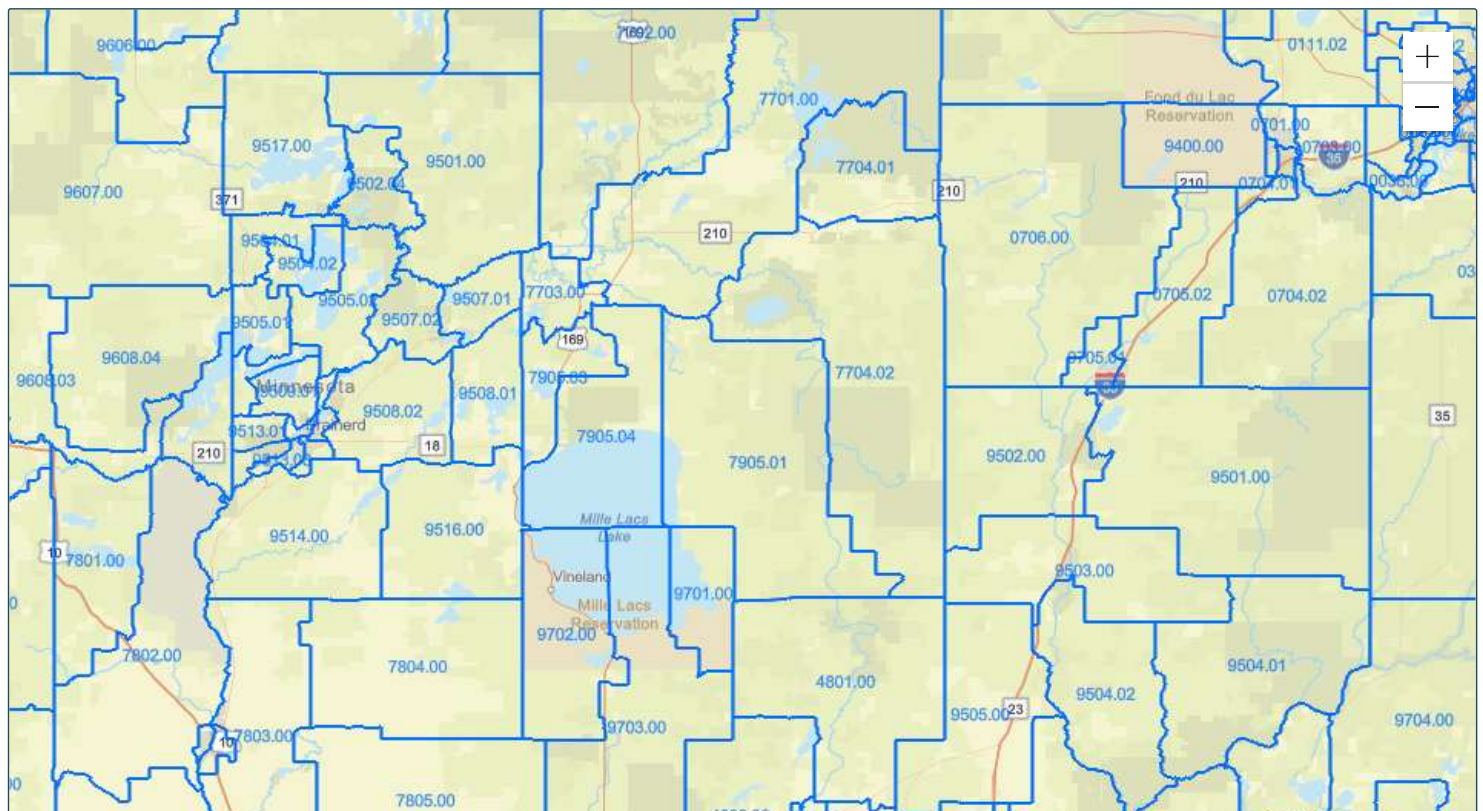
27035951700 74710

88698

118.72

Middle

Note: The 2026 tract list is identical to the 2025 tract list. <https://www.ffiec.gov/data/census/tract-list>

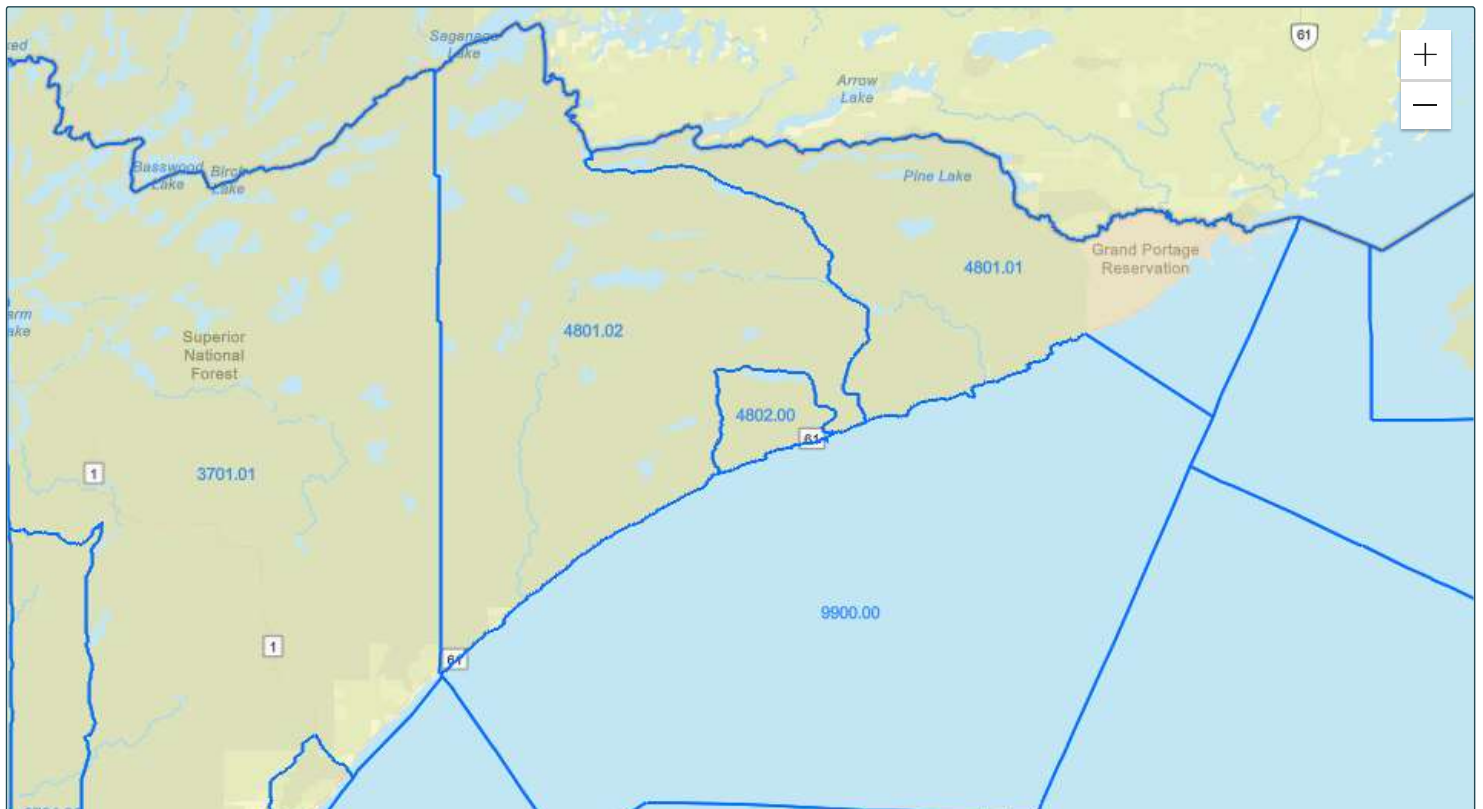


MN Dept Natural Resources, Esri, TomTom, Garmin, SafeGraph, FAO, METI/NASA, USGS, EPA, NPS, USFWS

Powered by Esri

 Matched Address:  
MSA: || State: || County: || Tract Code:

 Selected Tract  
MSA: || State: || County: || Tract Code:



Province of Ontario, MN Dept Natural Resources, Esri, TomTom, Garmin, SafeGraph, FAO, METI/NASA, USGS, EPA, NPS, USFWS

Powered by Esri

 Matched Address:  
MSA: || State: || County: || Tract Code:

 Selected Tract  
MSA: || State: || County: || Tract Code:

2025 FFIEC Census Report - Summary Census Overview Information

State: MINNESOTA

County: 001 - AITKIN COUNTY

All Tracts: 8



State Abbr	County Name	Tract code	Tract Income Level	Tract Median Family Income %	Distressed or Underserved Tract	2025 FFIEC Est. MSA/MD/non-MSA/MD Median Family Income	2020 Tract Median Family Income	Tract Population	Minority Population	Tract Minority %	Owner Occupied Units	1- to 4- Family Units
MN	AITKIN COUNTY	7701.00	3 - Middle	81.48	No	\$95,200	\$60,878	2244	127	5.66	1049	3001
MN	AITKIN COUNTY	7702.00	3 - Middle	82.82	No	\$95,200	\$61,875	2278	154	6.76	901	2106
MN	AITKIN COUNTY	7703.00	2 - Moderate	71.52	No	\$95,200	\$53,438	3298	234	7.10	992	1587
MN	AITKIN COUNTY	7704.01	3 - Middle	95.36	No	\$95,200	\$71,250	1308	148	11.31	564	2054
MN	AITKIN COUNTY	7704.02	2 - Moderate	69.91	No	\$95,200	\$52,232	1562	280	17.93	592	1466
MN	AITKIN COUNTY	7905.01	3 - Middle	91.01	No	\$95,200	\$68,000	1887	114	6.04	932	2433
MN	AITKIN COUNTY	7905.03	3 - Middle	88.95	No	\$95,200	\$66,458	1749	85	4.86	766	2250
MN	AITKIN COUNTY	7905.04	3 - Middle	89.23	No	\$95,200	\$66,667	1371	76	5.54	591	1292
MN	AITKIN COUNTY	9999.99	3 - Middle	82.28	No	\$95,200	\$61,476	15697	1218	7.76	6387	16189

2025 FFIEC Census Report - Summary Census Overview Information

State: MINNESOTA

County: 031 - COOK COUNTY

All Tracts: 4



State Abbr	County Name	Tract code	Tract Income Level	Tract Median Family Income %	Distressed or Underserved Tract	2025 FFIEC Est. MSA/MD/non-MSA/MD Median Family Income	2020 Tract Median Family Income	Tract Population	Minority Population	Tract Minority %	Owner Occupied Units	1- to 4- Family Units
MN	COOK COUNTY	4801.01	3 - Middle	95.96	Yes	\$95,200	\$71,696	1522	539	35.41	589	1914
MN	COOK COUNTY	4801.02	3 - Middle	99.86	Yes	\$95,200	\$74,609	1926	182	9.45	772	2682
MN	COOK COUNTY	4802.00	3 - Middle	90.16	Yes	\$95,200	\$67,361	2152	209	9.71	651	1270
MN	COOK COUNTY	9900.00	0 - Unknown	0.00	No	\$95,200	\$0	0	0	0.00	0	0
MN	COOK COUNTY	9999.99	3 - Middle	95.99	No	\$95,200	\$71,716	5600	930	16.61	2012	5866

2025 FFIEC Census Report - Summary Census Overview Information

State: MINNESOTA

County: 035 - CROW WING COUNTY

All Tracts: 21



State Abbr	County Name	Tract code	Tract Income Level	Tract Median Family Income %	Distressed or Underserved Tract	2025 FFIEC Est. MSA/MD/non-MSA/MD Median Family Income	2020 Tract Median Family Income	Tract Population	Minority Population	Tract Minority %	Owner Occupied Units	1- to 4- Family Units
MN	CROW WING COUNTY	9501.00	3 - Middle	98.71	No	\$95,200	\$73,750	2065	80	3.87	856	2608
MN	CROW WING COUNTY	9502.04	3 - Middle	96.69	No	\$95,200	\$72,243	1992	68	3.41	855	2113
MN	CROW WING COUNTY	9504.01	3 - Middle	106.19	No	\$95,200	\$79,338	4181	236	5.64	1281	2288
MN	CROW WING COUNTY	9504.02	3 - Middle	101.64	No	\$95,200	\$75,938	1613	62	3.84	567	1532
MN	CROW WING COUNTY	9505.01	3 - Middle	108.55	No	\$95,200	\$81,100	2643	106	4.01	1041	2262
MN	CROW WING COUNTY	9505.02	3 - Middle	93.34	No	\$95,200	\$69,740	2763	129	4.67	967	1856
MN	CROW WING COUNTY	9507.01	3 - Middle	83.29	No	\$95,200	\$62,227	2725	172	6.31	854	1383
MN	CROW WING COUNTY	9507.02	2 - Moderate	76.83	No	\$95,200	\$57,404	3047	189	6.20	1048	1622
MN	CROW WING COUNTY	9508.01	3 - Middle	112.20	No	\$95,200	\$83,826	1846	82	4.44	781	2138
MN	CROW WING COUNTY	9508.02	3 - Middle	109.11	No	\$95,200	\$81,518	2936	211	7.19	1045	1415
MN	CROW WING COUNTY	9509.01	4 - Upper	127.55	No	\$95,200	\$95,294	2998	160	5.34	879	1194
MN	CROW WING COUNTY	9509.02	3 - Middle	105.70	No	\$95,200	\$78,972	2587	186	7.19	1073	1548
MN	CROW WING COUNTY	9510.00	2 - Moderate	74.53	No	\$95,200	\$55,682	4217	514	12.19	1056	1813
MN	CROW WING COUNTY	9511.00	2 - Moderate	60.57	No	\$95,200	\$45,257	4868	651	13.37	953	1665
MN	CROW WING	9512.00	2 - Moderate	70.27	No	\$95,200	\$52,500	2843	277	9.74	588	927

State Abbr	County Name	Tract code	Tract Income Level	Tract Median Family Income %	Distressed or Underserved Tract	2025 FFIEC Est. MSA/MD/non-MSA/MD Median Family Income	2020 Tract Median Family Income	Tract Population	Minority Population	Tract Minority %	Owner Occupied Units	1- to 4- Family Units
	COUNTY											
MN	CROW WING COUNTY	9513.01	3 - Middle	98.57	No	\$95,200	\$73,644	5384	453	8.41	1206	1697
MN	CROW WING COUNTY	9513.03	2 - Moderate	77.87	No	\$95,200	\$58,182	3968	429	10.81	1018	1136
MN	CROW WING COUNTY	9513.04	4 - Upper	137.47	No	\$95,200	\$102,704	2522	214	8.49	788	906
MN	CROW WING COUNTY	9514.00	3 - Middle	116.15	No	\$95,200	\$86,779	5341	313	5.86	1975	2581
MN	CROW WING COUNTY	9516.00	3 - Middle	103.96	No	\$95,200	\$77,670	2559	208	8.13	1015	2427
MN	CROW WING COUNTY	9517.00	3 - Middle	118.72	No	\$95,200	\$88,698	3025	131	4.33	1248	3754



**SECURITY STATE BANK of AITKIN/GARRISON/GRAND MARAIS*****Service Fees Effective January 1, 2024*****Miscellaneous Fees:**

ACH ORIGATION	20.00	per file processed, setup fee and/or per item fees may apply
AMORTIZATION SCHEDULE	5.00	FREE TO BANCLUB MEMBERS
DEBIT CARD - ANNUAL FEE	no charge	
REPLACEMENT DEBIT CARD	5.00	
ON PREMISE ATM TRANSACTION FEE	no charge	
BANK MONEY ORDERS	5.00	FREE TO BANCLUB MEMBERS, FREE TO SECURITY 55
BILL PAY- BUSINESS	20.00/month	Free for consumers
CANADIAN CHECK PROCESSING FEE	10.00	and current exchange rate
CLOSED ACCOUNT FEE (within 90 days after opening)	30.00	
CHECK CASHING noncustomer drawn on us	25.00	Over \$5,000 Fee is charged
CHECK COLLECTION	20.00	
CONTRACT FOR DEED SETUP	50.00	must maintain a open deposit account
CONTRACT FOR DEED TRANSACTION	5.00	deducted from transaction
CONTRACT FOR DEED ANNUAL FEE	20.00	deducted from deposit account
eSTATEMENT	no charge	No charge for online delivery of your monthly account statement
FAX SERVICE (per page)	1.00	2.00 minimum FREE TO BANCLUB MEMBERS-3 page maximum
FOREIGN ADDRESS HANDLING FEE	2.00	
IRA ROLLOVER AND TRANSFER FEE	35.00	
NOTARY SERVICE	5.00	Non-customer
PHOTO COPIES	0.25	per copy FREE TO SECURITY 55 & BANCLUB MEMBERS, 10 copy limit. Color copy \$0.25 ea.
SAFE DEPOSIT BOX DRILLING	165.00	minimum / does not include replacement lock
SAFE DEPOSIT BOX REPLACE KEY	15.00	
SAFE DEP. BOX LATE PAYMENT FEE	7.00	
GARNISHMENT / LEVY	50.00	
INACTIVE ACCOUNT FEE	30.00	(if your account is inactive for 36 consecutive months)
WIRE TRANSFER INCOMING (Customer)	10.00	(must have an open active account)
WIRE TRANSFER OUTGOING	25.00	
WIRE TRANSFER FOREIGN	55.00	
NSF FEE (per item / per presentation) Personal account	25.00	
NSF FEE (per item / per presentation) Non-personal	30.00	
OVERDRAFT FEE (per item) Personal account	25.00	
OVERDRAFT FEE (per item) Non-personal / Business acct.	30.00	
CONTINUOUS O/D AFTER 4 BUSINESS DAYS	5.00	per day after 4 the fourth business day
DEPOSITED RETURN ITEM	5.00	
RESEARCH FEE	20.00	per hour .75 per copy 15.00 minimum
BALANCE CHECK BOOK - personal	20.00	per hour 15.00 minimum
BALANCE CHECK BOOK - business	30.00	per hour 20.00 minimum
STATEMENT PRINTOUTS	3.00	FREE TO SECURITY 55 & BANCLUB MEMBERS - unless research is involved
ONLINE STATEMENT PRINTOUTS	no charge	
CHECK COPY	1.00	per check Check copies available online at no charge
STOP PAYMENTS - Personal	25.00	per item stop Stop payments requiring a dollar or check# range charged at \$30.00 per stop
STOP PAYMENTS - Business Non-Personal	25.00	per item stop Stop payments requiring a dollar or check# range charged at \$30.00 per stop
COIN EXCHANGE (Non-customer)	2.00	minimum charge or 10% of coin value

The cost of checks deposit slips and withdrawal tickets will vary depending upon the style selected and the quantity ordered.

Please ask for details when ordering.  
See account agreement, rate and fee schedule for details regarding account fees.

***Member FDIC***



## Personal Checking and Savings Account Summary

We do offer interest bearing checking accounts, please ask us for details and current rates.

	Basic Checking or Security '55'	Security Cash Back Checking	Security High Yield Checking	Security Saver Savings	Statement Savings	Money Market	Investors Money Market
Minimum Opening Deposit	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00	\$1,000.00	\$1,000.00
Monthly Service Charge	None	None	None	None	Monthly fee of \$1.00  Fee waived if minimum daily balance is \$100	Monthly fee of \$10.00  Fee waived if minimum daily balance is \$1,000	Monthly fee of \$10.00  Fee waived if minimum daily balance is \$15,000
Interest Bearing	No	No	Yes	Yes	Yes	Yes	Yes
Checking Writing	Unlimited No Charge	Unlimited No Charge	Unlimited No Charge	No	No	Limited First 3 checks/ debits are FREE  then \$1.00 per check/debit	Limited First check/ debit is FREE  then \$5.00 per check/debit
Mastercard® Debit Card	Free	Free	Free	Free	ATM Only	NA	NA
Online Banking	Free	Free	Free	Free	Free	Free	Free
Bill Pay**	Free	Free	Free	Free	Free	NA	NA
Mobile Banking & Mobile Deposit	Free	Free	Free	Free	Free	Free	Free
eStatement *Images Included	Free	Free	Free	Free	Free	Free	Free
Deposit & Check Images returned in monthly statement	No	No	No	No	No	Yes	Yes

The information contained on this page does not intend to comply with all state or federal disclosure requirements. Contact our office for full disclosure information.

\*2 boxes of wallet specialty checks per year provided with Security "55" account. \*\*Bill Pay may have processing fees .

Please speak with a bank representative for more details.





	eBusiness	Basic Business	Business CD	Business Savings	Money Market	Investors Money Market
<b>Minimum Opening Deposit</b>	\$100.00	\$100.00	\$500.00	\$100.00	\$1,000.00	\$1,000.00
<b>Monthly Service Charge</b>	No monthly service charge *with eStatements	Monthly fee of \$5.00  Fee waived if minimum daily balance is \$500 or if we retain check images	None	Monthly fee of \$1.00  Fee waived if minimum daily balance is \$200 or more	Monthly fee of \$10.00  Fee waived if minimum daily balance is \$2,500 or more	Monthly fee of \$10.00  Fee waived if minimum daily balance is \$15,000 or more
<b>Interest Bearing</b>	No	No	Yes	Yes	Yes	Yes
<b>Account Transaction Fee</b>	Unlimited No charge *with eStatements	\$0.05 per deposited transit check  First 35 checks are free, then \$0.10 per check	Withdrawals prior to maturity may be subject to penalty	Unlimited Deposits and in-person transfers. Other transfers and withdrawals are limited.	Limited check writing  First 3 checks/debits are free then \$1.00 per check/debits	Limited check writing  First check/debit is free then \$5.00 per check/debit
<b>Business Debit Card</b>	Free	Free	N/A	N/A	Free	Free
<b>Online Banking</b>	Required	Free	Free	Free	Free	Free
<b>Bill Pay</b> *Restrictions may apply	Yes	Yes	N/A	N/A	N/A	N/A
<b>Mobiliti Mobile Banking</b>	Free	Free	Free	Free	Free	Free
<b>eStatement</b> *Images Included	Required	Free	Free	Free	Free	Free
<b>Deposit &amp; Check Images Online</b>	Yes	Yes	N/A	N/A	Yes	Yes

The information contained on this page does not intend to comply with all state or federal disclosure requirements. Contact our office for full disclosure information.



# SECURITY STATE BANK OF AITKIN

Loan Fees as of December 31, 2025

## Real Estate Loan Fees:

Loan Origination fee	1.00% of Loan Amount
Construction Origination fee	1.25% of Loan Amount
HELOC Fee	\$250.00
Appraisal Fees:	
AVM	\$ 25.00*
Full	\$600.00*
Credit Report	\$ 82.19* per individual
Real Estate Document Recording	\$ 46.00 per document
Real Estate Recording with Well	\$ 50.00 per document
Mortgage Registration Tax	\$ 2.30 per \$1,000.00 of the Mortgage
Assumption Fee	1.00% of Loan Amount
Land Surveyor Plat Drawing/Survey Drawing	\$125.00*
Flood Determination	\$ 15.00
UCC Filing Fee:	
Recording	\$ 20.00
Termination	\$ 20.00
Documentation Prep Fee	\$125.00 to \$350.00* per document
Closing Fee	\$300.00 to \$350.00*
Escrow Service Fee	\$250.00*
Title Service Fee	\$500.00 to \$600.00*
Owners & Encumbrances Report	\$100.00
Final Tract Search	\$ 50.00*
Title Insurance Policy	Cost Varies with Amount of Loan
Courier Service Fees	\$ 50.00
Wire Transfer Fees	\$ 50.00
Priority Pictures	\$150.00
Disbursement Fees	\$750.00 for first five disbursements
Additional Disbursements	\$ 75.00 each subsequent disbursement
Recording Service Fees	\$ 50.00
Payoff Processing Fee	\$ 50.00 per payoff
Early Start Fee	\$200.00

## Consumer Loan Fees

Loan Documentation Fee	\$ 25.00
UCC Filing:	
Recording	\$ 20.00
Termination	\$ 20.00
Grant Form Filing Fee:	
Auto	\$ 15.00
Trailer	\$ 15.00
Marine	\$ 17.00 estimate on hull length
Credit Report Fee:	\$ 40.30* per individual

## Commercial Loan Fees

Will vary with the type of transaction, but are similar to Real Estate Loan Fees

\*Estimate

# **PUBLIC DISCLOSURE**

September 26, 2023

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Security State Bank of Aitkin  
Certificate Number: 16656

402 Minnesota Avenue N  
Aitkin, Minnesota 56431

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

1100 Walnut St, Suite 2100  
Kansas City, Missouri 64106

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

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## INSTITUTION RATING

**INSTITUTION'S CRA RATING:** This institution is rated **Satisfactory**.

An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Security State Bank of Aitkin'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 reasonable given the institution's size, financial condition, and the assessment areas' credit needs.
- The institution made a substantial majority of its small business and home mortgage loans in its assessment areas.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.
- The distribution of borrowers reflects reasonable penetration among individuals of different income levels 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 State Bank of Aitkin is headquartered in Aitkin, Minnesota and is owned by Security State Agency of Aitkin, Inc., a one-bank holding company also located in Aitkin. In addition to its main office, the bank operates three full-service branches in Aitkin, Garrison, and Grand Marais, Minnesota. Since the previous CRA evaluation, the bank has not opened or closed any offices, and no merger or acquisition activities have occurred. Security State Bank of Aitkin received a Satisfactory rating at its previous FDIC Performance Evaluation, dated August 14, 2017, based on Interagency Small Institution Examination Procedures.

Security State Bank of Aitkin offers a wide range of loan products, including commercial, home mortgage, and consumer loans. Agricultural loans are also offered; however, to a much lesser degree. The bank's business focus continues to be commercial lending, followed by home mortgage lending. Security State Bank also offers commercial loans through the Small Business Administration (SBA) and participated in the SBA's Paycheck Protection Program, which assisted businesses struggling with the impact of the Coronavirus Disease 2019 (COVID-19) pandemic. The bank continues to maintain a third-party relationship to refer long-term mortgage loans to the secondary market, which provides borrowers with long-term financing options.

Security State Bank of Aitkin also offers a variety of deposit and alternative banking services. Deposit products include checking, savings, certificates of deposit, and individual retirement accounts. Alternative banking services include online and mobile banking, electronic bill pay and periodic statements, person-to-person payments, mobile deposit, remote deposit capture for commercial deposit customers, and four cash-dispensing ATMs.

As of June 30, 2023, assets totaled approximately \$106.2 million, loans totaled \$45.0 million, and deposits totaled \$101.6 million. The bank's loan portfolio distribution is illustrated in the following table.

<b>Loan Portfolio Distribution as of June 30, 2023</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction, Land Development, and Other Land Loans	1,722	3.8
Secured by Farmland	92	0.2
Secured by 1-4 Family Residential Properties	11,389	25.3
Secured by Multifamily (5 or more) Residential Properties	0	0.0
Secured by Nonfarm Nonresidential Properties	18,045	40.1
<b>Total Real Estate Loans</b>	<b>31,248</b>	<b>69.4</b>
Commercial and Industrial Loans	11,945	26.6
Agricultural Production and Other Loans to Farmers	243	0.5
Consumer Loans	1,570	3.5
Other Loans	7	0.0
<b>Total Loans</b>	<b>45,013</b>	<b>100.0</b>
<i>Source: Reports of Condition and Income</i>		

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

## 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 State Bank of Aitkin continues to designate two assessment areas in Minnesota, the Aitkin and Grand Marais assessment areas. Additional details regarding assessment area demographics and other information can be found under the respective assessment area sections.

## SCOPE OF EVALUATION

### General Information

This evaluation covers the period from the previous evaluation dated August 14, 2017, to the current evaluation dated September 26, 2023. Examiners used Interagency Small Institution Examination Procedures to evaluate Security State Bank of Aitkin's CRA performance. These procedures focus on the bank's performance under the Lending Test as outlined in the Small Bank Performance Criteria Appendix.

Examiners conducted full-scope reviews of both assessment areas based on bank location and the volume of lending, deposits, and services in each. When reaching overall conclusions, the most weight was given to the Aitkin Assessment Area, as this is where the significant majority of loan and deposit activity occurs. The following table provides a breakdown of 2022 loan activity, deposits, and branches in the assessment areas.

Assessment Area Breakdown of Loans, Deposits, and Branches						
Assessment Area	Loans		Deposits		Branches	
	\$(000s)	%	\$(000s)	%	#	%
Aitkin Assessment Area	14,908	96.6	91,677	82.2	3	75.0
Grand Marais Assessment Area	523	3.4	19,788	17.8	1	25.0
<b>Total</b>	<b>15,431</b>	<b>100.0</b>	<b>111,465</b>	<b>100.0</b>	<b>4</b>	<b>100.0</b>

*Source: 2022 Bank Data; Reports of Condition and Income*

### Activities Reviewed

Examiners determined that the bank's major product lines are commercial lending followed by home mortgage lending. 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 Reports of Condition and Income (Reports of Condition) data. When arriving at overall conclusions, small business loans received the most weight, followed by home mortgage loans, which is consistent with management's stated business focus and the volume of loans originated. Examiners did not review small farm lending activities because it represents a small portion of the loan portfolio, is not a primary business focus of the institution, and does not provide any material support for conclusions.

Bank records indicate, and management confirmed, that the lending focus and product mix remained generally consistent throughout the evaluation period. Therefore, examiners reviewed all small business and home mortgage loans originated or renewed in 2022, including those originated and subsequently paid off. This period was considered representative of the bank's performance during the entire evaluation period. D&B data for 2022 provided a standard of comparison for the bank's small business lending performance and 2020 U.S. Census data provided a standard of comparison for the bank's home mortgage lending performance.

For the Lending Test, examiners reviewed the entire universe of loans to evaluate the Assessment Area Concentration criterion. All loans originated inside the assessment area were further reviewed to evaluate the Geographic Distribution criterion. To evaluate the Borrower Profile criterion, examiners reviewed a sample of small business loans and all home mortgage loans originated inside the Aitkin Assessment Area and all small business and home mortgage loans originated inside the Grand Marais Assessment Area. The table below provides information on the number and dollar volume of loans reviewed.

Loan Products Reviewed				
Loan Category	Universe		Reviewed	
	#	\$(000s)	#	\$(000s)
Small Business	105	13,160	46	5,352
Home Mortgage	17	2,472	15	2,273
Source: 2022 Bank Data				

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 businesses and individuals served.

## CONCLUSIONS ON PERFORMANCE CRITERIA

### LENDING TEST

Security State Bank of Aitkin demonstrated satisfactory performance under the Lending Test. The bank's performance under the evaluated criteria supports this conclusion.

#### Loan-to-Deposit Ratio

The average net loan-to-deposit ratio is reasonable given the institution's size, financial condition, and assessment area credit needs. The bank's net loan-to-deposit ratio, calculated from Reports of Condition data, averaged 54.9 percent over the past 24 calendar quarters from September 30, 2017, to June 30, 2023. The ratio ranged from a low of 38.9 percent as of June 30, 2022, to a high of 67.9 percent as of September 30, 2019. As illustrated in the following table, Security State Bank of Aitkin's average net loan-to-deposit ratio is lower than those of the selected comparable institutions. However, the bank's ratio is generally comparable the ratios of two of the four comparable institutions. Management stated an influx of deposits and a decrease in loan demand as a result of COVID-19 stimulus money impacted the loan-to-deposit ratio since the previous evaluation. Since the previous evaluation, the bank's total deposits have increased by 15.8 percent, while net loans have decreased by 19.7 percent. Further, management stated that the level of competition in Aitkin, specifically, affects the bank's lending opportunities, especially given the current interest rate environment. There are

currently five financial institutions operating in Aitkin, which is significant considering the town has a population of only 2,168 as of the 2020 U.S. Census. Further, limited loan demand in the Grand Marais market affects the bank's overall loan-to-deposit ratio. Considering these factors, the bank's loan-to-deposit ratio is reasonable. Examiners selected comparable institutions based on their asset size, lending focus, and geographic location.

<b>Loan-to-Deposit Ratio Comparison</b>		
<b>Bank</b>	<b>Total Assets as of 6/30/2023 \$(000s)</b>	<b>Average Net LTD Ratio (%)</b>
<b>Security State Bank of Aitkin, Aitkin, Minnesota</b>	<b>106,247</b>	<b>54.9</b>
Grand Marais State Bank, Grand Marais, Minnesota	128,137	60.5
Grand Timber Bank, McGregor, Minnesota	60,362	76.6
Pine River State Bank, Pine River, Minnesota	180,501	57.4
The First National Bank of Moose Lake, Moose Lake, Minnesota	127,960	83.3
<i>Source: Reports of Condition 9/30/2017 through 6/30/2023</i>		

### **Assessment Area Concentration**

Security State Bank of Aitkin originated a substantial majority of its small business and home mortgage loans within its assessment areas, as shown in the following table.

<b>Lending Inside and Outside of the Assessment Areas</b>										
	<b>Number of Loans</b>					<b>Dollar Amount of Loans \$(000s)</b>				
<b>Loan Category</b>	<b>Inside</b>		<b>Outside</b>		<b>Total</b>	<b>Inside</b>		<b>Outside</b>		<b>Total</b>
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>\$</b>	<b>%</b>	<b>\$</b>	<b>%</b>	<b>\$(000s)</b>
Small Business	100	95.2	5	4.8	105	12,511	95.1	649	4.9	13,160
Home Mortgage	15	88.2	2	11.8	17	2,273	91.9	199	8.1	2,472
<i>Source: Bank Data. Due to rounding, totals may not equal 100.0%</i>										

### **Geographic Distribution**

The geographic distribution of loans reflects reasonable dispersion throughout the Aitkin Assessment Area. The bank's reasonable small business and home mortgage lending performance supports this conclusion. Examiners focused on the percentage of loans in the six moderate-income census tracts in the Aitkin Assessment Area. The Grand Marais 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 for the Grand Marais Assessment Area.

### **Borrower Profile**

The distribution of borrowers reflects reasonable penetration. The bank's reasonable small business and home mortgage lending performance supports this conclusion. This conclusion is consistent with the bank's performance in both of the assessment areas. Refer to comments specific to each assessment area later in this evaluation for further information. Examiners focused on the bank's

record of lending to businesses with gross annual revenues of \$1 million or less and to low- and moderate-income individuals within the assessment areas.

### **Response to Complaints**

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

### **AITKIN ASSESSMENT AREA – Full-Scope Review**

#### **DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE AITKIN ASSESSMENT AREA**

The Aitkin Assessment Area includes all of Aitkin County, three census tracts in northern Mille Lacs County, and six census tracts in Crow Wing County, all in Minnesota. Aitkin and Crow Wing counties are located in nonmetropolitan Minnesota, while Mille Lacs County is part of the Minneapolis-St. Paul-Bloomington, Minnesota-Wisconsin Metropolitan Statistical Area (MSA). The composition of the Aitkin Assessment Area has not changed since the previous evaluation; however, census tracts have been updated based on 2020 U.S. Census data. Security State Bank of Aitkin's main office and its branch office in Aitkin are both located in the same moderate-income census tract in this assessment area, and its branch office in Garrison is located in a middle-income census tract.

### **Economic and Demographic Data**

According to 2020 U.S. Census data, the Aitkin Assessment Area is comprised of six moderate-income and eleven middle-income census tracts. The assessment area does not contain any low-income or upper-income census tracts. The following table illustrates select demographic characteristics of the assessment area.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	17	0.0	35.3	64.7	0.0	0.0
Population by Geography	38,667	0.0	40.6	59.4	0.0	0.0
Housing Units by Geography	34,383	0.0	30.8	69.2	0.0	0.0
Owner-Occupied Units by Geography	14,453	0.0	35.3	64.7	0.0	0.0
Occupied Rental Units by Geography	3,119	0.0	57.3	42.7	0.0	0.0
Vacant Units by Geography	16,811	0.0	22.0	78.0	0.0	0.0
Businesses by Geography	3,560	0.0	42.8	57.2	0.0	0.0
Farms by Geography	189	0.0	31.7	68.3	0.0	0.0
Family Distribution by Income Level	11,065	25.5	22.2	22.9	29.3	0.0
Household Distribution by Income Level	17,572	28.9	18.9	19.0	33.2	0.0
Median Family Income MSA - 33460 Minneapolis-St. Paul-Bloomington, MN-WI MSA		\$103,977	Median Housing Value			\$193,208
Median Family Income Non-MSAs - MN		\$74,737	Median Gross Rent			\$762
			Families Below Poverty Level			8.1%
Source: 2020 U.S. Census and 2022 D&B Data. Due to rounding, totals may not equal 100.0% (*) The NA category consists of geographies that have not been assigned an income classification.						

According to 2022 D&B data, the services industry represents the largest portion of business operations at 31.6 percent; followed by non-classifiable establishments at 17.3 percent; and construction at 12.4 percent. Additionally, 66.9 percent of assessment area businesses have four or fewer employees, and 92.8 percent operate from a single location.

The FFIEC provides updated median family incomes that are used to analyze home mortgage loans under the Borrower Profile criterion. The following table illustrates the 2022 low-, moderate-, middle-, and upper-income categories for the nonmetropolitan area of Minnesota and the Minneapolis-St. Paul-Bloomington, MN-WI MSA.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
<b>Minneapolis-St. Paul-Bloomington, MN-WI MSA Median Family Income (33460)</b>				
2022 (\$117,800)	<\$58,900	\$58,900 to <\$94,240	\$94,240 to <\$141,360	≥\$141,360
<b>MN NA Median Family Income (99999)</b>				
2022 (\$83,600)	<\$41,800	\$41,800 to <\$66,880	\$66,880 to <\$100,320	≥\$100,320
Source: FFIEC				

### **Competition**

The assessment area is highly competitive for credit products and financial services, especially given its generally rural nature. According to Reports of Condition data filed by financial

institutions, there are 10 financial institutions operating 14 locations within the assessment area. These institutions range from small community banks to larger regional financial institutions. Security State Bank of Aitkin is ranked 3<sup>rd</sup> with 12.3 percent of the deposit market share. Further, examiners identified an additional 3 credit unions operating 5 offices within the assessment area, which are not reflected in Reports of Condition data.

Security State Bank of Aitkin also faces significant competition for home mortgage loans from financial institutions and mortgage companies originating or purchasing loans within the assessment area. Security State Bank of Aitkin was not required to collect or report home mortgage loan data during the review period and did not elect to do so. Therefore, examiners did not compare the bank's home mortgage lending performance to aggregate Home Mortgage Lending Act (HMDA) data within this evaluation. However, the aggregate HMDA data provides an indication of the level of demand for home mortgage loans and the level of competition within the assessment area. According to 2022 aggregate HMDA data, 241 HMDA-reporting institutions originated or purchased 2,055 home mortgage loans in the assessment area, reflecting a highly competitive market.

Security State Bank of Aitkin is not required to collect or report small business CRA loan data and has elected not to do so. Therefore, examiners did not compare the bank's 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 business loans and the level of competition within the assessment area. According to 2021 aggregate CRA data (most recent available), 67 CRA data reporters collectively reported 2,055 small business loans originated within the counties in the assessment area. This figure does not include the number of loans originated by smaller institutions that are not required to report small business lending data but operate within the assessment area. The overall volume of small business lending in the assessment area reflects a heavily competitive market.

### **Community Contact**

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in identifying credit needs. This information helps determine whether local financial institutions are responsive to these needs. It also shows what credit opportunities are available. For this evaluation, examiners reviewed a recently completed community contact discussion with a representative of a government organization that serves the Aitkin Assessment Area.

The contact stated that the main employment industries in the assessment area include mining, logging, healthcare, and government. Further, the contact noted that the area's economy is cyclical and is heavily dependent on the iron mining industry. The contact described the area's banking industry as robust and indicated there are many local financial institutions serving the area, including numerous small institutions. Finally, the contact stated that local financial institutions are meeting the credit needs of the assessment area.

### **Credit Needs**

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that commercial lending, including small business loans, and home mortgage loans represent the primary credit needs of the assessment area.

## CONCLUSIONS ON PERFORMANCE CRITERIA IN AITKIN ASSESSMENT AREA

### LENDING TEST

Security State Bank of Aitkin demonstrated reasonable performance under the Lending Test in the Aitkin Assessment Area. The bank's Geographic Distribution and Borrower Profile performance supports this conclusion.

### Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. The bank's reasonable small business and home mortgage lending performance supports this conclusion.

### *Small Business Loans*

The geographic distribution of small business loans reflects reasonable dispersion throughout the assessment area. The following table indicates that the bank's lending performance in the moderate-income census tracts in the assessment area is slightly lower than demographic data. However, as stated previously, there is a competitive market for small business loans that affects lending opportunities in the assessment area, which was confirmed by management and CRA aggregate data. Examiners' review of Reports of Condition data filed by financial institutions confirmed six competing financial institutions operate seven offices in the moderate-income geographies in the assessment area. Further, examiners identified three credit unions operating four offices in these moderate-income geographies, which are not included in Reports of Condition data. These financial institutions also engage in small business lending. Therefore, the bank's performance is reasonable.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Moderate	42.8	35	36.8	7,492	62.2
Middle	57.2	60	63.2	4,558	37.8
Upper	0.0	0	0.0	0	0.0
Not Available	0.0	0	0.0	0	0.0
<b>Totals</b>	<b>100.0</b>	<b>95</b>	<b>100.0</b>	<b>12,050</b>	<b>100.0</b>
<i>Source: 2022 D&amp;B Data; Bank Data Due to rounding, totals may not equal 100.0%</i>					

### *Home Mortgage Loans*

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the assessment area. The following table indicates that the bank's lending performance in the moderate-income census tracts in the assessment area is lower than demographic data. As noted previously, the bank faces significant competition for home mortgage loans in the moderate-income census tracts, as 9 competing financial institutions, that also engage in home mortgage lending, operate 11 offices in these geographies. Further, the northern half of the Mille Lacs County portion of the assessment area, which includes 3 of the 6 moderate-income census tracts in the assessment area, is comprised of Mille Lacs Band of Ojibwe tribal land. Management noted that originating home mortgage loans in this area



presents unique challenges due to mortgage restrictions on tribal land. Considering these factors, the bank's performance is reasonable.

Geographic Distribution of Home Mortgage Loans					
Tract Income Level	% of Owner-Occupied Housing Units	#	%	\$(000s)	%
Moderate	35.3	3	21.4	490	22.2
Middle	64.7	11	78.6	1,721	77.8
Upper	0.0	0	0.0	0	0.0
Not Available	0.0	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>14</b>	<b>100.0</b>	<b>2,211</b>	<b>100.0</b>
Source: 2020 U.S. Census, Bank Data Due to rounding, totals may not equal 100.0%					

### **Borrower Profile**

The distribution of borrowers reflects reasonable penetration. The bank's reasonable small business lending and home mortgage performance supports this conclusion.

### ***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 to businesses with gross annual revenues of \$1 million or less is below comparable demographic data for the assessment area. However, management noted that many of the bank's small business loan borrowers have ownership in more than one business, and the aggregate relationships result in revenues exceeding \$1 million. This was reflected in the sampled small business loans as well, as examiners confirmed that several of the loans sampled were to the same business owner with multiple loans for varying entities. Therefore, 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	87.5	25	61.0	3,248	66.4
>\$1,000,000	3.3	15	36.6	1,573	32.2
Revenue Not Available	9.2	1	2.4	70	1.4
<b>Total</b>	<b>100.0</b>	<b>41</b>	<b>100.0</b>	<b>4,891</b>	<b>100.0</b>
Source: 2022 D&B Data, Bank Data. Due to rounding, totals may not equal 100.0%					

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

The distribution of borrowers reflects reasonable penetration to individuals of different income levels. As shown in the following table, the bank did not originate any home mortgage loans to low-income borrowers. However, the bank's lending performance to moderate-income borrowers mirrors comparable demographic data. Per 2022 D&B data, the median housing value in the Aitkin Assessment Area is \$193,208, which may be difficult for low-income borrowers to afford. In addition to the rising interest rate environment in 2022, area home sale prices have slightly increased, which contribute to the difficulty lower income individuals may experience in qualifying for home mortgage loans due to monthly payment and down payment requirements. Further, management noted that many of the bank's home mortgage loan customers are those with ties to Aitkin, who are purchasing vacation homes on one of the nearby lakes. These borrowers typically have higher incomes as they are able to afford secondary homes. Considering these factors, the bank's performance is reasonable.

Distribution of Home Mortgage Loans by Borrower Income Level					
Borrower Income Level	% of Families	#	%	\$(000s)	%
Low	25.5	0	0.0	0	0.0
Moderate	22.2	3	21.4	310	14.0
Middle	22.9	6	42.9	741	33.5
Upper	29.3	5	35.7	1,160	52.5
Not Available	0.0	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>14</b>	<b>100.0</b>	<b>2,211</b>	<b>100.0</b>
<i>Source: 2020 U.S. Census; Bank Data Due to rounding, totals may not equal 100.0%</i>					

## **GRAND MARAIS ASSESSMENT AREA– Full-Scope Review**

### **DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE GRAND MARAIS ASSESSMENT AREA**

The Grand Marais Assessment Area includes all of Cook County, Minnesota. The composition of the assessment area has not changed since the previous evaluation; however, census tracts have been updated based on 2020 U.S. Census data. Security State Bank of Aitkin's branch office in Grand Marais is located in a middle-income census tract in this assessment area.

### **Economic and Demographic Data**

According to 2020 U.S. Census data, the assessment area is comprised of three middle-income census tracts and one census tract without an income designation. The following table illustrates select demographic characteristics of the assessment area.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	4	0.0	0.0	75.0	0.0	25.0
Population by Geography	5,600	0.0	0.0	100.0	0.0	0.0
Housing Units by Geography	6,169	0.0	0.0	100.0	0.0	0.0
Owner-Occupied Units by Geography	2,012	0.0	0.0	100.0	0.0	0.0
Occupied Rental Units by Geography	596	0.0	0.0	100.0	0.0	0.0
Vacant Units by Geography	3,561	0.0	0.0	100.0	0.0	0.0
Businesses by Geography	856	0.0	0.0	100.0	0.0	0.0
Farms by Geography	18	0.0	0.0	100.0	0.0	0.0
Family Distribution by Income Level	1,644	14.0	22.3	25.4	38.3	0.0
Household Distribution by Income Level	2,608	18.6	17.7	24.4	39.3	0.0
Median Family Income Non-Metropolitan - MN		\$74,737	Median Housing Value			\$259,664
			Median Gross Rent			\$720
			Families Below Poverty Level			4.6%
Source: 2020 U.S. Census and 2022 D&B Data. Due to rounding, totals may not equal 100.0% (* ) The NA category consists of geographies that have not been assigned an income classification.						

According to 2022 D&B data, the services industry represents the largest portion of business operations at 36.4 percent; followed by non-classifiable establishments at 17.1 percent; and retail trade at 10.9 percent. Additionally, 63.7 percent of assessment area businesses have four or fewer employees, and 92.0 percent operate from a single location.

Refer to the FFIEC-updated median family income table previously discussed under the Aitkin Assessment Area section for the 2022 low-, moderate-, middle-, and upper-income categories for nonmetropolitan Minnesota.

### **Competition**

The assessment area is a moderately competitive market for credit products and financial services, especially considering its one-county makeup. According to Reports of Condition data filed by financial institutions, there is one other financial institution operating two offices within the assessment area. Grand Marais State Bank ranked 1<sup>st</sup> with 66.7 percent of deposit market share, while Security State Bank of Aitkin had 33.3 percent of market share. Further, examiners identified 1 credit union operating 3 offices within the assessment area, which is not reflected in Reports of Condition data.

Security State Bank also faces competition for home mortgage loans from financial institutions and mortgage companies originating or purchasing loans within the assessment area. According to 2022 aggregate HMDA data, 83 HMDA-reporting institutions originated or purchased 229 home mortgage loans in the assessment area. This level of lending demonstrates a generally limited demand for home mortgage loans overall. Further, North Shore Federal Credit Union, which operates 3 offices in the assessment area, had the highest percent of market share at 13.5 percent

and originated or purchased only 31 home mortgage loans in 2022 in the assessment area.

According to 2021 aggregate CRA data, 22 CRA data reporters collectively reported 154 small business loans originated within the assessment area. The volume of small business lending in the assessment area reflects a competitive market for an overall limited demand of small business loans.

### **Community Contact**

Examiners conducted a community contact discussion with a representative from an organization that serves the Grand Marais Assessment Area.

The contact stated that the main employment industries in the assessment area include tourism, healthcare, and lumber-related occupations. The contact noted that the area's economy flourished during the COVID-19 pandemic, as many individuals vacationed in Grand Marais to take advantage of its numerous outdoor recreational tourism opportunities. However, the contact stated that the economy has now stabilized to pre-COVID-19 levels. Regarding the area's demographics, the contact noted that the population is aging and estimated that a majority of residents are aged 65 and older. However, there has been a slight increase in new residents ages 22 to 30, who have come to the area to enjoy its many recreational activities. Further, the contact stated that there is little to no assisted living facilities available in the assessment area. The contact indicated that this has contributed to a housing shortage, particularly affordable housing, as older residents choose to stay in their homes longer, which results in less turnover of homes available for sale. Additionally, the contact stated that housing prices are very high, often \$350,000 or more for a single family home, and that these prices are not affordable for residents employed in service-related industries to purchase. Further, many of the homes are purchased for the purpose of vacation homes and investment properties.

The contact did not identify any significantly unmet credit needs of the assessment area; however, the contact noted that there is a need for small business financing, especially loans to new entrepreneurs. The contact stated that many new business-owners experience difficulty in qualifying for financing due to the rising interest rate environment, their credit history, and access to limited equity. Further, many projects are abandoned due to rising costs. Additionally, the contact indicated there are few grant opportunities for these entrepreneurs to take advantage of due to the assessment area's rural nature. However, banks that work in conjunction with SBA programs can provide additional financing options to these new business owners. The contact did not identify home mortgage loans as a significant credit need in the assessment area. Further, the contact commented that many new residents and those purchasing vacation homes or investment properties in the assessment area likely maintain their existing financial institution relationships rather than obtain financing from local financial institutions. Finally, the contact did not feel that the area is highly competitive for financial services, due to the limited number of financial institutions operating in the market.

### **Credit Needs**

Considering information from bank management, community contact, and demographic and economic data, examiners determined that while loan demand is limited, commercial lending, including to small businesses, represent the primary credit needs of the assessment area.

## **CONCLUSIONS ON PERFORMANCE CRITERIA IN GRAND MARAIS ASSESSMENT AREA**

### **LENDING TEST**

Security State Bank of Aitkin demonstrated satisfactory performance under the Lending Test in the Grand Marais Assessment Area. The bank's performance under the Borrower Profile criterion supports this conclusion.

### **Geographic Distribution**

The Grand Marais 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 reflects reasonable penetration. The bank's reasonable small business and home mortgage lending performance supports this conclusion.

### ***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 to businesses with gross annual revenues of \$1 million or less is below comparable demographic data for the assessment area. However, one of the five small business loans originated in the Grand Marais Assessment Area was to a start-up business in which revenue was not available. Consequently, the data is easily skewed given the overall low volume of originated loans.

Regarding the low volume of originated small business loans, management noted that many of the local businesses in Grand Marais are family-owned businesses that have been in operation for several generations. Further, due to Grand Marais' location, it is a vacation destination and these businesses operate seasonally. As a result, many of these businesses have limited financing needs, which affects overall loan demand and limits lending opportunities, including to small businesses. This low loan demand, and the competition for the limited volume of loans, is also reflected the CRA aggregate data previously discussed. Further, while the community contact identified small business lending as a credit need in the assessment area, the contact stated this need was primarily for new entrepreneurs, who may lack the credit history and equity to qualify for traditional financing. However, the contact indicated that financial institutions that work in collaboration with the SBA could assist in meeting these financing gaps. As stated previously, Security State Bank of Aitkin participates in SBA loan programs, which demonstrates its willingness to lend to small 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	85.5	3	60.0	55	11.9
>\$1,000,000	3.6	1	20.0	150	32.5
Revenue Not Available	10.9	1	20.0	256	55.5
<b>Total</b>	<b>100.0</b>	<b>5</b>	<b>100.0</b>	<b>461</b>	<b>100.0</b>
<i>Source: 2022 D&amp;B Data, Bank Data. Due to rounding, totals may not equal 100.0%</i>					

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

The distribution of borrowers reflects reasonable penetration to individuals of different income levels. Security State Bank of Aitkin originated one home mortgage loan in the Grand Marais Assessment Area in 2022. This loan, totaling \$62,000, was originated to a low-income borrower.

Similar to small business loans, management noted that home mortgage loan demand in the assessment area is low, which was confirmed by aggregate HMDA data. Additionally, 2020 U.S. Census data revealed that only 32.6 percent of housing units in the assessment area are owner-occupied, which limits Security State Bank of Aitkin's home mortgage lending opportunities. Further, management stated that the housing market in Grand Marais is tight and there is little to no housing available for sale, particularly affordable housing, as a majority of housing is summer rental properties, such as through Airbnb, and commercial housing for seasonal employees. The community contact also noted that the area's aging population and lack of assisted living facilities has contributed to fewer homes available for sale. Additionally, homes that are available for sale are priced high and can be difficult for area residents working in the tourism and services industries to afford. Further, as a vacation destination, many homes in Grand Marais have been in families for generations and those with secondary homes may not have financing needs. Finally, there is competition in the assessment area for the limited demand of home mortgage loans as reflected by aggregate data, and Reports of Condition data revealed that the other bank operating in the assessment area primarily focuses on home mortgage lending. Considering these factors, the bank's performance is reasonable.

## **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.

**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.