



CDCI ANNUAL USE OF CAPITAL SURVEY - 2015

NAME OF INSTITUTION

(Include Holding Company Where Applicable)

SECURITY CAPITAL CORPORATION

Person to be contacted regarding this report:	CONNIE HAWKINS	RSSD: (For Bank Holding Companies)	0001098509
UST Sequence Number:	1207	Holding Company Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	17,388	FDIC Certificate Number: (For Depository Institutions)	17120
CPP/CDCI Funds Repaid to Date:	9250	Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	N/A	City:	BATESVILLE
Date Repaid ¹ :	N/A	State:	Mississippi

¹If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).

<input checked="" type="checkbox"/>	Increase lending or reduce lending less than otherwise would have occurred.	As loan demand has increased, the security of having the CPP/CDCI capital has promoted growth in the loan portfolio and, therefore, assisted in improvement and growth in the market areas served.
<input checked="" type="checkbox"/>	To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).	With the improvement in the economy and the confidence of the consumer, the bank has funded residential mortgage loans, commercial loans and development loans (among consumer and others loans) in compliance with loan policies, approved by regulatory agencies.
<input checked="" type="checkbox"/>	Increase securities purchased (ABS, MBS, etc.).	Funds are invested in short-term securities or long-term securities until loan demand requires the change in investment.

<input type="checkbox"/>	Make other investments	
<input checked="" type="checkbox"/>	Increase reserves for non-performing assets	Funding provided initially for increases in reserves based on the loan portfolio. The level of non-performing assets has decreased significantly in recent years. The required loan loss provisions reduced as well based on quarterly analysis in the loan portfolio for impairment/repayment ability.
<input checked="" type="checkbox"/>	Reduce borrowings	Borrowings continue to steadily decrease with monthly principal payments and advances maturing. The goal is to continue reduction with no new advances.
<input checked="" type="checkbox"/>	Increase charge-offs	As reported previously, the bank subsidiary experience high levels of charge-offs in the years surrounding receipt of the funds. Recent years reflect decreases in loan charge offs, signifying the improvement in loan quality and the ability of the consumer to repay.
<input type="checkbox"/>	Purchase another financial institution or purchase assets from another financial institution	
<input type="checkbox"/>	Held as non-leveraged increase to total capital	

What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?

Our comments are basically unchanged from prior years' reporting. A key element in banking is maintaining liquidity and sufficient capital to cover risks. In a shaky and unpredictable economy, though greatly improved in recent years - and - in a time of uncertainty of deposit relationships, these funds have provided a resource for developing possible new loan accounts, new loan relationships and rekindling old relationships. Having the liquidity or capital provided by these funds, the bank continues to have the opportunity to make or maintain loans as allowed by loan demand, loan performance, and loan policy and ultimately to serve the communities and people in its targeted markets.

What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?

Security Capital Corporation received the funds from the Treasury. First Security Bank, the bank subsidiary, has been and continues to be a well-capitalized institution. The funds were considered as insurance to protect the capital position of the bank in a down spiraling economy.

This protection was exemplified by Security Capital Corporation using the funds to purchase non-performing assets from the bank subsidiary and, therefore, make funds available at the bank level to invest in performing assets - such as new loans. Loans are considered by the bank to be the best investment for the bank. Loans benefit the bank while benefiting the communities in which the bank/branches are located.

In 2015, with the sale of Other Real Estate and receipt of dividends from the bank subsidiary, Security Capital Corporation redeemed \$9,250,000 of the funding received.

Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.