

PUBLIC DISCLOSURE

December 1, 2025

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First Heritage Bank
RSSD# 618647

801 South Fremont
Shenandoah, Iowa 51601

Federal Reserve Bank of Chicago

230 South LaSalle Street
Chicago, Illinois 60604-1413

NOTE: This document is an evaluation of this bank'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 bank. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this bank. The rating assigned to this bank does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial bank.

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BANK'S CRA RATING

First Heritage Bank is rated Satisfactory.

First Heritage Bank is meeting the credit needs of its assessment area based on an analysis of the bank's lending activities. The loan-to-deposit ratio is reasonable given the bank's size, financial condition, and assessment area credit needs. A majority of the bank's loans were originated in the assessment area. The geographic distribution of loans reflects reasonable dispersion throughout the assessment area and lending reflects reasonable penetration among borrowers of different incomes and businesses and farms of different revenue sizes. There were no Community Reinvestment Act (CRA) related complaints received by the institution or by this Reserve Bank since the previous evaluation.

SCOPE OF EXAMINATION

First Heritage Bank's CRA performance was evaluated using the Federal Financial Institutions Examination Council's (FFIEC) Small Institution Examination Procedures. Performance was evaluated in the context of information about the institution and its assessment area, including the bank's asset size, financial condition, competition, and the economic and demographic characteristics.

First Heritage Bank maintains a non-metropolitan assessment area (Non-MSA) which includes Page County, Iowa in its entirety, and one census tract in Fremont County, Iowa which is located immediately west of Page County. The level of performance within the assessment area was assessed based on samples of residential real estate (home mortgage), small business, and small farm loans originated from November 1, 2021, to December 31, 2024. These products are considered First Heritage Bank's primary business lines based on the volume of the bank's loan originations by number and dollar amount.

Performance in the assessment area was evaluated using streamlined assessment method for small banks based on the following performance criteria:

- ***Loan-to-Deposit Ratio*** – A 16-quarter average (December 31, 2021, through September 30, 2025) loan-to-deposit ratio was calculated for the bank and compared to a sample of local competitors.
- ***Lending in the Assessment Area*** – A sample of the bank's home mortgage, small business, and small farm loans originated from November 1, 2021, to December 31, 2024, were reviewed to determine the percentage of loans originated in the assessment area.
- ***Geographic Distribution of Lending in the Assessment Area*** – A sample of the bank's residential real estate, small business, and small farm loans originated in the assessment

area from November 1, 2021, to December 31, 2024, were analyzed to determine the extent to which the bank is making loans in geographies of different income levels, particularly those designated as moderate-income.

- ***Lending to Borrowers of Different Income and to Businesses and Farms of Different Sizes*** – A sample of the bank’s residential real estate, small business, and small farm loans originated in the assessment area from November 1, 2021, to December 31, 2024, were reviewed to determine the distribution among borrowers of different income levels, particularly those considered low- or moderate-income, and to businesses and farms with different revenue sizes.
- ***Response to Substantiated Complaints*** – Complaints were reviewed to determine if any were related to the bank’s record of helping to meet community credit needs and its responses to any received were evaluated for appropriateness.

In addition, three community representatives were contacted in connection with this examination to provide information regarding local economic and socio-economic conditions in the assessment area. The following types of organizations were contacted: economic development and affordable housing.

DESCRIPTION OF INSTITUTION

First Heritage Bank, with total assets of \$69.5 million as of June 30, 2025, is a wholly owned subsidiary of First National Bancorp, a one bank holding company based in Shenandoah, Iowa. The bank has two full-service branches and one automated teller machine (ATM). The main branch operates in Shenandoah, Iowa, in a moderate-income census tract located in Page County. The main branch includes an ATM and drive through facility. The second branch operates in Farragut, Iowa, in a middle-income census tract located in Fremont County. The Farragut branch does not include an ATM or drive-through facility. The bank has not opened or closed any branch offices since the previous evaluation.

First Heritage Bank serves its assessment area primarily as an agricultural, commercial, and residential real estate lender. The bank’s highest product by volume is commercial lending (35.1 percent), followed by residential real estate lending (32.5 percent), and agriculture lending (28.2 percent). Loan products include residential real estate, consumer installment, home equity lines of credit, commercial, and agricultural loans. Deposit products offered by the bank include traditional checking and savings accounts, certificate of deposits, money market deposit accounts, and negotiable order of withdrawal accounts.

According to the Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report as of June 30, 2024, First Heritage Bank ranks sixth out of nine FDIC-insured financial institutions operating within the assessment area. The bank held \$58.2 million in deposits representing 6.4

percent of the deposit market share. Market leader Bank Iowa holds 33.3 percent (\$305.3 million) of the assessment area’s deposits, followed by PCSB Bank which holds 16.1 percent (\$147.4 million). The nine institutions competing for loans and deposits with First Heritage Bank have 17 offices located throughout the assessment area.

Details of the composition of the bank’s loan portfolio are provided in the following table.

Composition of Loan Portfolio As of June 30, 2025 (\$000)		
Type	\$	%
Residential Real Estate	17,164	32.5
Commercial	18,518	35.1
Agricultural	14,886	28.2
Consumer – Closed End	1,575	3.0
Consumer – Open End	600	1.1
Other	21	0.1
Gross Loans	52,764	100.0
<i>Note: Percentages may not total 100.0 percent due to rounding</i>		

There are no known legal, financial or other factors impeding the bank’s ability to help meet the credit needs in its communities.

The bank was rated Satisfactory under the CRA at its previous evaluation conducted on November 1, 2021.

DESCRIPTION OF ASSESSMENT AREA¹

First Heritage Bank’s assessment area consists of seven contiguous census tracts in rural Iowa. The bank delineates Page County in its entirety and one census tract (9701) in Fremont County, Iowa. The assessment area consists of one moderate-income census tract in Page County and six middle-income tracts between Page and Fremont counties. No middle-income census tracts within the assessment area held distressed or underserved designations from 2021 to 2024. The bank’s assessment area delineation remains unchanged since the previous evaluation and census tract designations remain unchanged. Additionally, the bank has not had any branch openings or closings since the previous evaluation. Assessment area demographic information is presented in the following table.

¹ Census tract designations are based on American Community Survey income data. For years 2022 and after, the designations are based on 2016-2020 ACS data. For years 2021 and before, the designations are based on 2011-2015 ACS data. For examinations that include performance before and after 2022, both sets of data have been used to perform the analysis of bank activity in the respective timeframes.

2024 IA Non MSA AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	942	21.2
Moderate	1	14.3	510	11.5	105	20.6	929	20.9
Middle	6	85.7	3,928	88.5	246	6.3	1,081	24.4
Upper	0	0.0	0	0.0	0	0.0	1,486	33.5
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	7	100.0	4,438	100.0	351	7.9	4,438	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	1,164	510	9.8	43.8	494	42.4	160	13.7
Middle	7,073	4,684	90.2	66.2	1,608	22.7	781	11.0
Upper	0	0	0.0	0.0	0	0.0	0	0.0
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	8,237	5,194	100.0	63.1	2,102	25.5	941	11.4
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	120	14.5	108	14.3	12	22.2	0	0.0
Middle	706	85.5	645	85.7	42	77.8	19	100.0
Upper	0	0.0	0	0.0	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	826	100.0	753	100.0	54	100.0	19	100.0
Percentage of Total Businesses:				91.2		6.5		2.3
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	5	2.1	5	2.1	0	0.0	0	0.0
Middle	232	97.9	231	97.9	1	100.0	0	0.0
Upper	0	0.0	0	0.0	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	237	100.0	236	100.0	1	100.0	0	0.0
Percentage of Total Farms:				99.6		0.4		0.0
<i>Source: 2024 FFIEC Census Data 2024 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey</i>								
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>								

The following presentation of key demographics is used to help inform the evaluation of bank activity in its assessment area is based on a comparison of two sets of American Community Survey (ACS) data, 2011-2015 and 2016-2020.

Population Characteristics

The following table shows the population trends for the assessment area, Fremont and Page counties, Non-MSA Iowa, and the state of Iowa from 2015 to 2020 according to U.S. Census estimates. The population of Page County decreased by 2.9 percent, while Fremont County decreased by 7.1 percent. Overall, the population in the assessment area decreased by 4.2 percent. In comparison, Non-MSA Iowa declined by 1.4 percent, and the state of Iowa increased by 3.1 percent. A community representative attributed the assessment area’s population decline to an aging population and a lack of young professionals and young families moving to the area, favoring larger cities that provide more job opportunities and higher wages. Further, there is a lack of affordable housing in the area, and existing homes are deteriorating and in need of repair.

Population Change			
Area	2015 Population	2020 Population	Percentage Change (%)
Assessment Area	22,766	21,816	-4.2
Fremont County, IA	7,106	6,605	-7.1
Page County, IA	15,660	15,211	-2.9
Non-MSA Iowa	1,250,756	1,232,642	-1.4
Iowa	3,093,526	3,190,369	3.1
<i>Source: U.S. Census Bureau: Decennial Census American Community Survey Data: 2011-2015 U.S. Census Bureau: American Community Survey Data: 2020</i>			

Income Characteristics

According to FFIEC Census Data, the assessment area is comprised of 4,438 families, of which 21.2 percent are low-income, and 20.9 percent are moderate-income families. While the majority of the families within the assessment area are considered middle- (24.4 percent) and upper-income (33.5 percent), opportunities to lend to low- and moderate-income families are present within the assessment area.

Based on the 2020 ACS, the median family income (MFI) in the assessment area (\$66,252) falls below Fremont County (\$72,404), Non-MSA Iowa (\$71,763), and the state of Iowa (\$79,186), but exceeds Page County (\$63,965). A community representative noted that Clarinda, Iowa, a city within Page County, includes a strong manufacturing industry with competitive wages compared to the western part of Page County that has experienced job losses and a decline in population. Hospitals and daycare facilities are facing challenges attracting and retaining staff due to competition from nearby counties offering higher wages. Another community representative acknowledged that rural communities need to focus on attracting and retaining young people,

which is difficult as many move to larger cities where there are more job opportunities and higher wages. Housing supply and housing affordability issues within Fremont and Page counties are impacting employers’ willingness to expand their business operations in the area, which can impact population growth.

The following table shows the MFI trends for the assessment area, Fremont and Page counties, Non-MSA Iowa, and the state of Iowa from 2015 to 2020 according to U.S. Census estimates.

Median Family Income Change			
Area	2015 Median Family Income (\$)	2020 Median Family Income (\$)	Percentage Change (%)
Assessment Area	67,359	66,252	-1.6
Fremont County, IA	71,137	72,404	1.8
Page County, IA	66,122	63,965	-3.3
Non-MSA Iowa	67,391	71,763	6.5
Iowa	73,712	79,186	7.4
<i>Source: U.S. Census Bureau: Decennial Census American Community Survey Data: 2011-2015 U.S. Census Bureau: American Community Survey Data: 2020</i>			

Housing Characteristics

First Heritage Bank’s assessment area contains 8,237 housing units. The majority of housing units are owner-occupied at 63.1 percent, while 25.5 percent are rental units, and 11.4 percent are vacant. Within the assessment area there are 1,164 housing units located in the moderate-income census tract.

If a household’s housing cost is 30.0 percent or more of its income, that household is considered housing cost burdened. As shown in the following table, a much larger percentage of low-income renters and homeowners in the assessment area are experiencing housing cost burden compared to moderate-income renters and homeowners. Community representatives stated that while affordable housing is a primary assessment area need, newly constructed homes cost at least \$200,000 which is not affordable for most local residents. One community representative noted the quality of housing stock for low- and moderate-income housing units are in need of repair and/or renovation to prevent the homes from becoming unlivable in the next five to ten years. Another community representative noted that there is not enough rental housing in the assessment area to match demand, and landlords are asking above market rental rates despite substandard conditions of some rental properties.

The following table illustrates the housing cost burden for the assessment area, Fremont and Page counties, Non-MSA Iowa, and the state of Iowa.

Housing Cost Burden						
Area	Cost Burden – Renters (%)			Cost Burden – Owners (%)		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
Assessment Area	65.3	9.9	30.4	39.8	12.0	12.2
Fremont County, IA	60.0	22.7	26.0	50.8	11.5	13.8
Page County, IA	66.7	6.3	31.8	35.9	12.3	11.4
Non-MSA Iowa	65.8	16.7	33.2	54.8	18.9	14.2
Iowa	71.9	21.4	37.9	58.7	23.5	14.9
<i>Cost Burden is housing cost that equals 30 percent or more of household income</i>						
<i>Source: U.S. Department of Housing and Urban Development (HUD), 2017-2021 Comprehensive Housing Affordability Strategy</i>						

Employment and Industry Characteristics

According to the U.S. Bureau of Labor Statistics, the assessment area employer base is diverse. Significant employment is provided in the following industries: manufacturing, retail trade, accommodation and food services, and health care and social assistance.

Unemployment rates within the assessment area, Fremont and Page counties, Non-MSA Iowa, and the state of Iowa have improved since the COVID-19 pandemic. The unemployment rate in Page County is lower than both Fremont County and the state of Iowa. A community representative indicated that Page County has a strong manufacturing base with competitive wages. However, there is a shortage of child daycare facilities and daycare staff to meet the current demand of young families looking for childcare. Also, the assessment area is experiencing a shortage of healthcare professionals as residents employed in this industry are willing to commute for better salaries. A community representative in the agriculture industry noted that livestock farmers are maintaining profitable operations due to high prices for livestock. Conversely, farmers who grow soybeans and corn are experiencing economic challenges leading to tighter margins or financial losses. The community representative noted that the number of new farmers coming into the agriculture industry is similar in number to those leaving the industry.

The following table shows unemployment statistics for the assessment area, Fremont County, Page County, Non-MSA Iowa, and the state of Iowa.

Unemployment Rates (%)					
Area	2020	2021	2022	2023	2024
Assessment Area	4.0	3.2	2.4	2.3	2.8
Fremont County, IA	3.5	3.0	2.7	2.5	3.3
Page County, IA	4.3	3.3	2.2	2.2	2.5
Non-MSA Iowa	4.9	3.8	3.0	3.0	3.0
Iowa	5.2	3.9	2.8	2.9	3.0

Source: Bureau of Labor Statistics (BLS), Local Area Unemployment Statistics

Community Representatives

Three community representatives were contacted to provide information about local economic and demographic conditions. The representatives provided information on affordable housing, employment, economic development, and community service needs within the assessment area. The primary need in the assessment area is affordable housing, including funding to repair and renovate aging housing stock before living conditions for residents become substandard. Existing employers are reluctant to expand their business operations due to limited housing supply and affordability issues within the assessment area. The community representatives stated that tax credits, revolving loan funds, construction loans, along with strong support from local financial institutions and developers are helping to address the needs related to affordable housing. The community representatives recommended that financial institutions look for additional opportunities to provide credit to small businesses. Additionally, one community representative recommended that financial institutions provide informational workshops to new farmers explaining the type of information banks require when extending credit to farmers.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Performance standards for small banks consist of the following, as applicable: the bank’s loan-to-deposit (LTD) ratio, the percentage of loans and other lending-related activities located in the bank’s assessment area, the record of lending to borrowers of different income levels and businesses of different sizes, the geographic distribution of loans, and the record of taking action in response to written complaints. To determine CRA performance, the preceding standards are analyzed and evaluated within the assessment area context, which includes, but is not limited to, comparative analyses of the assessment area and the state and the non-metropolitan portions of the state demographic data on median income, nature of housing stock, housing costs, and other relevant data pertaining to the bank’s assessment area.

LENDING TEST

First Heritage Bank’s performance relative to the lending test is rated Satisfactory. The loan-to-deposit ratio is reasonable given the bank’s size, financial condition, and assessment area credit needs. A majority of the residential real estate, small business, and small farm loans were

originated in the assessment area. The geographic distribution of loans reflects reasonable dispersion throughout the assessment area, and lending activities reflect reasonable penetration among individuals of different income levels, as well as to businesses and farms of different sizes.

Loan-to-Deposit Ratio

First Heritage Bank’s loan-to-deposit (LTD) ratio is reasonable given the bank’s size, financial condition, and assessment area credit needs. The following table shows the bank’s 16-quarter average LTD ratio ending September 30, 2025, in comparison to local competitors. During that period, the bank’s average LTD ratio was 77.4 percent, which decreased slightly (1.4 percent) from the previous evaluation’s average of 78.8 percent. However, the bank’s LTD ratio is above its peer average (71.2 percent) and exceeds all but three competitors.

Comparative Loan-to-Deposit Ratios	
Institution	Loan-to-Deposit Ratio (%)
	16-Quarter Average
First Heritage Bank	77.4
Peer Average	71.2
Competitors	
Northwest Bank	91.7
Arbor Bank	90.3
Bank Iowa	85.6
First Interstate Bank	73.6
Cornerstone Bank	69.4
Tri-Valley Bank	57.2
PCSB Bank	56.3
Glenwood State Bank	45.6

Assessment Area Concentration

A majority of First Heritage Bank’s loans were originated in the assessment area during the review period. Based on the sample of loans originated during the evaluation period, the bank originated 72.7 percent of home mortgage loans, 60.8 percent of small business loans, and 81.6 percent of small farm loans by number within the assessment area. Across all loan products, the bank originated 71.6 percent by number and 52.8 percent by dollar volume of loans inside the assessment area, demonstrating the bank’s commitment to providing credit to its communities. This is comparable to the bank’s lending in the assessment area during the previous evaluation, which was 73.0 percent by number and 62.2 percent by dollar volume.

The following table presents First Heritage Bank’s lending inside and outside its assessment area for home mortgage, small business, and small farm loans from November 1, 2021, to December 31, 2024.

Lending Inside and Outside the Assessment Area								
Loan Types	Inside				Outside			
	#	%	\$ (000s)	%	#	%	\$ (000s)	%
Home Mortgage	40	72.7	5,329	58.8	15	27.3	3,733	41.2
Small Business	31	60.8	2,900	35.3	20	39.2	5,317	64.7
Small Farm	40	81.6	4,056	67.6	9	18.4	1,946	32.4
TOTAL LOANS	111	71.6	12,285	52.8	44	28.4	10,996	47.2

Geographic Distribution of Loans

For the purposes of this review, loans made in calendar years up to and including 2021 were analyzed based on income designations from the 2011-2015 American Community Survey data². Loans made in calendar years 2022 and after were analyzed based on income designations from the 2016-2020 American Community Survey data.

First Heritage Bank’s geographic distribution of residential real estate loans, small business loans, and small farm loans reflects reasonable dispersion of lending throughout the bank’s assessment area. The bank’s assessment area is comprised of one moderate-and six middle- income census tracts. During the review period (November 1, 2021, through December 31, 2024) there were seven residential real estate loans, seven small business loans, and no small farm loans originated in the sole moderate-income census tract. The bank’s ability to serve the moderate-income tract is challenging considering the limited owner-occupied housing units, businesses, and farms located in the tract. Despite the limited lending in the moderate-income census tract, First Heritage Bank’s lending reach is reasonable for the size and complexity of the institution, with no conspicuous or unexplained lending gaps in the assessment area.

The analysis was driven by the bank’s performance in 2023 and 2024, while the bank’s performance in 2021 and 2022 was used for comparison purposes. A detailed discussion of residential real estate, small business, and small farm lending in relation to census demographics is provided below.

Residential Real Estate Lending

First Heritage Bank’s residential real estate lending reflects reasonable dispersion throughout the assessment area. In 2023, the bank originated 26.7 percent of its residential real estate loans in the assessment area’s lone moderate-income census tract, which is substantially above the total percentage (9.8 percent) of owner-occupied units located in the moderate-income tract. First

² The median family income levels (MFI) for census tracts are calculated using income data from the U.S. Census Bureau’s American Community Survey and geographic designations from the Office of Management and Budget and are updated approximately every five years. (.12(m) Income Levels)

Heritage Bank originated 14.3 percent of its residential real estate loans in the moderate-income census tract in 2024, which is above the total percentage (9.8 percent) of owner-occupied units located in the moderate-income tract.

For comparison, First Heritage Bank originated no residential real estate loans in the moderate-income census tract in 2021; however, in 2022 the bank originated one (10.0 percent) residential real estate loan in the moderate-income census tract which was comparable to the percentage of owner-occupied housing units within the moderate-income tract (9.8 percent).

The following table presents First Heritage Bank’s geographic distribution of residential real estate loans in 2023 and 2024. Please refer to Appendix B for the 2021 and 2022 geographic distribution table detailing the bank’s residential real estate lending performance.

Distribution of 2023 and 2024 Residential Lending By Income Level of Geography									
Assessment Area: IA Non MSA									
Geographic Income Level	Bank Loans By Year								Owner Occupied Units %
	2023				2024				
	#	#%	\$(000)	\$%	#	#%	\$(000)	\$%	
Low	0	0.0	0	0.0	0	0.0	0	0.0	0.0
Moderate	4	26.7	281	17.9	2	14.3	189	7.2	9.8
Middle	11	73.3	1,290	82.1	12	85.7	2,422	92.8	90.2
Upper	0	0.0	0	0.0	0	0.0	0	0.0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	0	0.0	0	0.0	
Total	15	100.0	1,571	100.0	14	100.0	2,611	100.0	100.0

Source: 2024 FFIEC Census Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

Small Business Lending

First Heritage Bank’s small business lending reflects reasonable dispersion throughout the assessment area. In 2023, the bank originated 14.3 percent of its small business loans in the assessment area’s lone moderate-income census tract, which is comparable to the total percentage of businesses (14.5 percent) in the moderate-income census tract. The bank originated 30.0 percent of its small business loans in a moderate-income census tract in 2024, which is substantially above the total percentage of businesses in the moderate-income census tract (14.5 percent).

For comparison, First Heritage Bank did not originate any small business loans in the moderate-income census tract in 2021 or 2022. The following table presents the bank’s geographic distribution of small business loans in 2023 and 2024. Please refer to Appendix B for the 2021 and 2022 geographic distribution table detailing the bank’s small business lending performance.

Distribution of 2023 and 2024 Small Business Lending By Income Level of Geography									
Assessment Area: IA Non MSA									
Geographic Income Level	Bank Loans By Year								Total Businesses %
	2023				2024				
	#	#%	\$(000)	\$%	#	#%	\$(000)	\$%	
Low	0	0.0	0	0.0	0	0.0	0	0.0	0.0
Moderate	1	14.3	20	4.0	6	30.0	314	15.9	14.5
Middle	6	85.7	483	96.0	14	70.0	1,667	84.2	85.5
Upper	0	0.0	0	0.0	0	0.0	0	0.0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	0	0.0	0	0.0	
Total	7	100.0	503	100.0	20	100.0	1,980	100.0	100.0

Source: 2024 FFIEC Census Data
2024 Dun & Bradstreet Data
2016-2020 U.S. Census Bureau: American Community Survey

Note: Percentages may not total 100.0 percent due to rounding.

Small Farm Lending

First Heritage Bank’s small farm lending reflects a reasonable dispersion throughout the assessment area. The bank did not originate any small farm loans within the assessment area’s lone moderate-income census tract from 2021 through 2024; however, there is minimal opportunity to originate small farm loans in the assessment area’s moderate-income census tract as only 2.1 percent of total assessment area farms are located within the moderate-income tract.

The following table presents First Heritage Bank’s geographic distribution of small farm lending in 2023 and 2024. Please refer to Appendix B for the 2021 and 2022 geographic distribution table detailing the bank’s small farm lending performance.

Distribution of 2023 and 2024 Small Farm Lending By Income Level of Geography									
Assessment Area: IA Non MSA									
Geographic Income Level	Bank Loans By Year								Total Farms %
	2023				2024				
	#	#%	\$(000)	%	#	#%	\$(000)	%	
Low	0	0.0	0	0.0	0	0.0	0	0.0	0.0
Moderate	0	0.0	0	0.0	0	0.0	0	0.0	2.1
Middle	10	100.0	706	100.0	20	100.0	2,329	100.0	97.9
Upper	0	0.0	0	0.0	0	0.0	0	0.0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	0	0.0	0	0.0	
Total	10	100.0	706	100.0	20	100.0	2,329	100.0	100.0

Source: 2024 FFIEC Census Data
2024 Dun & Bradstreet Data
2016-2020 U.S. Census Bureau: American Community Survey

Note: Percentages may not total 100.0 percent due to rounding.

Lending to Borrowers of Different Income Levels and to Businesses and Farms of Different Sizes

For the purposes of this review, loans made in calendar year 2021 or before were analyzed based on 2011-2015 American Community Survey income designations for individuals³. Loans made in calendar year 2022 or after were analyzed based on 2016-2020 American Community Survey income designations for individuals.

First Heritage Bank’s distribution of loans to individuals of different income levels (including low- and moderate-income individuals) and businesses and farms of different sizes is reasonable given the demographics of the bank’s assessment area. The analysis was driven by the bank’s performance in 2023 and 2024, while the bank’s performance in 2021 and 2022 was used for comparison purposes. A detailed discussion of residential real estate, small business, and small farm lending in relation to income levels and different revenue sizes is provided below.

Residential Real Estate Lending

First Heritage Bank’s distribution of residential real estate loans reflects a reasonable penetration among borrowers of different income levels. In 2023, the bank originated 20.0 percent of its residential real estate lending to low-income borrowers, which is comparable to low-income families in the assessment area (21.2 percent). The bank also originated 20.0 percent of its residential real estate lending to moderate-income borrowers, which is comparable to moderate-

³ Income levels for individuals are calculated annually by the FFIEC using geographic definitions from the OMB, income data from the ACS and the Consumer Price Index from the Congressional Budget Office (.12(m) Income Levels).

income families in the assessment area (20.9 percent).

In 2024, First Heritage Bank originated 14.3 percent of its residential real estate lending to low-income borrowers, which is below the percentage of low-income families in the assessment area (21.2 percent). The bank originated 7.1 percent of its residential real estate lending to moderate-income borrowers, which is substantially below the percentage of moderate-income families in the assessment area (20.9 percent).

For comparison, First Heritage Bank originated just one residential real estate loan in 2021, and it was made to a low-income borrower. In 2022, the bank originated three residential real estate loans (30.0 percent) to low-income borrowers which is above the percentage of low-income families in the assessment area (21.2 percent). The bank also originated one residential real estate loan (10.0 percent) to a moderate-income borrower in 2022 which is below the percentage of moderate-income families in the assessment area (20.9 percent). The following table presents the bank’s geographic distribution of residential real estate loans in 2023 and 2024. Please refer to Appendix B for the 2021 and 2022 borrower distribution table for residential lending.

Distribution of 2023 and 2024 Residential Lending By Borrower Income Level									
Assessment Area: IA Non MSA									
Borrower Income Level	Bank Loans By Year								Families by Family Income %
	2023				2024				
	#	#%	\$(000)	\$%	#	#%	\$(000)	\$%	
Low	3	20.0	235	15.0	2	14.3	218	8.3	21.2
Moderate	3	20.0	65	4.1	1	7.1	35	1.3	20.9
Middle	4	26.7	518	33.0	4	28.6	461	17.7	24.4
Upper	5	33.3	753	47.9	7	50.0	1,898	72.7	33.5
Unknown	0	0.0	0	0.0	0	0.0	0	0.0	0.0
Total	15	100.0	1,571	100.0	14	100.0	2,611	100.0	100.0

Source: 2024 FFIEC Census Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

Small Business Lending

First Heritage Bank’s distribution of small business loans reflects reasonable penetration among businesses of different revenue sizes. In 2023, the bank originated 85.7 percent of small business loans to businesses with annual revenues of \$1 million or less. The bank’s performance is below the percentage of total small businesses operating in the assessment area (91.2 percent). However, all of the sample of loans originated to small businesses with revenues of \$1 million or less were in amounts of \$100,000 or less, which are considered most beneficial to small businesses.

In 2024, the bank originated 70.0 percent of small business loans to businesses with annual revenues of \$1 million or less. The bank’s performance is substantially below the percentage of total small businesses operating in the assessment area at 91.2 percent. However, of the loans originated to small businesses with revenues of \$1 million or less, 71.4 percent were in amounts of \$100,000 or less, which are considered most beneficial to small businesses. This demonstrates the bank’s ability to meet the credit needs of small businesses.

Analyses of the years 2021 and 2022 noted that there was limited small business lending activity overall, particularly to small businesses with revenues of \$1 million or less. Only one small business loan was originated in 2021, and three small business loans were originated in 2022. Please refer to Appendix B for the 2021 and 2022 borrower distribution table for small business lending.

Distribution of 2023 and 2024 Small Business Lending By Revenue Size of Businesses									
Assessment Area: IA Non MSA									
	Bank Loans By Year								Total Businesses %
	2023				2024				
	#	%	\$ (000)	%	#	%	\$ (000)	%	
By Revenue									
\$1 Million or Less	6	85.7	356	70.8	14	70.0	1,622	81.9	91.2
Over \$1 Million	1	14.3	147	29.2	6	30.0	359	18.1	6.5
Revenue Unknown	0	0.0	0	0.0	0	0.0	0	0.0	2.3
Total	7	100.0	503	100.0	20	100.0	1,980	100.0	100.0
By Loan Size									
\$100,000 or Less	6	85.7	356	70.8	15	75.0	664	33.5	
\$100,001 - \$250,000	1	14.3	147	29.2	2	10.0	290	14.6	
\$250,001 - \$1 Million	0	0.0	0	0.0	3	15.0	1,026	51.8	
Total	7	100.0	503	100.0	20	100.0	1,980	100.0	
By Loan Size and Revenue \$1 Million or Less									
\$100,000 or Less	6	100.0	356	100.0	10	71.4	446	27.5	
\$100,001 - \$250,000	0	0.0	0	0.0	1	7.1	150	9.2	
\$250,001 - \$1 Million	0	0.0	0	0.0	3	21.4	1,026	63.3	
Total	6	100.0	356	100.0	14	100.0	1,622	100.0	
<i>Source: 2024 FFIEC Census Data 2024 Data & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey</i>									
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>									

Small Farm Lending

First Heritage Bank’s distribution of small farm loans reflects reasonable penetration among small farms of different revenue sizes. In 2023, the bank originated all 10 small farm loans to farms with annual revenues of \$1 million or less. The bank’s performance was comparable to the percentage of

total small farms operating in the assessment area (99.6 percent). Of the loans originated to small farms with revenues of \$1 million or less, 90.0 percent were in amounts of \$100,000 or less, which are considered most beneficial to small farms.

In 2024, the bank originated all of its small farm loans to farms with annual revenues of \$1 million or less. The bank’s performance is comparable to the percentage of total small farms operating in the assessment area at 99.6 percent. Of the loans originated to small farms with revenues of \$1 million or less, 60.0 percent were in amounts of \$100,000 or less, which are considered most beneficial to small farms.

Analysis of 2021 small farm lending noted that there was limited small farm lending activity, as only one small farm loan was originated. However, in 2022, the bank originated seven of its nine small farm loans (77.8 percent) to small farms with revenues of \$1 million or less compared to 99.6 percent of total farms operating in the assessment area. Of the seven small farm loan originations to small farms with revenues of \$1 million or less, all were in amounts of \$100,000 or less which are considered most beneficial to small farms. Please refer to Appendix B for the 2021 and 2022 borrower distribution table for small farm lending.

Distribution of 2023 and 2024 Small Farm Lending By Revenue Size of Farms									
Assessment Area: IA Non MSA									
	Bank Loans By Year								Total Farms %
	2023				2024				
	#	%	\$(000)	\$%	#	%	\$(000)	\$%	
By Revenue									
\$1 Million or Less	10	100.0	706	100.0	20	100.0	2,330	100.0	99.6
Over \$1 Million	0	0.0	0	0.0	0	0.0	0	0.0	0.4
Revenue Unknown	0	0.0	0	0.0	0	0.0	0	0.0	0.0
Total	10	100.0	706	100.0	20	100.0	2,329	100.0	100.0
By Loan Size									
\$100,000 or Less	9	90.0	362	51.3	12	60.0	559	24.0	
\$100,001 - \$250,000	0	0.0	0	0.0	5	25.0	769	33.0	
\$250,001 - \$500,000	1	10.0	344	48.7	3	15.0	1,002	43.0	
Total	10	100.0	706	100.0	20	100.0	2,329	100.0	
By Loan Size and Revenue \$1 Million or Less									
\$100,000 or Less	9	90.0	362	51.3	12	60.0	559	24.0	
\$100,001 - \$250,000	0	0.0	0	0.0	5	25.0	769	33.0	
\$250,001 - \$500,000	1	10.0	344	48.7	3	15.0	1,002	43.0	
Total	10	100.0	706	100.0	20	100.0	2,330	100.0	
<i>Source: 2024 FFIEC Census Data 2024 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey</i>									
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>									

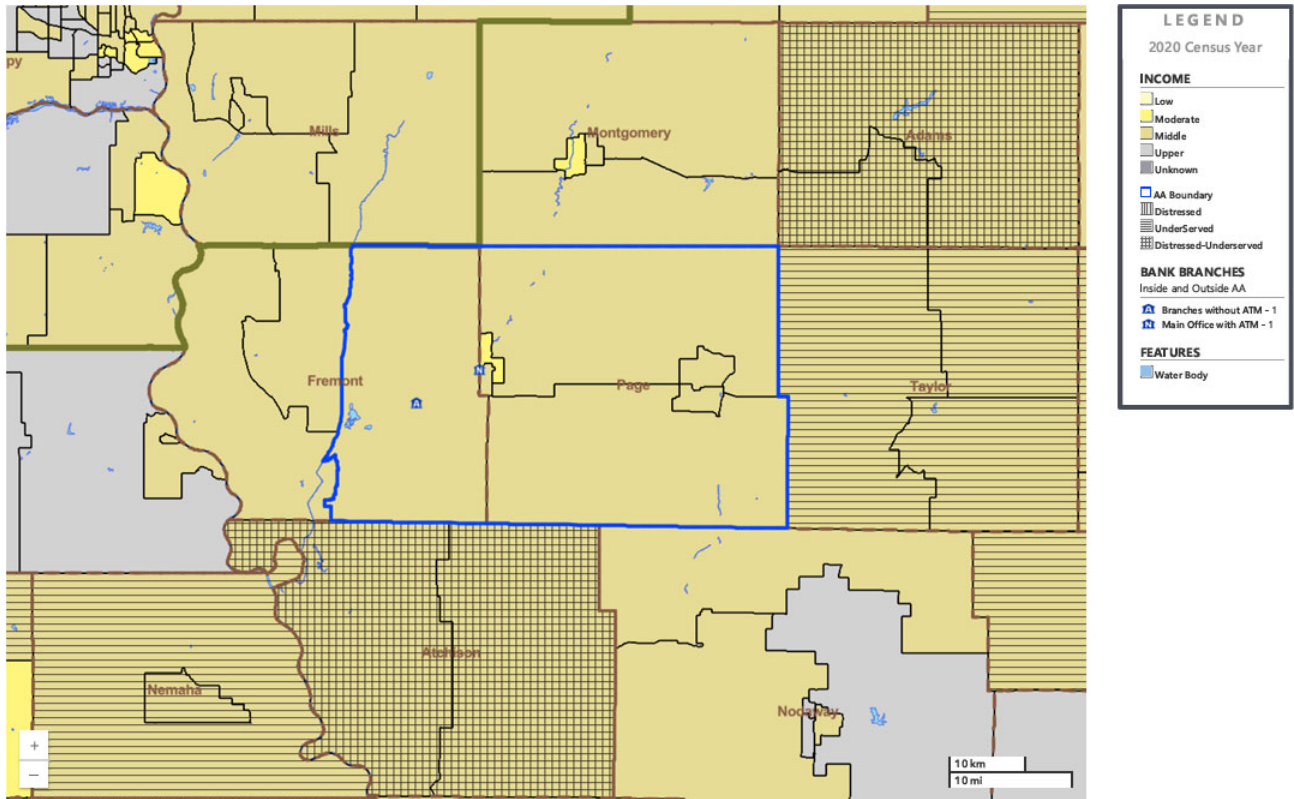
Response to Complaints

The bank or this Reserve Bank has not received any CRA-related complaints since the previous examination.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified.

APPENDIX A – Map of Assessment Area



APPENDIX B – Additional Lending and Demographics Table

2023 IA Non MSA AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	942	21.2
Moderate	1	14.3	510	11.5	105	20.6	929	20.9
Middle	6	85.7	3,928	88.5	246	6.3	1,081	24.4
Upper	0	0.0	0	0.0	0	0.0	1,486	33.5
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	7	100.0	4,438	100.0	351	7.9	4,438	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	1,164	510	9.8	43.8	494	42.4	160	13.7
Middle	7,073	4,684	90.2	66.2	1,608	22.7	781	11.0
Upper	0	0	0.0	0.0	0	0.0	0	0.0
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	8,237	5,194	100.0	63.1	2,102	25.5	941	11.4
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	121	14.4	109	14.2	12	21.4	0	0.0
Middle	720	85.6	657	85.8	44	78.6	19	100.0
Upper	0	0.0	0	0.0	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	841	100.0	766	100.0	56	100.0	19	100.0
Percentage of Total Businesses:				91.1		6.7		2.3
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	4	1.6	4	1.6	0	0.0	0	0.0
Middle	240	98.4	239	98.4	1	100.0	0	0.0
Upper	0	0.0	0	0.0	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	244	100.0	243	100.0	1	100.0	0	0.0
Percentage of Total Farms:				99.6		0.4		0.0
<i>Source: 2023 FFIEC Census Data 2023 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey</i>								
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>								

2022 IA NonMSA AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	942	21.2
Moderate	1	14.3	510	11.5	105	20.6	929	20.9
Middle	6	85.7	3,928	88.5	246	6.3	1,081	24.4
Upper	0	0.0	0	0.0	0	0.0	1,486	33.5
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	7	100.0	4,438	100.0	351	7.9	4,438	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	1,164	510	9.8	43.8	494	42.4	160	13.7
Middle	7,073	4,684	90.2	66.2	1,608	22.7	781	11.0
Upper	0	0	0.0	0.0	0	0.0	0	0.0
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	8,237	5,194	100.0	63.1	2,102	25.5	941	11.4
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	123	14.6	111	14.5	12	21.4	0	0.0
Middle	718	85.4	655	85.5	44	78.6	19	100.0
Upper	0	0.0	0	0.0	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	841	100.0	766	100.0	56	100.0	19	100.0
Percentage of Total Businesses:				91.1		6.7		2.3
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	4	1.6	4	1.6	0	0.0	0	0.0
Middle	240	98.4	239	98.4	1	100.0	0	0.0
Upper	0	0.0	0	0.0	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	244	100.0	243	100.0	1	100.0	0	0.0
Percentage of Total Farms:				99.6		0.4		0.0
<i>Source: 2022 FFIEC Census Data 2022 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey</i>								
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>								

2021 IA Non MSA AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	985	21.2
Moderate	1	14.3	580	12.5	149	25.7	818	17.6
Middle	6	85.7	4,069	87.5	315	7.7	1,047	22.5
Upper	0	0.0	0	0.0	0	0.0	1,799	38.7
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	7	100.0	4,649	100.0	464	10.0	4,649	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	1,165	600	11.1	51.5	412	35.4	153	13.1
Middle	7,055	4,829	88.9	68.4	1,401	19.9	825	11.7
Upper	0	0	0.0	0.0	0	0.0	0	0.0
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	8,220	5,429	100.0	66.0	1,813	22.1	978	11.9
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	125	15.0	113	14.9	12	21.4	0	0.0
Middle	709	85.0	646	85.1	44	78.6	19	100.0
Upper	0	0.0	0	0.0	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	834	100.0	759	100.0	56	100.0	19	100.0
Percentage of Total Businesses:				91.0		6.7		2.3
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	3	1.2	3	1.2	0	0.0	0	0.0
Middle	239	98.8	238	98.8	1	100.0	0	0.0
Upper	0	0.0	0	0.0	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	242	100.0	241	100.0	1	100.0	0	0.0
Percentage of Total Farms:				99.6		0.4		0.0
<i>Source: 2021 FFIEC Census Data 2021 Data & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey</i>								
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>								

Distribution of 2021 and 2022 Residential Lending By Income Level of Geography									
Assessment Area: IA Non MSA									
Geographic Income Level	Bank Loans By Year								Owner Occupied Units %
	2021				2022				
	#	#%	\$(000)	\$%	#	#%	\$(000)	\$%	
Low	0	0.0	0	0.0	0	0.0	0	0.0	0.0
Moderate	0	0.0	0	0.0	1	10.0	15	1.3	9.8
Middle	1	100.0	10	100.0	9	90.0	1,122	98.7	90.2
Upper	0	0.0	0	0.0	0	0.0	0	0.0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	0	0.0	0	0.0	
Total	1	100.0	10	100.0	10	100.0	1,137	100.0	100.0

Source: 2022 FFIEC Census Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

Distribution of 2021 and 2022 Small Business Lending By Income Level of Geography									
Assessment Area: IA Non MSA									
Geographic Income Level	Bank Loans By Year								Total Businesses %
	2021				2022				
	#	#%	\$(000)	\$%	#	#%	\$(000)	\$%	
Low	0	0.0	0	0.0	0	0.0	0	0.0	0.0
Moderate	0	0.0	0	0.0	0	0.0	0	0.0	14.6
Middle	1	100.0	102	100.0	3	100.0	315	100.0	85.4
Upper	0	0.0	0	0.0	0	0.0	0	0.0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	0	0.0	0	0.0	
Total	1	100.0	102	100.0	3	100.0	315	100.0	100.0

Source: 2022 FFIEC Census Data
2022 Dini & Bradstreet Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

Distribution of 2021 and 2022 Small Farm Lending By Income Level of Geography									
Assessment Area: IA Non MSA									
Geographic Income Level	Bank Loans By Year								Total Farms %
	2021				2022				
	#	#%	\$(000)	\$%	#	#%	\$(000)	\$%	
Low	0	0.0	0	0.0	0	0.0	0	0.0	0.0
Moderate	0	0.0	0	0.0	0	0.0	0	0.0	1.6
Middle	1	100.0	48	100.0	9	100.0	973	100.0	98.4
Upper	0	0.0	0	0.0	0	0.0	0	0.0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	0	0.0	0	0.0	
Total	1	100.0	48	100.0	9	100.0	973	100.0	100.0

Source: 2022 FFIEC Census Data
2022 Dun & Bradstreet Data
2016-2020 U.S. Census Bureau: American Community Survey

Note: Percentages may not total 100.0 percent due to rounding.

Distribution of 2021 and 2022 Residential Lending By Borrower Income Level									
Assessment Area: IA Non MSA									
Borrower Income Level	Bank Loans By Year								Families by Family Income %
	2021				2022				
	#	#%	\$(000)	\$%	#	#%	\$(000)	\$%	
Low	1	100.0	10	100.0	3	30.0	374	32.9	21.2
Moderate	0	0.0	0	0.0	1	10.0	15	1.3	20.9
Middle	0	0.0	0	0.0	1	10.0	85	7.5	24.4
Upper	0	0.0	0	0.0	5	50.0	662	58.2	33.5
Unknown	0	0.0	0	0.0	0	0.0	0	0.0	0.0
Total	1	100.0	10	100.0	10	100.0	1,137	100.0	100.0

Source: 2022 FFIEC Census Data
2016-2020 U.S. Census Bureau: American Community Survey

Note: Percentages may not total 100.0 percent due to rounding.

Distribution of 2021 and 2022 Small Business Lending By Revenue Size of Businesses									
Assessment Area: IA Non MSA									
	Bank Loans By Year								Total Businesses %
	2021				2022				
	#	%	\$ (000)	\$%	#	%	\$ (000)	\$%	
By Revenue									
\$1 Million or Less	1	100.0	102	100.0	2	66.7	208	66.0	91.1
Over \$1 Million	0	0.0	0	0.0	1	33.3	107	34.0	6.7
Revenue Unknown	0	0.0	0	0.0	0	0.0	0	0.0	2.3
Total	1	100.0	102	100.0	3	100.0	315	100.0	100.0
By Loan Size									
\$100,000 or Less	0	0.0	0	0.0	1	33.3	45	14.3	
\$100,001 - \$250,000	1	100.0	102	100.0	2	66.7	270	85.7	
\$250,001 - \$1 Million	0	0.0	0	0.0	0	0.0	0	0.0	
Total	1	100.0	102	100.0	3	100.0	315	100.0	
By Loan Size and Revenue \$1 Million or Less									
\$100,000 or Less	0	0.0	0	0.0	1	50.0	45	21.6	
\$100,001 - \$250,000	1	100.0	102	100.0	1	50.0	163	78.4	
\$250,001 - \$1 Million	0	0.0	0	0.0	0	0.0	0	0.0	
Total	1	100.0	102	100.0	2	100.0	208	100.0	
<i>Source: 2022 FFIEC Census Data 2022 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey</i>									
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>									

Distribution of 2021 and 2022 Small Farm Lending By Revenue Size of Farms									
Assessment Area: IA Non MSA									
	Bank Loans By Year								Total Farms %
	2021				2022				
	#	%	\$ (000)	\$ %	#	%	\$ (000)	\$ %	
By Revenue									
\$1 Million or Less	1	100.0	48	100.0	7	77.8	276	28.4	99.6
Over \$1 Million	0	0.0	0	0.0	2	22.2	697	71.6	0.4
Revenue Unknown	0	0.0	0	0.0	0	0.0	0	0.0	0.0
Total	1	100.0	48	100.0	9	100.0	973	100.0	100.0
By Loan Size									
\$100,000 or Less	1	100.0	48	100.0	7	77.8	276	28.4	
\$100,001 - \$250,000	0	0.0	0	0.0	0	0.0	0	0.0	
\$250,001 - \$500,000	0	0.0	0	0.0	2	22.2	697	71.6	
Total	1	100.0	48	100.0	9	100.0	973	100.0	
By Loan Size and Revenue \$1 Million or Less									
\$100,000 or Less	1	100.0	48	100.0	7	100.0	276	100.0	
\$100,001 - \$250,000	0	0.0	0	0.0	0	0.0	0	0.0	
\$250,001 - \$500,000	0	0.0	0	0.0	0	0.0	0	0.0	
Total	1	100.0	48	100.0	7	100.0	276	100.0	
<i>Source: 2022 FFIEC Census Data 2022 Data & Byrdstreet Data 2016-2020 U.S. Census Bureau: American Community Survey</i>									
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>									

APPENDIX C – Scope of Examination

SCOPE OF EXAMINATION			
TIME PERIOD REVIEWED	Loan-to-Deposit Ratio from December 31, 2021 - September 30, 2025 Home Mortgage Loans from November 1, 2021- December 31, 2024 Small Business Loans from November 1, 2021- December 31, 2024 Small Farm Loans from November 1, 2021- December 31, 2024		
FINANCIAL INSTITUTION			PRODUCTS REVIEWED
First Heritage Bank			Residential Real Estate Loans Small Farm Loans Small Business Loans
AFFILIATE(S)	AFFILIATE RELATIONSHIP		PRODUCTS REVIEWED
None			
LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
ASSESSMENT AREA	TYPE OF EXAMINATION	BRANCHES VISITED	OTHER INFORMATION
Iowa Non-MSA	Full-Scope Review	Offsite Examination	N/A

APPENDIX D – Glossary

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. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Affordability ratio: To determine housing affordability, the affordability ratio is calculated by dividing median household income by median housing value. This ratio allows the comparison of housing affordability across assessment areas and/or communities. An area with a high ratio generally has more affordable housing than an area with a low ratio.

Aggregate lending: The number of loans originated and purchased by all lenders subject to reporting requirements as a percentage of the aggregate number of loans originated and purchased by all lenders in the MSA/assessment area.

American Community Survey Data (ACS): The American Community Survey (ACS) data is based on a nationwide survey designed to provide local communities with reliable and timely demographic, social, economic, and housing data each year. The Census Bureau first released data for geographies of all sizes in 2010. This data is known as the “five-year estimate data.” The five-year estimate data is used by the FFIEC as the base file for data used in conjunction with consumer compliance and CRA examinations.⁴

Area Median Income (AMI): AMI means –

1. The median family income for the MSA, if a person or geography is located in an MSA, or for the metropolitan division, if a person or geography is located in an MSA that has been subdivided into metropolitan divisions; or
2. The statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

Assessment area: Assessment area means a geographic area delineated in accordance with section 228.41

Automated teller machine (ATM): An automated teller machine means an automated, unstaffed banking facility owned or operated by, or operated exclusively for, the bank at which deposits are received, cash dispersed or money lent.

Bank: Bank means a state member as that term is defined in section 3(d)(2) of the Federal Deposit Insurance Act (12 USC 1813(d)(2)), except as provided in section 228.11(c)(3), and includes an

⁴ Source: FFIEC press release dated October 19, 2011.

uninsured state branch (other than a limited branch) of a foreign bank described in section 228.11(c)(2).

Branch: Branch refers to a staffed banking facility approved as a branch, whether shared or unshared, including, for example, a mini-branch in a grocery store or a branch operated in conjunction with any other local business or nonprofit organization.

Census tract: Small subdivisions of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. They usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Combined Statistical Area (CSAs): Adjacent metropolitan statistical areas/metropolitan divisions (MSA/MDs) and micropolitan statistical areas may be combined into larger Combined Statistical Areas based on social and economic ties as well as commuting patterns. The ties used as the basis for CSAs are not as strong as the ties used to support MSA/MD and micropolitan statistical area designations; however, they do bind the larger area together and may be particularly useful for regional planning authorities and the private sector. Under Regulation BB, assessment areas may be presented under a Combined Statistical Area heading; however, all analysis is conducted on the basis of median income figures for MSA/MDs and the applicable state-wide non metropolitan median income figure.

Community Development: The financial supervisory agencies have adopted the following definition for community development:

1. Affordable housing, including for multi-family housing, for low- and moderate-income households;
2. Community services tailored to meet the needs of low- and moderate-income individuals;
3. Activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or
4. Activities that revitalize or stabilize low- or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definitions of community development. Activities that revitalize or stabilize:

- 1) Low- or moderate-income geographies;
- 2) Designated disaster areas; or
- 3) Distressed or underserved nonmetropolitan middle-income geographies

designated by the Board, Federal Deposit Insurance Corporation and Office of the Comptroller of the Currency based on:

- a. Rates of poverty, unemployment or population loss; or
- b. Population size, density and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density and dispersion if they help to meet essential community services including the needs of low- and moderate-income individuals.

Community Development Loan: A community development loan means a loan that:

- 1) Has as its primary purpose community development; and
- 2) Except in the case of a wholesale or limited purpose bank –
 - a. Has not been reported or collected by the bank or an affiliate for consideration in the bank’s assessment as a home mortgage, small business, small farm, or consumer loan, unless it is a multi-family housing loan (as described in the regulation implementing the Home Mortgage Disclosure Act); and
 - b. Benefits the bank’s assessment area(s) or a broader statewide or regional area that includes the bank’s assessment area(s).

Community Development Service: A community development service means a service that:

- 1) Has as its primary purpose community development; and
- 2) Is related to the provision of financial services.

Consumer loan: A 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 of loans: motor vehicle, credit card, other consumer secured loan, includes loans for home improvement purposes not secured by a dwelling, and other consumer unsecured loan, includes loans for home improvement purposes not secured.

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).

Fair market rent: Fair market rents (FMRs) are gross rent estimates. They include the shelter rent plus the cost of all tenant-paid utilities, except telephones, cable or satellite television service, and internet service. HUD sets FMRs to assure that a sufficient supply of rental housing is available to their program participants. To accomplish this objective, FMRs must be both high enough to

permit a selection of units and neighborhoods and low enough to serve as many low-income families as possible. The level at which FMRs are set is expressed as a percentile point within the rent distribution of standard-quality rental housing units. The current definition used is the 40th percentile rent, the dollar amount below which 40 percent of the standard-quality rental housing units are rented. The 40th percentile rent is drawn from the distribution of rents of all units occupied by recent movers (renter households who moved to their present residence within the past 15 months). HUD is required to ensure that FMRs exclude non-market rental housing in their computation. Therefore, HUD excludes all units falling below a specified rent level determined from public housing rents in HUD's program databases as likely to be either assisted housing or otherwise at a below-market rent, and units less than two years old.

Full review: Performance under the Lending, Investment and Service Tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and amount of qualified investments) and qualitative factors (for example, innovativeness, complexity and responsiveness).

Geography: A census tract delineated by the U.S. Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act: The statute that requires certain mortgage lenders that do business or have banking offices in metropolitan statistical areas to file annual summary reports of their mortgage lending activity. The reports include data such as the race, gender and income of the applicant(s) and the disposition of the application(s) (for example, approved, denied, and withdrawn).

Home mortgage loans: Are defined in conformance with the definitions of home mortgage activity under the Home Mortgage Disclosure Act and include closed end mortgage loans secured by a dwelling and open-end lines of credit secured by a dwelling. This includes loans for home purchase, refinancing and loans for multi-family housing. It does not include loans for home improvement purposes that are not secured by a dwelling.

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.

Income Level: Income level means:

- 1) Low-income – an individual income that is 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 census tract;
- 2) Moderate-income – an 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 census tract;

- 3) Middle-income – an 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 census tract; and
- 4) Upper-income – an 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 census tract.

Additional Guidance: .12(m) Income Level: The median family income levels (MFI) for census tracts are calculated using the income data from the United States Census Bureau's American Community Survey and geographic definitions from the Office of Management and Budget (OMB) and are updated approximately every five years (.12(m) Income Level).

Limited-purpose bank: This term refers to a bank that offers only a narrow product line such as credit card or motor vehicle loans to a regional or broader market and for which a designation as a limited-purpose bank is in effect, in accordance with section 228.25(b).

Limited review: Performance under the Lending, Investment and Services test is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, amount of investments and branch office distribution).

Loan location: Under this definition, a loan is located as follows:

- 1) Consumer loan is located in the census tract where the borrower resides;
- 2) Home mortgage loan is located in the census tract where the property to which the loan relates is located;
- 3) Small business and small farm loan is located in the census tract where the main business facility or farm is located or where the loan proceeds have been applied as indicated by the borrower.

Loan production office: This term refers to a staffed facility, other than a branch, that is open to the public and that provides lending-related services, such as loan information and applications.

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 MA/assessment area.

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development (HUD) 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 it and half below it.

Metropolitan Area: A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. A MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a MSA that has a single core population of at least 2.5 million may be divided into MDs. A metropolitan statistical area that crosses into two or more bordering states is called a multistate metropolitan statistical area.

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

Nonmetropolitan area: This term refers to any area that is not located in a metropolitan statistical area or metropolitan division. Micropolitan statistical areas are included in the definition of a nonmetropolitan area; a micropolitan statistical area has an urban core population of at least 10,000 but less than 50,000.

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.

Qualified Investment: This term refers to any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated area: This term refers to a state or multistate metropolitan area. For institutions with domestic branch offices in one state only, the institution's CRA rating is the state's rating. If the institution maintains domestic branch offices in more than one state, the institution will receive a rating for each state in which those branch offices are located. If the institution maintains domestic branch offices in at least two states in a multistate metropolitan statistical area, the institution will receive a rating for the multistate metropolitan area.

Small Bank: This term refers to a bank that as of December 31 of either of the prior two calendar years, had assets of less than \$1.252 billion. Intermediate small bank means a small bank with assets of at least \$313 million as of December 31 of both of the prior two calendar years and less than \$1.252 billion as of December 31 of either of the prior two calendar years.

Annual Adjustment: The dollar figures in paragraph (u)(1) of this section shall be adjusted annually and published by the Board, based on the year-to-year change in the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers, not seasonally adjusted, for each 12-month period ending in November, with rounding to the nearest million.

Small Business Loan: This term refers to a loan that is included in "loans to small businesses" as defined in the instructions for preparation of the Consolidated Report of Condition and Income. The loans have original amounts of \$1 million or less and are either secured nonfarm, nonresidential properties or are classified as commercial and industrial loans.

Small Farm: This term refers to a loan that is included in “loans to small farms” as defined in the instructions for preparation of the Consolidated Report of Condition and Income. These loans have original amounts of \$500 thousand or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

Wholesale Bank: This term refers to a bank that is not in the business of extending home mortgage, small business, small farm or consumer loans to retail customers, and for which a designation as a wholesale bank is in effect, in accordance with section 228.25(b).