Office of the
Comptroller of the Currency
Washington, DC 20219

INTERMEDIATE SMALL BANK

# PUBLIC DISCLOSURE

April 20, 2026

# COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Heritage Bank, National Association
Charter Number: 15401

120 South Street West
Spicer, Minnesota 56288

Office of the Comptroller of the Currency

Sioux Falls Field Office
4900 South Minnesota Avenue, Suite 300
Sioux Falls, South Dakota 57108

NOTE: 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, and should not 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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# Overall CRA Rating

**Institution's CRA Rating:** This institution is rated **Satisfactory.**

**The lending test is rated: Satisfactory.**
**The community development test is rated: Satisfactory.**

The major factors that support this rating include:

- The Lending Test rating is based on a combination of performance in the State of Minnesota, State of South Dakota, and State of Iowa. State weightings were determined through an analysis of deposit share, loan origination volume, branch locations, and lending opportunities to low- and moderate-income census tracts (CTs) in the assessment areas (AAs). The State of Minnesota received the most weight, as the state accounts for a majority of branches, deposits, and loan originations. The State of South Dakota received the second most weight followed by the State of Iowa.

- The Community Development (CD) Test rating is based on a combination of the performance in the State of Minnesota, State of South Dakota, and State of Iowa. Performance is weighted the same as the Lending Test described above.

In addition to the activities considered at the AA level, examiners considered the following activities at the bank-wide level:

- The loan-to-deposit (LTD) ratio is more than reasonable given the bank's size, financial condition, and credit needs in the AAs.

- A majority of Heritage's loans were outside its AAs.

- The bank made one investment of $500,000 to a Small Business Investment Company that supports economic development by investing in small businesses located in the greater Midwest region, which includes all three of the bank's AAs.

**Loan-to-Deposit Ratio**

Considering the bank's size, financial condition, and credit needs of the AAs, the bank's LTD ratio was more than reasonable.

The bank's LTD ratio as of December 31, 2024, was 97.5 percent. The bank's average quarterly LTD ratio from January 1, 2022, through December 31, 2024, was 100.5 percent. The bank's quarterly LTD over this period ranged from a low of 92.1 percent to a high of 110.0 percent.

The OCC compared Heritage's LTD ratio to six similarly situated banks operating in the same AAs with total assets between $100 million and $650 million. Heritage's average LTD ratio exceeds the comparator banks' average LTD ratio of 71.8 percent. The comparator banks' LTD ratios ranged from an average quarterly low of 61.1 percent to an average quarterly high of 78.1 percent.

**Lending in Assessment Area**

A majority of Heritage's loans were outside its AAs.

The bank originated and purchased 37.7 percent of its total loans inside the bank's AAs during the evaluation period. This analysis is performed at the bank, rather than the AA level. This percentage does not include extensions of credit by affiliates that may be considered under the other performance criteria.

| Table 1: Lending Inside and Outside of the Assessment Area | | | | | | | | | | 2022 - 2024 |
|---|---|---|---|---|---|---|---|---|---|---|
| Loan Category | Number of Loans | | | | Total # | Dollar Amount of Loans $(000s) | | | | Total $(000s) |
| | Inside | | Outside | | | Inside | | Outside | | |
| | # | % | # | % | | $ | % | $ | % | |
| Home Mortgage | 381 | 36.0 | 678 | 64.0 | 1,059 | 88,387 | 23.8 | 283,458 | 76.2 | 371,846 |
| Small Business | 15 | 75.0 | 5 | 25.0 | 20 | 4,800 | 41.3 | 6,826 | 58.7 | 11,626 |
| Small Farm | 18 | 90.0 | 2 | 10.0 | 20 | 6,432 | 99.0 | 62 | 1.0 | 6,494 |
| **Total** | 414 | 37.7 | 685 | 62.3 | 1,099 | 99,619 | 25.6 | 290,346 | 74.5 | 389,966 |
| *Source: 1/1/2022 - 12/31/2024 Bank Data.* | | | | | | | | | | |
| *Due to rounding, totals may not equal 100.0%* | | | | | | | | | | |

In addition to traditional loan products, management's strategy includes originating home mortgage loans nationwide through a digital mortgage division, which impacts the proportion of lending inside and outside of the AA. The OCC determined there are no disparities between lending and deposit taking as the strategy includes offering deposit products nationwide.

# Description of Institution

Heritage is a multistate financial institution headquartered in Spicer, Minnesota. As of December 31, 2024, Heritage had total assets of $484 million. Heritage is a wholly owned subsidiary of Heritage Bancshares Group, Incorporated, a one-bank holding company located in Spicer, Minnesota with total assets of approximately $40 million. Heritage operated seven branches with six deposit-taking automated teller machines (ATMs) in three states: four branches and four ATMs located in Minnesota (MN), one branch and one ATM located in South Dakota (SD), and two branches and one ATM located in Iowa (IA) during this assessment period. Of note, the Sioux City, IA branches were sold effective January 21, 2025.

Heritage has three AAs, one in each of the states of Minnesota, South Dakota, and Iowa. The AAs are the MN Non-Metropolitan Statistical Area (Non-MSA) (MN Non-MSA AA), Sioux Falls, SD-MN Multi-State Metropolitan Statistical Area (MMSA) (Sioux Falls AA), and the Sioux City, IA-Nebraska (NE)-SD MMSA (Sioux City AA). Each AA will be evaluated under the respective state since the AAs only include CTs in the respective states. AAs meet regulatory requirements and do not arbitrarily exclude low- and moderate-income CTs. There were no mergers or acquisitions during the evaluation period.

The bank offers traditional loan and deposit products and services to its customers throughout all AAs. Heritage offers agriculture, commercial, home mortgage, and consumer loans. The bank's primary business focus is home mortgage, commercial, and agriculture lending. Management also operates Physician Bank as a division of Heritage that offers lending and deposit products to physicians nationwide. As of December 31, 2024, loans and leases totaled $407 million, representing 84.0 percent of total assets. By dollar volume, the loan portfolio composition is 59.4 percent home mortgage loans,

27.6 percent commercial loans, 9.6 percent agriculture loans, and 3.4 percent consumer loans. Heritage's tier one capital was $41 million or 8.5 percent of total assets as of December 31, 2024.

During the evaluation period the bank was subject to regulatory enforcement actions that had a limited effect on loan volume. On October 27, 2023, the OCC issued a Formal Agreement to the bank and on April 2, 2024, the OCC issued a Consent Order to the bank. Both documents are public and contain certain mandates including specific capital requirements. These limitations and overall business conditions may have contributed to management making fewer loans than they would under normal conditions. The regulatory enforcement actions against the bank were terminated February 11, 2026.

Heritage received a Satisfactory rating during the previous CRA examination dated July 5, 2022. The Lending Test was rated Satisfactory, and the CD Test was rated Outstanding during the previous CRA examination.

# Scope of the Evaluation

### Evaluation Period/Products Evaluated

Heritage was evaluated using Intermediate Small Bank CRA examination procedures, which include a Lending Test and a CD Test. The Lending Test evaluates the bank's record of meeting the credit needs of its AAs through lending activities. The CD Test evaluates the bank's record of responding to the CD needs and opportunities of its AAs through CD lending and providing qualified investments, donations, and service hours within the communities served.

The Lending Test evaluation period is January 1, 2022, to December 31, 2024, for all AAs. The OCC analyzed the number and dollar volume of loans originated and purchased during the evaluation period to determine the bank's primary loan products for each AA based on branch locations. Agriculture, commercial, and mortgage loans were determined to be primary loan products in Heritage's AAs, which is reflective of the bank's loan concentrations and lending strategy. Refer to Appendix A, Scope of Examination, for a list of primary products identified in each AA.

To evaluate lending performance for home mortgage loans, examiners relied on data submitted under the requirements of the Home Mortgage Disclosure Act (HMDA). The HMDA data was tested and found to be reliable. To evaluate lending performance for farm and business loans, examiners selected an initial random sample of 20 loans originated and purchased during the evaluation period for each primary loan product in each AA. Examiners selected additional loans as needed to have sufficient information to analyze borrower and geographic distributions within each AA.

The CD Test evaluation period is January 1, 2022, to December 31, 2024. The OCC reviewed all CD loans, investments, donations, and service hours submitted by management for consideration.

### Selection of Areas for Full-Scope Review

In each state where the bank has an office, one or more of the AAs within that state was selected for a full-scope review. For purposes of this evaluation, bank delineated AAs located within the same metropolitan statistical area, multistate metropolitan statistical area, or combined statistical area (CSA), if applicable are combined and evaluated as a single AA. Similarly, bank delineated non-MSA AAs within the same state are combined and evaluated as a single area. These combined AAs may be

evaluated as full- or limited-scope. Refer to the "Scope" section under each State Rating for details regarding how full-scope AAs were selected. Refer to appendix A, Scope of Examination, for a list of full- and limited-scope AAs.

**Ratings**

The bank's overall rating is a blend of the state ratings, and where applicable, multistate ratings.

Examiners determined the weight for each state through an analysis of deposit share, loan origination volume, branch locations, and opportunity to lend within low- and moderate-income CTs. The State of Minnesota received the most weight, as it accounts for a majority of branches, deposits, and loan originations. The State of South Dakota received the second most weight, followed by the State of Iowa.

The MMSA rating and state ratings in rating areas with a single AA are based on performance in that AA. The MMSA and state ratings in rating areas with multiple AAs are based on the weighted-average conclusions in those AAs. Refer to the "Scope" section under each state and MMSA Rating section for details regarding how the areas were weighted in arriving at the respective ratings.

# Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 CFR 25.28(c) (March 29, 2024) in determining a national banks or federal savings association's (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any AA by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Consumer Financial Protection Bureau, as applicable.

The OCC has not identified that this institution has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

The OCC will consider any information that this institution engaged in discriminatory or other illegal credit practices, identified by or provided to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

# State Rating

## State of Minnesota

**CRA rating for the State of Minnesota[1]:** Satisfactory
**The Lending Test is rated:** Satisfactory
**The Community Development Test is rated:** Satisfactory

The major factors that support this rating include:

- The distribution of farm and home mortgage loans to borrowers in geographies of different income levels reflects reasonable distribution of AA demographics.
- The distribution of farm and home mortgage loans to borrowers of different income levels reflects reasonable distribution of AA demographics.
- CD activities demonstrate reasonable responsiveness to AA needs and opportunities.

## Description of Institution's Operations in Minnesota

Heritage operates in one AA in the State of Minnesota: MN Non-MSA AA.

MN Non-MSA AA
The MN Non-MSA AA includes all CTs in Chippewa, Kandiyohi, and Swift counties. Heritage operates four branches and four ATMs in this AA. The branches are located in Pennock, Raymond, Spicer, and Willmar, MN. The ATMs are located at the bank branches.

The AA accounted for 83.5 percent of the bank's deposits as of December 31, 2024, and 75.3 percent of the bank's loans originated by dollar volume during the evaluation period. The primary lending products in the MN Non-MSA AA are farm and home mortgage loans. Competition in the MN Non-MSA AA is high and includes several large national, regional, and local community banks. As of December 31, 2024, there were 22 institutions with 35 banking offices located in the AA. Heritage reported $357 million in deposits in the MN-Non MSA AA as of December 31, 2024, which ranked third in deposit market share with a market share of 13 percent.

The MN Non-MSA AA includes 23 CTs. Five CTs are moderate-income, 14 are middle-income, and four are upper-income. There are no low-income CTs. Three middle-income CTs in Swift County are distressed. As of the 2024 Census, 66,168 people, or 26,229 households, lived in the AA. Of the households, 22.9 percent were low-income, 15.8 percent were moderate-income, 18.2 percent were middle-income, and 43.2 percent were upper-income. Of the households in the AA, 10.8 percent lived below the poverty level. The weighted-average median family income as of 2024 census data, was $90,000. The MN Non-MSA AA includes 2,660 businesses and 462 farms.

The economy in the MN Non-MSA AA was favorable during the evaluation period. According to the Bureau of Labor Statistics (BLS), the average unemployment rate for the three counties included in the AA decreased from 4.0 percent in January 2022, to 3.5 percent in December 2024. The highest local

[1] This rating reflects performance within the state. The statewide evaluations do not reflect performance in the parts of those states contained within the MMSA.

unemployment rate during the evaluation period was 4.8 percent in Swift County in December 2024. Major employment sectors for the MN Non-MSA AA include healthcare, manufacturing, retail trade, and agribusiness.

The OCC completed one community contact for the MN Non-MSA AA in conjunction with this evaluation. The contact was a manager for a government agency that assists farmers. The contact indicated that the population is stagnant, and employment is stable. The contact stated that the largest credit needs in the area are affordable housing and farm loans. The contact noted that banks in the area have demonstrated active involvement in serving the credit needs of the communities.

## Minnesota Non-MSA AA

| Assessment Area(s) – Minnesota Non-MSA | | | | | | |
|---|---|---|---|---|---|---|
| | | | | | | 2022-2024 |
| Demographic Characteristics | # | Low % of # | Moderate % of # | Middle % of # | Upper % of # | NA* % of # |
| Geographies (Census Tracts) | 21 | 0.00 | 23.81 | 57.14 | 19.05 | 0.00 |
| Population by Geography | 66,168 | 0.00 | 28.66 | 49.12 | 22.22 | 0.00 |
| Housing Units by Geography | 30,499 | 0.00 | 25.66 | 52.81 | 21.53 | 0.00 |
| Owner-Occupied Housing by Geography | 18,939 | 0.00 | 21.34 | 52.69 | 25.97 | 0.00 |
| Occupied Rental Units by Geography | 7,290 | 0.00 | 43.32 | 46.95 | 9.73 | 0.00 |
| Vacant Units by Geography | 4,270 | 0.00 | 14.68 | 63.37 | 21.94 | 0.00 |
| Businesses by Geography | 2,660 | 0.00 | 29.85 | 43.95 | 26.20 | 0.00 |
| Farms by Geography | 462 | 0.00 | 3.46 | 71.43 | 25.11 | 0.00 |
| Family Distribution by Income Level | 17,421 | 19.91 | 17.85 | 21.95 | 40.28 | 0.00 |
| Household Distribution by Income Level | 26,229 | 22.86 | 15.80 | 18.19 | 43.15 | 0.00 |
| Unemployment rate (%) | 3.97 | 0.00 | 5.53 | 3.73 | 2.60 | 0.00 |
| Households Below Poverty Level (%) | 10.79 | 0.00 | 15.25 | 10.05 | 6.86 | 0.00 |
| Median Family Income (MN Non-MSA) | | $74,710 | | | Median Housing Value | $140,900 |
| Median Family Income (MN Non-MSA) for 2024 | | $90,300 | | | Median Gross Rent | $728 |
| | | | | | Families Below Poverty Level | 6.99 |

*FFIEC File – 2020 Census*
*FFIEC File – 2024 Census*
*2024 Dun & Bradstreet SBSF Demographics*
*Due to rounding, totals may not equal 100.0%*
*(*) The NA category consists of geographies that have not been assigned an income classification*

## Scope of Evaluation in Minnesota

The OCC completed a full-scope review of the MN-Non MSA , which is the bank's only AA in the State of Minnesota. The State of Minnesota rating is based on results of this review. Refer to Appendix A for more information.

The primary products in the MN Non-MSA AA are farm and home mortgage loans. Examiners placed more weight on home mortgage loans given the volume by both dollar and number was significantly higher than the volume of farm loans.

# CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN MINNESOTA

## LENDING TEST

The bank's performance under the Lending Test in Minnesota is rated Satisfactory.

### Conclusions for Area Receiving a Full-Scope Review

Based on a full-scope review, the bank's lending performance in the state of Minnesota was reasonable.

### Distribution of Loans by Income Level of the Geography

The bank exhibited reasonable geographic distribution of loans in the state.

***Home Mortgage Loans***

Refer to Table 7 in the State of Minnesota section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

The distribution of home mortgage loans to borrowers in geographies of different income levels in the MN Non-MSA AA is reasonable. There are no low-income CTs in the MN Non-MSA AA. Management originated 25.4 percent of its home mortgage loans by number to borrowers located in moderate-income CTs. This exceeds the demographic data, which indicates 21.3 percent of AA owner-occupied housing units are located in moderate-income CTs, and is near to the 25.5 percent aggregate performance of other lenders in the AA.

***Small Loans to Farms***

Refer to Table 11 in the State of Minnesota section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to farms.

The distribution of small farm loans to borrowers in geographies of different income levels in the MN Non-MSA AA is reasonable. There are no low-income CTs in the MN Non-MSA AA. While management did not originate any loans to small farms in moderate-income CTs, the moderate-income CTs are located in cities and not where farms are located. Only 3.5 percent of farms are located in moderate-income CTs.

***Lending Gap Analysis***

Examiners analyzed Heritage's geographic lending patterns of home mortgage loans and small loans to farms by mapping loan originations and purchases throughout the AA. Examiners did not identify any unexplained conspicuous lending gaps.

### Distribution of Loans by Income Level of the Borrower

The bank exhibited a reasonable distribution of loans to individuals of different income levels and businesses and farms of different sizes, given the product lines offered by the bank.

***Home Mortgage Loans***

Refer to Table 8 in the State of Minnesota section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The distribution of home mortgage loans to low- and moderate-income families in the MN Non-MSA AA is reasonable. The bank originated 7.8 percent of home mortgage loans to low-income borrowers. This performance is below the demographic data, which indicates 19.9 percent of families in the AA are low-income. The performance is also below the 13.0 percent aggregate performance of other lenders in the AA. The bank originated 20.0 percent of home mortgage loans to moderate-income borrowers. This performance exceeds the demographic data, which indicates 17.9 percent of families in the AA are moderate-income. The performance is near to the 22.6 percent aggregate performance of other lenders in the AA.

***Small Loans to Farms***

Refer to Table 12 in the State of Minnesota section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's originations and purchases of small loans to farms.

The distribution of farm loans to borrowers with gross annual revenues (GAR) of $1 million or less is excellent. The bank originated 55.0 percent of loans to farms with GAR of $1 million or less during the evaluation period. This is significantly above aggregate data that indicated 44.9 percent of loans to farms were provided to farms with GAR of $1 million or less and below demographic data that indicated 96.8 percent of farms in the AA reported GARs of $1 million or less.

**Responses to Complaints**

There were no complaints related to Heritage's CRA performance in the State of Minnesota during the evaluation period.

## COMMUNITY DEVELOPMENT TEST

The bank's performance under the Community Development Test in the State of Minnesota is rated Satisfactory.

## Conclusions for Area Receiving a Full-Scope Review

Based on a full-scope review, the bank exhibited adequate responsiveness to community development needs in the state through community development loans, qualified investments, and community development services, as appropriate, considering the bank's capacity and the need and availability of such opportunities for community development in the bank's AAs.

## Number and Amount of Community Development Loans

The Community Development Loans Table, shown below, sets forth the information and data used to evaluate the bank's level of CD lending. The table includes all CD loans, including multifamily loans that also qualify as CD loans.

| Table 3: Community Development Loans | | | | |
|---|---|---|---|---|
| Assessment Area | Total | | | |
| | # | % of Total # | $(000's) | % of Total $ |
| MN Non-MSA AA | 6 | 100.0 | 789 | 5.2 |

Management originated six qualified CD loans totaling $789,000, or 2.3 percent of allocated tier one capital. All six loans were for economic development and supported the permanent creation of 19 jobs for low- and moderate-income individuals.

## Number and Amount of Qualified Investments

| Table 4: Qualified Investments | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Assessment Area | Prior Period* | | Current Period | | Total | | | | Unfunded Commitments** | |
| | # | $(000's) | # | $(000's) | # | % of Total # | $(000's) | % of Total $ | # | $(000's) |
| MN Non-MSA AA | 0 | 0 | 4 | 12 | 4 | 100.0 | 12 | 100.0 | 0 | 0 |

Management provided four qualified donations totaling $12,000, or less than 0.1 percent of allocated tier one capital during the evaluation period. All donations support community services targeted towards low- and moderate-income individuals.

## Extent to Which the Bank Provides Community Development Services

Employees in the MN Non-MSA AA provided 60 qualified service hours during the evaluation period, accounting for all of the qualified service hours across all AAs. One employee provided all the hours serving on the finance committee of the joint city and county economic development commission, whose responsibility it is to oversee the implementation of economic development initiatives and support local business growth.

* 'Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.

# State Rating

## State of South Dakota

**CRA rating for the State of South Dakota[2]:** Satisfactory
**The Lending Test is rated:** Outstanding
**The Community Development Test is rated:** Satisfactory

The major factors that support this rating include:

- The distribution of business and home mortgage loans to borrowers in geographies of different income levels reflects excellent distribution of AA demographics.
- The distribution of business and home mortgage loans to borrowers of different income levels reflects reasonable distribution of AA demographics.
- CD activities demonstrate poor responsiveness to AA needs and opportunities.

## Description of Institution's Operations in South Dakota

Heritage operates in one AA in the State of South Dakota: Sioux Falls, SD-MN MMSA AA.

The Sioux Falls, SD-MN MMSA includes CTs in two states (South Dakota and Minnesota); however, Heritage chose to include just the CTs in Minnehaha County, SD. Therefore, the MMSA will be evaluated as a single state MSA.

The AA accounted for 6.4 percent of the bank's deposits as of December 31, 2024 and 16.0 percent of the bank's loans originated by dollar volume during the evaluation period. The primary lending products in the Sioux Falls AA are home mortgage loans and business loans.

Competition in the Sioux Falls AA is high and includes several large national, regional, and local community banks. As of December 31, 2024, there were 27 institutions with 86 banking offices located in the AA. Heritage reported $27 million in deposits in the Sioux Falls AA as of December 31, 2024, which ranked 24$^{th}$ in deposit market share with a market share of less than one percent.

The Sioux Falls AA includes 47 CTs. Two CTs are low-income, 15 are moderate-income, 21 are middle-income, eight are upper income, and one is unknown. As of the 2024 Census, 197,214 people, or 78,453 households, lived in the AA. Of the households, 23.7 percent were low-income, 18.0 percent were moderate-income, 19.5 percent were middle-income, and 38.8 percent were upper-income. Nine percent of the families in the AA lived below the poverty level. The weighted-average median family income as of 2024 census data, was $102,400. The Sioux Falls, SD-MN MMSA includes 9,521 businesses and 509 farms.

The economy in the Sioux Falls AA was favorable during the evaluation period. According to the BLS, the average unemployment rate for Minnehaha County decreased from 2.2 percent in January 2022, to

[2] This rating reflects performance within the state. The statewide evaluations do not reflect performance in the parts of those states contained within the MMSA.

1.9 percent in December 2024. The highest local unemployment rate during the evaluation period was 2.3 percent in February 2022 and February 2023. Major employment sectors for the Sioux Falls AA include healthcare, manufacturing, retail trade, and finance & insurance.

We completed one community contact for the Sioux Falls AA in conjunction with this evaluation. The contact works for an organization whose mission is to improve the economy of the Sioux Falls region by facilitating economic development activity and creating jobs within the community. The contact stated that there is limited housing available for low- and moderate-income individuals within Sioux Falls.

## Sioux Falls SD-MN MMSA AA

| Assessment Area(s) - Sioux Falls SD-MN MMSA AA | | | | | | |
|---|---|---|---|---|---|---|
| | | | | | | 2024 |
| Demographic Characteristics | # | Low % of # | Moderate % of # | Middle % of # | Upper % of # | NA* % of # |
| Geographies (Census Tracts) | 47 | 4.26 | 31.91 | 44.68 | 17.02 | 2.13 |
| Population by Geography | 197,214 | 2.45 | 29.93 | 46.71 | 20.21 | 0.69 |
| Housing Units by Geography | 83,607 | 3.77 | 31.79 | 46.00 | 17.12 | 1.32 |
| Owner-Occupied Housing by Geography | 49,221 | 1.46 | 23.93 | 51.02 | 23.59 | 0.00 |
| Occupied Rental Units by Geography | 29,232 | 7.41 | 41.63 | 39.01 | 8.17 | 3.78 |
| Vacant Units by Geography | 5,154 | 5.22 | 51.09 | 37.64 | 6.05 | 0.00 |
| Businesses by Geography | 9,521 | 9.16 | 35.10 | 38.56 | 14.80 | 2.38 |
| Farms by Geography | 509 | 4.32 | 15.32 | 63.06 | 17.29 | 0.00 |
| Family Distribution by Income Level | 47,613 | 19.90 | 18.52 | 24.30 | 37.27 | 0.00 |
| Household Distribution by Income Level | 78,453 | 23.67 | 18.00 | 19.53 | 38.81 | 0.00 |
| Unemployment rate (%) | 2.59 | 6.73 | 3.12 | 2.29 | 1.74 | 5.15 |
| Households Below Poverty Level (%) | 8.98 | 14.94 | 14.84 | 6.71 | 2.96 | 17.57 |
| Median Family Income (Sioux Falls, SD-MN MMSA) | | $83,517 | | | Median Housing Value | $190,900 |
| Median Family Income (Sioux Falls, SD-MN MMSA) for 2024 | | $102,400 | | | Median Gross Rent | $811 |
| | | | | | Families Below Poverty Level | 6.06 |

*FFIEC File – 2020 Census*
*FFIEC File – 2024 Census*
*2024 Dun & Bradstreet SBSF Demographics*
*Due to rounding, totals may not equal 100.0%*
*(*) The NA category consists of geographies that have not been assigned an income classification*

## Scope of Evaluation in South Dakota

The OCC completed a full-scope review of the Sioux Falls AA, which is the bank's only AA in the State of South Dakota. The State of South Dakota rating is based on results of this review. Refer to Appendix A for more information.

The primary products in the Sioux Falls AA are business and home mortgage loans. Examiners placed more weight on home mortgage loans given the volume by both dollar and number was higher than the volume of business loans.

# CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN SOUTH DAKOTA

# LENDING TEST

The bank's performance under the Lending Test in South Dakota is rated Outstanding.

## Conclusions for Area Receiving a Full-Scope Review

Based on a full-scope review, the bank's lending performance in the State of South Dakota was excellent.

### Distribution of Loans by Income Level of the Geography

The bank exhibited excellent geographic distribution of loans in the state.

#### *Home Mortgage Loans*

Refer to Table 7 in the State of South Dakota section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

The distribution of home mortgage loans to borrowers in geographies of different income levels in the Sioux Falls AA is excellent. Management originated 2.9 percent of its home mortgage loans by number to borrowers located in low-income CTs. This exceeds the demographic data, which indicates 1.5 percent of AA owner-occupied housing units are located in low-income CTs, and exceeds the 1.3 percent aggregate performance of other lenders in the AA. Management originated 51.4 percent of its home mortgage loans by number to borrowers located in moderate-income CTs. This significantly exceeds the demographic data, which indicates 23.9 percent of AA owner-occupied housing units are located in moderate-income CTs, and significantly exceeds the 22.5 percent aggregate performance of other lenders in the AA.

#### *Small Loans to Businesses*

Refer to Table 9 in the State of South Dakota section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses.

The distribution of loans to small businesses in geographies of different income levels in the Sioux Falls AA is excellent. Management originated 5.0 percent of small loans to businesses to borrowers in low-income CTs. This is below the 9.2 percent of businesses located in those geographies and the 7.5 percent aggregate distribution of loans. Management originated 75.0 percent of small loans to businesses to borrowers in moderate-income CTs. This is significantly above the 35.1 percent of businesses located in those geographies and the 34.0 percent aggregate distribution of loans.

#### *Lending Gap Analysis*

Examiners analyzed Heritage's geographic lending patterns of home mortgage loans and small loans to farms by mapping loan originations and purchases throughout the AA. Examiners did not identify any unexplained conspicuous lending gaps.

### Distribution of Loans by Income Level of the Borrower

The bank exhibited a reasonable distribution of loans to individuals of different income levels and businesses and farms of different sizes, given the product lines offered by the bank.

***Home Mortgage Loans***

Refer to Table 8 in the State of South Dakota section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The bank originated 5.7 percent of home mortgage loans to low-income borrowers.  performance is below the demographic data, which indicates 19.9 percent of families in the AA are low-income. The performance is near to the 7.7 percent aggregate performance of other lenders in the AA. Management originated 22.9 percent of home mortgage loans to moderate-income borrowers. This performance is above the demographic data, which indicates 18.5 percent of families in the AA are moderate-income. The performance is also above the 22.0 percent aggregate performance of other lenders in the AA.

***Small Loans to Businesses***

Refer to Table 10 in the State of South Dakota section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's originations and purchases of small loans to businesses.

The distribution of business loans to borrowers of different income levels in the Sioux Falls AA is reasonable. The bank originated 60 percent of small business loans to borrowers with GAR of $1 million or less during the evaluation period. This is above aggregate data that indicates 51.6 percent of business loans were provided to businesses with GARs of $1 million or less and below demographic data that indicated 85.0 percent of businesses in the AA reported GAR of $1 million or less.

**Responses to Complaints**

There were no complaints related to Heritage's CRA performance in the State of South Dakota during the evaluation period.

## COMMUNITY DEVELOPMENT TEST

The bank's performance under the Community Development Test in the State of South Dakota is rated Satisfactory.

## Conclusions for Area Receiving a Full-Scope Review

Based on a full-scope review, the bank exhibited adequate responsiveness to community development needs in the state through community development loans, qualified investments, and community development services, as appropriate, considering the bank's capacity and the need and availability of such opportunities for community development in the bank's AA.

**Number and Amount of Community Development Loans**

The Community Development Loans Table, shown below, sets forth the information and data used to evaluate the bank's level of CD lending. The table includes all CD loans, including multifamily loans that also qualify as CD loans.

| Table 3: Community Development Loans | | | | |
|---|---|---|---|---|
| Assessment Area | Total | | | |
| | # | % of Total # | $(000's) | % of Total $ |
| Sioux Falls, SD-MN MMSA | 2 | 100.0 | 275 | 1.8 |

Management originated two qualified CD loans totaling $275,000, or 10.5 percent of allocated tier one capital. One loan qualified as economic development by revitalizing and stabilizing a moderate-income CT with the renovation of a warehouse in the area. One loan qualified as economic development by permanently creating a job for an low- and moderate-income individual.

## Number and Amount of Qualified Investments

| Table 4: Qualified Investments | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Assessment Area | Prior Period* | | Current Period | | Total | | | | Unfunded Commitments** | |
| | # | $(000's) | # | $(000's) | # | % of Total # | $(000's) | % of Total $ | # | $(000's) |
| Sioux Falls, SD-MN MMSA | 0 | 0 | 1 | 2 | 1 | 100.0 | 2 | 100.0 | 0 | 0 |

Management made one qualified donation of $2,000, or 0.1 percent of allocated tier one capital to an organization that provides community services to low- and moderate-income individuals.

## Extent to Which the Bank Provides Community Development Services

Employees did not provide any qualified service hours in the Sioux Falls AA during the evaluation period.

* 'Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.

# State Rating

## State of Iowa

**CRA rating for the State of Iowa[3]:** Outstanding
**The Lending Test is rated:** Outstanding
**The Community Development Test is rated:** Outstanding

The major factors that support this rating include:

- The distribution of home mortgage loans to borrowers in geographies of different income levels reflects reasonable distribution of AA demographics.
- The distribution of home mortgage loans to borrowers of different income levels reflects excellent distribution of AA demographics.
- CD activities demonstrate excellent responsiveness to AA needs and opportunities.

## Description of Institution's Operations in Iowa

Heritage operates in one AA in the State of Iowa: Sioux City AA.

While the Sioux City AA is an MMSA, it is evaluated as a single state MSA for this evaluation given Heritage takes a single, partial county (Woodbury County, IA) as its AA. Heritage takes 26 of the 29 CTs in Woodbury County in its AA. The CTs excluded from the AA are located further outside of Sioux City and in rural areas served by other banks.

The AA accounted for 10.2 percent of the bank's deposits as of December 31, 2024, and 8.7 percent of the bank's loans originated by dollar volume during the evaluation period. The primary lending product in the Sioux City AA is home mortgage loans. Competition in the Sioux City AA is high and includes several large national, regional, and local community banks. As of December 31, 2024, there were 21 institutions with 47 banking offices located in the AA. Heritage reported $43 million in deposits in the Sioux City AA as of December 31, 2024, which ranked 14th in deposit market share with a market share of 1.3 percent.

The Sioux City AA includes 26 CTs. Two CTs are low-income, eight are moderate-income, ten are middle-income, five are upper-income, and one is unknown. As of the 2024 Census, 93,592 people, or 34,216 households, lived in the AA. Of the households, 26.7 percent were low-income, 15.2 percent were moderate-income, 18.2 percent were middle-income, and 39.9 percent were upper-income. Of the families in the AA, 13.5 percent lived below the poverty level. The weighted-average median family income as of 2024 census data, was $91,200. The Sioux City, IA-NE-SD MMSA includes 3,889 businesses and 136 farms.

The economy in the Sioux City AA was favorable during the evaluation period. According to the BLS, the average unemployment rate for Woodbury County decreased from 3.6 percent in January 2022, to

[3] This rating reflects performance within the state. The statewide evaluations do not reflect performance in the parts of those states contained within the MMSA.

3.1 percent in December 2024. The highest local unemployment rate during the evaluation period was 3.6 percent in January 2022 and January 2024. Major employment sectors for the Sioux City, IA-NE-SD MMSA include manufacturing, healthcare, and retail trade.

Examiners completed one community contact for the Sioux City AA in conjunction with this evaluation. The contact is an executive for a not-for-profit economic development organization focused on increasing and enhancing employment opportunities in the area The contact stated that there is limited housing available for low- and moderate-income individuals in the area despite ongoing housing projects. The contact stated that banks are very responsive to community development and credit needs in the area.

## Sioux City, IA-NE-SD MMSA

| Assessment Area(s) - Sioux City, IA-NE-SD MMSA | | | | | | |
|---|---|---|---|---|---|---|
| | | | | | | 2024 |
| Demographic Characteristics | # | Low % of # | Moderate % of # | Middle % of # | Upper % of # | NA* % of # |
| Geographies (Census Tracts) | 26 | 7.69 | 30.77 | 38.46 | 19.23 | 3.85 |
| Population by Geography | 93,592 | 4.02 | 31.40 | 46.18 | 18.40 | 0.00 |
| Housing Units by Geography | 36,598 | 4.31 | 31.82 | 45.85 | 18.03 | 0.00 |
| Owner-Occupied Housing by Geography | 22,222 | 1.70 | 23.68 | 49.86 | 24.76 | 0.00 |
| Occupied Rental Units by Geography | 11,994 | 7.98 | 45.95 | 40.30 | 5.78 | 0.00 |
| Vacant Units by Geography | 2,382 | 10.16 | 36.61 | 36.36 | 16.88 | 0.00 |
| Businesses by Geography | 3,889 | 4.73 | 43.97 | 35.02 | 16.25 | 0.03 |
| Farms by Geography | 136 | 2.21 | 27.94 | 36.03 | 33.82 | 0.00 |
| Family Distribution by Income Level | 22,143 | 24.01 | 18.32 | 20.32 | 37.35 | 0.00 |
| Household Distribution by Income Level | 34,216 | 26.72 | 15.22 | 18.16 | 39.89 | 0.00 |
| Unemployment rate (%) | 4.89 | 7.48 | 6.56 | 4.45 | 2.86 | 0.00 |
| Households Below Poverty Level (%) | 13.48 | 40.70 | 17.25 | 11.47 | 6.23 | 0.00 |
| Median Family Income (Sioux City, IA-NE-SD MMSA) | | $74,531 | | | Median Housing Value | $115,000 |
| Median Family Income (Sioux City, IA-NE-SD MMSA) for 2024 | | $91,200 | | | Median Gross Rent | $802 |
| | | | | | Families Below Poverty Level | 10.18 |

*FFIEC File – 2020 Census*
*FFIEC File – 2024 Census*
*2024 Dun & Bradstreet SBSF Demographics*
*Due to rounding, totals may not equal 100.0%*
*(*) The NA category consists of geographies that have not been assigned an income classification*

## Scope of Evaluation in Iowa

The OCC completed a full-scope review of the Sioux City AA, which is the bank's only AA in the State of Iowa. The State of Iowa rating is based on results of this review. Refer to Appendix A for more information. The primary product in the Sioux City AA is home mortgage loans.

# CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN IOWA

# LENDING TEST

The bank's performance under the Lending Test in Iowa is rated Outstanding.

## Conclusions for Area Receiving a Full-Scope Review

Based on a full-scope review, the bank's lending performance in the State of Iowa was excellent.

## Distribution of Loans by Income Level of the Geography

The bank exhibited reasonable geographic distribution of loans in the state.

### *Home Mortgage Loans*

Refer to Table 7 in the State of Iowa section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

The distribution of home mortgage loans to borrowers in geographies of different income levels in the Sioux City AA is reasonable. Management originated 1.4 percent of its home mortgage loans by number to borrowers located in low-income CTs. This is near to the demographic data, which indicates 1.7 percent of AA owner-occupied housing units are located in moderate-income CTs, and the 1.6 percent aggregate performance of other lenders in the AA. Management originated 27.0 percent of its home mortgage loans by number to borrowers located in moderate-income CTs. This exceeds the demographic data, which indicates 23.7 percent of AA owner-occupied housing units are located in moderate-income CTs, and the 23.1 percent aggregate performance of other lenders in the AA.

### *Lending Gap Analysis*

Examiners analyzed Heritage's geographic lending patterns of home mortgage loans mapping loan originations and purchases throughout the AA. Examiners did not identify any unexplained conspicuous lending gaps.

## Distribution of Loans by Income Level of the Borrower

The bank exhibited an excellent distribution of loans to individuals of different income levels and businesses and farms of different sizes, given the product lines offered by the bank.

### *Home Mortgage Loans*

Refer to Table 8 in the State of Iowa section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The distribution of home mortgage loans to low- and moderate-income families in the Sioux City AA is excellent. Management originated 12.8 percent of home mortgage loans to low-income borrowers. This performance is below the demographic data, which indicates 24.0 percent of families in the AA are low-income. The performance exceeds the 10.4 percent aggregate performance of other lenders in the AA. Management originated 45.4 percent of home mortgage loans to moderate-income borrowers. This performance significantly exceeds the demographic data, which indicates 18.3 percent of families in the AA are moderate-income. The performance also significantly exceeds the 24.0 percent aggregate performance of other lenders in the AA.

### Responses to Complaints

There were no complaints related to Heritage's CRA performance in the State of Iowa during the evaluation period.

## COMMUNITY DEVELOPMENT TEST

The bank's performance under the Community Development Test in the State of Iowa is rated Excellent.

## Conclusions for Area Receiving a Full-Scope Review

Based on a full-scope review, the bank exhibited excellent responsiveness to community development needs in the state through community development loans, qualified investments, and community development services, as appropriate, considering the bank's capacity and the need and availability of such opportunities for community development in the bank's AA.

### Number and Amount of Community Development Loans

The Community Development Loans Table, shown below, sets forth the information and data used to evaluate the bank's level of CD lending. The table includes all CD loans, including multifamily loans that also qualify as CD loans.

**Table 3: Community Development Loans**

| Assessment Area | Total | | | |
|---|---|---|---|---|
| | # | % of Total # | $(000's) | % of Total $ |
| Sioux City, IA-NE-SD MMSA AA | 1 | 100.0 | 14,200 | 93.0 |

Management originated one qualified CD loan totaling $14.2 million, or 340.0 percent of allocated tier one capital. Heritage is the lead bank in originating a loan to renovate a hotel into a senior living facility in a moderate-income CT. The business will add up to 46 permanent jobs, many of which will benefit low- and moderate-income individuals.

### Number and Amount of Qualified Investments

Management did not make any qualified CD investments or donations in the Sioux City AA during the evaluation period.

### Extent to Which the Bank Provides Community Development Services

Employees did not provide any qualified service hours in the Sioux City AA during the evaluation period.

# Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the MSA(s) and non-MSA(s) that received comprehensive examination review, designated by the term "full-scope," and those that received a less comprehensive review, designated by the term "limited-scope".

| **Time Period Reviewed:** | 01/01/2022 to 12/31/2024 | |
|---|---|---|
| **Bank Products Reviewed:** | Home mortgage, small business, and small farm loans<br>Community development loans, qualified investments, community development services | |
| **Affiliate(s)** | **Affiliate Relationship** | **Products Reviewed** |
| Not Applicable | Not Applicable | Not Applicable |
| **List of Assessment Areas and Type of Examination** | | |
| **Rating and Assessment Areas** | **Type of Exam** | **Other Information** |
| **Minnesota** | | |
| MN Non-MSA AA | Full-Scope | Includes Chippewa County, Kandiyohi County, and Swift County<br><br>Primary products are home mortgage loans and farm loans. |
| **Sioux Dakota** | | |
| Sioux Falls SD-MN MMSA (Sioux Falls) AA | Full-Scope | Includes Minnehaha County.<br><br>Primary products are business and home mortgage loans. |
| **Iowa** | | |
| Sioux City IA-NE-SD MMSA (Sioux City) AA | Full-Scope | Includes Woodbury County. The AA included all CTs in the county except CTs 31.00, 32.00, and 35.00.<br><br>Primary product is home mortgage loans. |

# Appendix B: Summary of MMSA and State Ratings

| RATINGS | | | |
|---|---|---|---|
| Overall Bank: | Lending Test Rating* | CD Test Rating | Overall Bank/State/ Multistate Rating |
| Heritage Bank, N.A. | Satisfactory | Satisfactory | Satisfactory |
| MMSA or State: | | | |
| Minnesota | Satisfactory | Satisfactory | Satisfactory |
| South Dakota | Outstanding | Satisfactory | Satisfactory |
| Iowa | Outstanding | Outstanding | Outstanding |

(*) The Lending Test and Community Development Test carry equal weight in the overall rating.

# Appendix C: Definitions and Common Abbreviations

The following terms and abbreviations are used in this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

**Affiliate:** Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. For example, a bank subsidiary is controlled by the bank and is, therefore, an affiliate.

**Aggregate Lending (Aggt.):** The number of loans originated and purchased by all reporting lenders (HMDA or CRA) in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/assessment area.

**Census Tract (CT):** A small, relatively permanent statistical subdivision of a county delineated by a local committee of census data users for the purpose of presenting data. Census tracts nest within counties, and their boundaries normally follow visible features, but may follow legal geography boundaries and other non-visible features in some instances. Census tracts ideally contain about 4,000 people and 1,600 housing units.

**Combined Statistical Area (CSA):** A geographic entity consisting of two or more adjacent Core Based Statistical Areas with employment interchange measures of at least 15. An employment interchange measure is a measure of ties between two adjacent entities. The employment interchange measure is the sum of the percentage of workers living in the smaller entity who work in the larger entity and the percentage of employment in the smaller entity that is accounted for by workers who reside in the larger entity.

**Community Development (CD):** Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of $1 million or less; or activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas.

**Community Reinvestment Act (CRA):** The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its entire community, including low- and moderate-income areas, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

**Consumer Loan(s):** 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, other secured consumer loans, and other unsecured consumer loans.

**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, which 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).

**Full-Scope Review:** Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, 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 conduct 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, the disposition of the application (e.g., approved, denied, and withdrawn), the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

**Home Mortgage Loans:** A closed-end mortgage loan or an open-end line of credit as these terms are defined under 12 CFR 1003.2, and that is not an excluded transaction under 12 CFR 1003.3(c)(1) through (c)(10) and (c)(13).

**Household:** Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

**Limited-Scope Review:** Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of CD loans and qualified investments, branch distribution, and CD services).

**Low-Income:** Individual income that is at 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 state/assessment area.

**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. The median is the point at which half of the families have income above, and half below, a range of incomes. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above, and half below, a range of incomes.

**Metropolitan Division:** As defined by Office of Management and Budget, a county or group of counties within a Core Based Statistical Area that contains an urbanized population of at least 2.5 million. A Metropolitan Division consists of one or more main/secondary counties that represent an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

**Metropolitan Statistical Area:** An area, defined by the Office of Management and Budget, as a Core Based Statistical Area associated with at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties 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 percent 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 percent and less than 80 percent, in the case of a geography.

**Multifamily:** Refers to a residential structure that contains five or more units**.**

**Multistate Metropolitan Statistical Area (MMSA):** Any multistate metropolitan statistical area or multistate combined statistical area, as defined by the Office of Management and Budget.

**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.

**Prior Period Investments:** Investments made in a previous evaluation period that are outstanding as of the end of the evaluation period.

**Qualified Investment:** A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**Rating Area:** A rated area is a state or multistate metropolitan statistical 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 statistical area, the institution will receive a rating for the multistate metropolitan statistical area.

**Small Loan(s) to Business(es):** A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) instructions. These loans have original amounts of $1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans.

**Small Loan(s) to Farm(s):** 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 or are classified as loans to finance agricultural production and other loans to farmers.

**Tier 1 Capital:** The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

**Unfunded Commitments:** Legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

**Upper-Income:** Individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent, in the case of a geography.

# Appendix D: Tables of Performance Data

## Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan statistical areas, if applicable, are presented in one set of tables. References to the "bank" include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the Lending Test tables, the following are applicable: (1) purchased are treated as originations; and (2) "aggregate" is the percentage of the aggregate number of reportable loans originated and purchased by all HMDA or CRA-reporting lenders in the MMSA/AA. Deposit data are compiled by the FDIC and are available as of June 30th of each year. Tables without data are not included in this PE.

The following is a listing and brief description of the tables included in each set:

**Table 7.** **Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography -** Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents aggregate peer data for the years the data is available.

**Table 8.** **Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower -** Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MMSA/AA. The table also presents aggregate peer data for the years the data is available.

**Table 9.** **Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography –** Compares the percentage distribution of the number of small loans (less than or equal to $1 million) to businesses that were originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of businesses (regardless of revenue size) in those geographies. Because arrogate small business data are not available for geographic areas smaller than counties, it may be necessary to compare bank loan data to aggregate data from geographic areas larger than the bank's AA.

**Table 10.** **Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenue -** Compares the percentage distribution of the number of small loans (loans less than or equal to $1 million) originated and purchased by the bank to businesses with revenues of $1 million or less to: (1) the percentage distribution of businesses with revenues of greater than $1 million; and, (2) the percentage distribution of businesses for which revenues are not available. The table also presents aggregate peer small business data for the years the data is available.

The total loan amount presented in the tables for each assessment area may differ from the total loan amount reported in the aggregate table due to how the underlying loan data is rounded in each table.

**Table 11. Assessment Area Distribution of Loans to Farms by Income Category of the Geography –** Compares the percentage distribution of the number of small loans (less than or equal to $500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents aggregate peer data for the years the data is available. Because aggregate small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's AA.

**Table 12. Assessment Area Distribution of Loans to Farms by Gross Annual Revenues -** Compares the percentage distribution of the number of small loans (loans less than or equal to $500,000) originated and purchased by the bank to farms with revenues of $1 million or less to: (1) the percentage distribution of farms with revenues of greater than $1 million; and, (2) the percentage distribution of farms for which revenues are not available. The table also presents aggregate peer small farm data for the years the data is available.

The total loan amount presented in the tables for each assessment area may differ from the total loan amount reported in the aggregate table due to how the underlying loan data is rounded in each table.

## State of Minnesota

| Table 7: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography | | | | | | | | | | | | | | | | | | 2022 - 2024 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Assessment Area: | Total Home Mortgage Loans | | | | Low-Income Tracts | | | Moderate-Income Tracts | | | Middle-Income Tracts | | | Upper-Income Tracts | | | Not Available-Income Tracts | | |
| | # | $ | % of Total Number | Overall Market | % of Owner-Occupied Housing Units | % Bank Loans | % Aggregate | % of Owner-Occupied Housing Units | % Bank Loans | % Aggregate | % of Owner-Occupied Housing Units | % Bank Loans | % Aggregate | % of Owner-Occupied Housing Units | % Bank Loans | % Aggregate | % of Owner-Occupied Housing Units | % Bank Loans | % Aggregate |
| Minnesota Non-MSA 2024 | 205 | 40,166 | 100.00 | 3,406 | -- | -- | -- | 21.34 | 25.37 | 25.46 | 52.69 | 43.41 | 49.56 | 25.97 | 31.22 | 24.99 | -- | -- | -- |
| **Total** | **205** | **40,166** | **100.00** | **3,406** | **--** | **--** | **--** | **21.34** | **25.37** | **25.46** | **52.69** | **43.41** | **49.56** | **25.97** | **31.22** | **24.99** | **--** | **--** | **--** |
| *Source: FFIEC File - 2020, 2024 Census; 1/1/2022 - 12/31/2024 Bank Data, 2022, 2023, 2024 HMDA Aggregate Data, "--" data not available.* | | | | | | | | | | | | | | | | | | | |
| *Due to rounding, totals may not equal 100.0%* | | | | | | | | | | | | | | | | | | | |

| Table 8: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower | | | | | | | | | | | | | | | | | | 2022 - 2024 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Assessment Area: | Total Home Mortgage Loans | | | | Low-Income Borrowers | | | Moderate-Income Borrowers | | | Middle-Income Borrowers | | | Upper-Income Borrowers | | | Not Available-Income Borrowers | | |
| | # | $ | % of Total Number | Overall Market | % Families | % Bank Loans | % Aggregate | % Families | % Bank Loans | % Aggregate | % Families | % Bank Loans | % Aggregate | % Families | % Bank Loans | % Aggregate | % Families | % Bank Loans | % Aggregate |
| Minnesota Non-MSA 2024 | 205 | 40,166 | 100.00 | 3,406 | 19.91 | 7.80 | 12.95 | 17.85 | 20.00 | 22.58 | 21.95 | 30.73 | 22.11 | 40.28 | 38.05 | 28.16 | -- | 3.41 | 14.21 |
| **Total** | **205** | **40,166** | **100.00** | **3,406** | **19.91** | **7.80** | **12.95** | **17.85** | **20.00** | **22.58** | **21.95** | **30.73** | **22.11** | **40.28** | **38.05** | **28.16** | **--** | **3.41** | **14.21** |
| *Source: FFIEC File - 2020, 2024 Census; 1/1/2022 - 12/31/2024 Bank Data, 2022, 2023, 2024 HMDA Aggregate Data, "--" data not available.* | | | | | | | | | | | | | | | | | | | |
| *Due to rounding, totals may not equal 100.0%* | | | | | | | | | | | | | | | | | | | |

| Table 11: Assessment Area Distribution of Loans to Farms by Income Category of the Geography | | | | | | | | | | | | | | | | | | 2022 - 2024 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Assessment Area: | Total Loans to Farm | | | | Low-Income Tracts | | | Moderate-Income Tracts | | | Middle-Income Tracts | | | Upper-Income Tracts | | | Not Available-Income Tracts | | |
| | # | $ | % of Total Number | Overall Market | % Farms | % Bank Loans | % Aggregate | % Farms | % Bank Loans | % Aggregate | % Farms | % Bank Loans | % Aggregate | % Farms | % Bank Loans | % Aggregate | % Farms | % Bank Loans | % Aggregate |
| Minnesota Non-MSA 2024 | 20 | 6,782 | 100.0 | 1,079 | -- | -- | -- | 3.46 | 0.0 | 3.43 | 71.43 | 60.0 | 78.78 | 25.11 | 40.0 | 17.79 | -- | -- | -- |
| **Total** | **20** | **6,782** | **100.0** | **1,079** | **--** | **--** | **--** | **3.46** | **0.0** | **3.43** | **71.43** | **60.0** | **78.78** | **25.11** | **40.0** | **17.79** | **--** | **--** | **--** |
| *Source: FFIEC File - 2020, 2024 Census; 1/1/2022 - 12/31/2024 Bank Data, 2024 Dunn & Bradstreet SBSF Demographics, 2022, 2023, 2024 CRA Aggregate Data, "--" data not available.* | | | | | | | | | | | | | | | | | | | |
| *Due to rounding, totals may not equal 100.0%* | | | | | | | | | | | | | | | | | | | |

| Table 12: Assessment Area Distribution of Loans to Farms by Gross Annual Revenue | | | | | | | | | | | 2022 - 2024 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Assessment Area:** | **Total Loans to Farms** | | | | **Farms with Revenues <= 1MM** | | | **Farms with Revenues > 1MM** | | **Farms with Revenues Not Available** | |
| | **#** | **$** | **% of Total Number** | **Overall Market** | **% Farms** | **% Bank Loans** | **% Aggregate** | **% Farms** | **% Bank Loans** | **% Farms** | **% Bank Loans** |
| Minnesota Non-MSA 2024 | 20 | 6,782 | 100.0 | 1,079 | 96.75 | 55.0 | 44.86 | 1.30 | 45.0 | 1.95 | -- |
| **Total** | **20** | **6,782** | **100.0** | **1,079** | **96.75** | 55.0 | **44.86** | **1.30** | 45.0 | **1.95** | **--** |
| *Source: FFIEC File - 2020, 2024 Census; 1/1/2022 - 12/31/2024 Bank Data, 2024 Dunn & Bradstreet SBSF Demographics, 2022, 2023, 2024 CRA Aggregate Data, "--" data not available.* | | | | | | | | | | | |
| *Due to rounding, totals may not equal 100.0%* | | | | | | | | | | | |

## State of South Dakota

| Table 7: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography | | | | | | | | | | | | | | | | | 2022 - 2024 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Assessment Area:** | **Total Home Mortgage Loans** | | | | **Low-Income Tracts** | | | **Moderate-Income Tracts** | | | **Middle-Income Tracts** | | | **Upper-Income Tracts** | | | **Not Available-Income Tracts** | | |
| | **#** | **$** | **% of Total Number** | **Overall Market** | **% of Owner-Occupied Housing Units** | **% Bank Loans** | **% Aggregate** | **% of Owner-Occupied Housing Units** | **% Bank Loans** | **% Aggregate** | **% of Owner-Occupied Housing Units** | **% Bank Loans** | **% Aggregate** | **% of Owner-Occupied Housing Units** | **% Bank Loans** | **% Aggregate** | **% of Owner-Occupied Housing Units** | **% Bank Loans** | **% Aggregate** |
| Sioux Falls, SD-MN MMSA 2024 | 35 | 14,479 | 100.00 | 17,903 | 1.46 | 2.86 | 1.25 | 23.93 | 51.43 | 22.51 | 51.02 | 37.14 | 51.04 | 23.59 | 8.57 | 25.17 | -- | -- | 0.02 |
| **Total** | **35** | **14,479** | **100.00** | **17,903** | **1.46** | **2.86** | **1.25** | **23.93** | **51.43** | **22.51** | **51.02** | **37.14** | **51.04** | **23.59** | **8.57** | **25.17** | **--** | **--** | **0.02** |
| *Source: FFIEC File - 2020, 2024 Census; 1/1/2022 - 12/31/2024 Bank Data, 2022, 2023, 2024 HMDA Aggregate Data, "--" data not available.* | | | | | | | | | | | | | | | | | | | |
| *Due to rounding, totals may not equal 100.0%* | | | | | | | | | | | | | | | | | | | |

| Table 8: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower | | | | | | | | | | | | | | | | | | | 2022 - 2024 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Assessment Area:** | **Total Home Mortgage Loans** | | | | **Low-Income Borrowers** | | | **Moderate-Income Borrowers** | | | **Middle-Income Borrowers** | | | **Upper-Income Borrowers** | | | **Not Available-Income Borrowers** | | |
| | **#** | **$** | **% of Total Number** | **Overall Market** | **% Families** | **% Bank Loans** | **% Aggregate** | **% Families** | **% Bank Loans** | **% Aggregate** | **% Families** | **% Bank Loans** | **% Aggregate** | **% Families** | **% Bank Loans** | **% Aggregate** | **% Families** | **% Bank Loans** | **% Aggregate** |
| Sioux Falls, SD-MN MMSA 2024 | 35 | 14,479 | 100.00 | 17,903 | 19.90 | 5.71 | 7.74 | 18.52 | 22.86 | 22.01 | 24.30 | 8.57 | 23.75 | 37.27 | 8.57 | 31.27 | -- | 54.29 | 15.24 |
| **Total** | **35** | **14,479** | **100.00** | **17,903** | **19.90** | **5.71** | **7.74** | **18.52** | **22.86** | **22.01** | **24.30** | **8.57** | **23.75** | **37.27** | **8.57** | **31.27** | **--** | **54.29** | **15.24** |
| *Source: FFIEC File - 2020, 2024 Census; 1/1/2022 - 12/31/2024 Bank Data, 2022, 2023, 2024 HMDA Aggregate Data, "--" data not available.* | | | | | | | | | | | | | | | | | | | |
| *Due to rounding, totals may not equal 100.0%* | | | | | | | | | | | | | | | | | | | |

| Table 9: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography | | | | | | | | | | | | | | | | | | 2022 - 2024 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Assessment Area:** | **Total Loans to Small Businesses** | | | | **Low-Income Tracts** | | | **Moderate-Income Tracts** | | | **Middle-Income Tracts** | | | **Upper-Income Tracts** | | | **Not Available-Income Tracts** | |
| | **#** | **$** | **% of Total Number** | **Overall Market** | **% Businesses** | **% Bank Loans** | **% Aggregate** | **% Businesses** | **% Bank Loans** | **% Aggregate** | **% Businesses** | **% Bank Loans** | **% Aggregate** | **% Businesses** | **% Bank Loans** | **% Aggregate** | **% Businesses** | **% Bank Loans** | **% Aggregate** |
| Sioux Falls, SD-MN MMSA 2024 | 20 | 7,292 | 0.00 | 13,052 | 9.16 | 5.0 | 7.53 | 35.10 | 75.0 | 34.00 | 38.56 | 20.0 | 37.76 | 14.80 | -- | 17.74 | 2.38 | -- | 2.97 |
| **Total** | **20** | **7,292** | **0.00** | **13,052** | **9.16** | 5.0 | **7.53** | **35.10** | 75.0 | **34.00** | **38.56** | 20.0 | **37.76** | **14.80** | **--** | **17.74** | **2.38** | **--** | **2.97** |
| *Source: FFIEC File - 2020, 2024 Census; 1/1/2022 - 12/31/2024 Bank Data, 2024 Dunn & Bradstreet SBSF Demographics, 2022, 2023, 2024 CRA Aggregate Data, "--" data not available.* | | | | | | | | | | | | | | | | | | | |
| *Due to rounding, totals may not equal 100.0%* | | | | | | | | | | | | | | | | | | | |

| Table 10: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues | | | | | | | | | | | 2022 - 2024 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Assessment Area:** | **Total Loans to Small Businesses** | | | | **Businesses with Revenues <= 1MM** | | | **Businesses with Revenues > 1MM** | | **Businesses with Revenues Not Available** | |
| | **#** | **$** | **% of Total Number** | **Overall Market** | **% Businesses** | **% Bank Loans** | **% Aggregate** | **% Businesses** | **% Bank Loans** | **% Businesses** | **% Bank Loans** |
| Sioux Falls, SD-MN MMSA 2024 | 20 | 7,292 | 0.00 | 13,052 | 84.95 | 60.0 | 51.56 | 4.13 | 40.0 | 10.92 | -- |
| **Total** | **20** | **7,292** | **0.00** | **13,052** | **84.95** | 60.0 | **51.56** | **4.13** | 40.0 | **10.92** | **--** |
| *Source: FFIEC File - 2020, 2024 Census; 1/1/2022 - 12/31/2024 Bank Data, 2024 Dunn & Bradstreet SBSF Demographics, 2022, 2023, 2024 CRA Aggregate Data, "--" data not available.* | | | | | | | | | | | |
| *Due to rounding, totals may not equal 100.0%* | | | | | | | | | | | |

## State of Iowa

| Table 7: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography | | | | | | | | | | | | | | | | | | | 2022 - 2024 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Assessment Area:** | **Total Home Mortgage Loans** | | | | **Low-Income Tracts** | | | **Moderate-Income Tracts** | | | **Middle-Income Tracts** | | | **Upper-Income Tracts** | | | **Not Available-Income Tracts** | | |
| | **#** | **$** | **% of Total Number** | **Overall Market** | **% of Owner-Occupied Housing Units** | **% Bank Loans** | **% Aggregate** | **% of Owner-Occupied Housing Units** | **% Bank Loans** | **% Aggregate** | **% of Owner-Occupied Housing Units** | **% Bank Loans** | **% Aggregate** | **% of Owner-Occupied Housing Units** | **% Bank Loans** | **% Aggregate** | **% of Owner-Occupied Housing Units** | **% Bank Loans** | **% Aggregate** |
| Sioux City, IA-NE-SD MMSA 2024 | 141 | 33,743 | 100.00 | 5,993 | 1.70 | 1.42 | 1.64 | 23.68 | 26.95 | 23.14 | 49.86 | 58.16 | 52.95 | 24.76 | 13.48 | 22.28 | -- | -- | -- |
| **Total** | **141** | **33,743** | **100.00** | **5,993** | **1.70** | **1.42** | **1.64** | **23.68** | **26.95** | **23.14** | **49.86** | **58.16** | **52.95** | **24.76** | **13.48** | **22.28** | **--** | **--** | **--** |
| *Source: FFIEC File - 2020, 2024 Census; 1/1/2022 - 12/31/2024 Bank Data, 2022, 2023, 2024 HMDA Aggregate Data, "--" data not available.* | | | | | | | | | | | | | | | | | | | |
| *Due to rounding, totals may not equal 100.0%* | | | | | | | | | | | | | | | | | | | |

| Table 8: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower | | | | | | | | | | | | | | | | | | | 2022 - 2024 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Assessment Area:** | **Total Home Mortgage Loans** | | | | **Low-Income Borrowers** | | | **Moderate-Income Borrowers** | | | **Middle-Income Borrowers** | | | **Upper-Income Borrowers** | | | **Not Available-Income Borrowers** | | |
| | **#** | **$** | **% of Total Number** | **Overall Market** | **% Families** | **% Bank Loans** | **% Aggregate** | **% Families** | **% Bank Loans** | **% Aggregate** | **% Families** | **% Bank Loans** | **% Aggregate** | **% Families** | **% Bank Loans** | **% Aggregate** | **% Families** | **% Bank Loans** | **% Aggregate** |
| Sioux City, IA-NE-SD MMSA 2024 | 141 | 33,743 | 100.00 | 5,993 | 24.01 | 12.77 | 10.43 | 18.32 | 45.39 | 23.98 | 20.32 | 21.99 | 23.24 | 37.35 | 8.51 | 22.09 | -- | 11.35 | 20.26 |
| **Total** | **141** | **33,743** | **100.00** | **5,993** | **24.01** | **12.77** | **10.43** | **18.32** | **45.39** | **23.98** | **20.32** | **21.99** | **23.24** | **37.35** | **8.51** | **22.09** | **--** | **11.35** | **20.26** |

*Source: FFIEC File - 2020, 2024 Census; 1/1/2022 - 12/31/2024 Bank Data, 2022, 2023, 2024 HMDA Aggregate Data, "--" data not available.*
*Due to rounding, totals may not equal 100.0%*