



ANNUAL USE OF CAPITAL SURVEY - 2009

NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Security Capital Corporation

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| Person to be contacted regarding this report: | Frank West |
| UST Sequence Number: | 1207 |
| CPP Funds Received: | 17,388,000 |
| CPP Funds Repaid to Date: | 0 |
| Date Funded (first funding): | Jun 26, 2009 |
| Date Repaid ¹ : | N/A |

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| RSSD: (For Bank Holding Companies) | 0001098509 |
| Holding Company Docket Number: (For Thrift Holding Companies) | |
| FDIC Certificate Number: (For Depository Institutions) | 17120 |
| 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). To answer that question, Treasury is seeking responses that describe generally how the CPP 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 investment was deployed or how many CPP 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 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 funds were outstanding).

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| <input checked="" type="checkbox"/> | Increase lending or reduce lending less than otherwise would have occurred. | |
| <input 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.). | |
| <input checked="" type="checkbox"/> | Increase securities purchased (ABS, MBS, etc.). | |

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| <input checked="" type="checkbox"/> Make other investments | |
| <input type="checkbox"/> Increase reserves for non-performing assets | |
| <input type="checkbox"/> Reduce borrowings | |
| <input type="checkbox"/> Increase charge-offs | |
| <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 funds?

As a precaution, and commensurate with the risks of the current economy, First Security Bank has maintained much higher levels of liquidity than required by regulation. The CPP funds have given us the ability to continue making loans while at the same time increasing our liquidity levels, two actions that would have been mutually exclusive otherwise. So the CPP funds helped us avoid an intentional reduction in lending that might have occurred due to our efforts to bolster liquidity. In reality, however, our loan volume still declined due to our decrease in construction and development lending and an overall drop in new loan applications. As always, we continue to actively pursue good sound loan volume.

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

First Security Bank has historically been considered, by regulatory definition, a well-capitalized bank, and continues to be considered well-capitalized even though we elected to keep our CPP funds at the holding company level and are thus not included in those calculations. The TARP program was attractive to our bank in that it offered cheap insurance against the economy turning even worse. And even now, amid signs of recovery, there are no guaranties that the worst is behind us. We decided the extra insurance that the TARP money would provide to our shareholders was worth the cost, and continue to believe so. It was, and continues to be, our hope that the extra capital would never be needed, and when the time comes that we feel the worst is indeed behind us, those funds will be repaid.

The holding company used the majority of our CPP proceeds to buy distressed assets from the bank. The assets that were targeted were those whose collateral values had declined significantly due to market conditions, but that also have a high probability of coming back strongly when conditions improve. The assets were primarily construction and development loans that, if forced to liquidate in the current market, would lead to large losses, but if held until demand improves, could likely be sold with no loss to the bank. By removing these non-earning assets from the bank's books, we also created liquidity for the bank to invest in earning assets such as loans and securities. The bank has purchased a significant amount of short-term investments to generate income until loan demand improves.

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



According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 1505-0222. The time required to complete this information collection is estimated to average 80 hours per response.