

OFFICE OF THRIFT SUPERVISION

Order No. 2000-98

Date: November 7, 2000

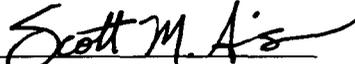
Order Denying Request for Waiver of Repurchase Limitations and Permission to Repurchase Stock

Security Financial Bancorp, Inc., St. John, Indiana (Holding Company), has submitted an application to repurchase up to five percent of its outstanding common stock in negotiated transactions or in open market repurchases. The Holding Company's savings association subsidiary, Security Federal Bank & Trust, St. John, Indiana, completed its mutual to stock conversion on January 4, 2000. The Holding Company may not repurchase shares of its stock in negotiated transactions unless OTS waives 12 C.F.R. § 563b.3(g)(1), pursuant to 12 C.F.R. § 563b.1(a). In order for OTS to approve the proposed open market repurchases under 12 C.F.R. § 563b.3(g)(3), OTS must conclude that extraordinary circumstances exist and that there are compelling and valid business reasons for the repurchase.

OTS has considered the request as it pertains to negotiated transactions and as it pertains to open market repurchases, under 12 C.F.R. § 563b.1(a) and 12 C.F.R. § 563b.3(g)(3). In addition, OTS has considered the digest submitted by the OTS Central Regional Office, a legal opinion by the Business Transactions Division, and an analysis by the Office of Examination and Supervision (collectively, the Staff Memoranda). For the reasons set forth in the Staff Memoranda, OTS has concluded that the proposed repurchases do not satisfy the applicable standards.

Accordingly, the application is hereby denied.

By order of the Director of the Office of Thrift Supervision, or her designee, effective November 7, 2000.


Scott M. Albinson
Managing Director
Office of Supervision