



CDCI ANNUAL USE OF CAPITAL SURVEY - 2016

NAME OF INSTITUTION

(Include Holding Company Where Applicable)

SECURITY CAPITAL CORPORATION

Person to be contacted regarding this report:	CONNIE HAWKINS
UST Sequence Number:	1207
CPP/CDCI Funds Received:	17,388
CPP/CDCI Funds Repaid to Date:	17,910
Date Funded (first funding):	N/A
Date Repaid ¹ :	N/A

RSSD: (For Bank Holding Companies)	0001098509
Holding Company Docket Number: (For Thrift Holding Companies)	
FDIC Certificate Number: (For Depository Institutions)	17120
Credit Union Charter Number: (For Credit Unions)	
City:	Batesville
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.	The security of having the CPP/CDCI capital has assisted in providing stability to the loan portfolio and promoted growth - which assisted in providing improvements 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.).	The funds supported the opportunity to extend credit to individuals and businesses during an economy spiral - and provided more opportunities as the improvement in the economy and increase in the confidence of the consumer, regulatory agencies and land/home/business developments.
<input checked="" type="checkbox"/>	Increase securities purchased (ABS, MBS, etc.).	The funds provided security by investing in short-term securities until the loan demand returned.

<input type="checkbox"/>	Make other investments	
<input checked="" type="checkbox"/>	Increase reserves for non-performing assets	The funds initially provided for reserves for non-performing assets - which was a significant need - due to tremendous increase in this category - all due to the economy changing, job losses, land and building developments ceasing or failing, etc.
<input checked="" type="checkbox"/>	Reduce borrowings	The funding assisted with a plan to continue reduction of FHLB Borrowings with no new advances.
<input checked="" type="checkbox"/>	Increase charge-offs	The year and the years after participation were extremely difficult to promote income with high/historic levels of charge-offs of the loan portfolio. Funding promoted a viable organization with the proper adjustments to emerge a successful entity, supporting its community.
<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?

As mentioned in prior reports, a key element in banking is maintaining liquidity and sufficient capital to cover risks. In a shaky and unpredictable economy and in a time of uncertainty of deposit relationships, these funds provided a resource for developing possible new loan accounts, new loan relationships and rekindling old relationships. These funds provided these opportunities and we have met the loan demand - and, as our entity improved - we have increasing served our communities and people providing education to those who are identified as unbanked and underserved.

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

Basically, no changes from prior reports except for the 2016 pay down information:

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/branch 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.

In 2016, with improved entities, a continuing revenue improvement at the bank level, more decreases in Other Real Estate at both the bank and holding company level and a goal to meet the expectations of the stock holder, Security Capital Corporation redeemed \$3,000,000 in March of 2016 and \$5,660,000 in May of 2016.

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