

PUBLIC DISCLOSURE

June 30, 2025

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

HNB First Bank
Certificate Number: 2805

40 South Main Street
Headland, Alabama 36345

Federal Deposit Insurance Corporation
Division of Depositor and Consumer Protection
Atlanta Regional Office

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Atlanta, Georgia 30309-3849

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, nor should it 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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INSTITUTION RATING

INSTITUTION'S CRA RATING: This institution is rated **Satisfactory**.

An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

- The loan-to-deposit ratio is reasonable given the institution's size, financial condition, and assessment area credit needs.
- A majority of the loans are in the institution's assessment area.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.
- The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among businesses and farms of different sizes and individuals of different income levels (including low- and moderate-income).
- The bank did not receive any Community Reinvestment Act (CRA)-related complaints since the previous evaluation; therefore, this factor did not affect the overall rating.

DESCRIPTION OF INSTITUTION

Established in 1933, HNB First Bank (HNB) is headquartered in Headland, Henry County, Alabama, which is located in the southeastern portion of Alabama (AL). HNB is owned by HNB Holding Company, Inc., a one-bank holding company also located in Headland, AL. No merger or acquisition activities occurred since the previous evaluation. The bank received a Satisfactory rating at its previous FDIC Performance Evaluation, dated March 4, 2019, based on Interagency Small Institution Examination Procedures.

The institution operates three full-service offices in AL and one full-service office Florida (FL). The Alabama offices are in the Dothan, AL Metropolitan Statistical Area (MSA), and the Florida office is in the non-MSA portion of FL. In August 2024, the institution opened one full-service office in FL located in a distressed (due to high poverty levels) and underserved (due to being remotely rural) middle-income census tract. The bank has not closed any offices since the previous evaluation.

The institution offers a full range of banking products and financial services to serve the needs of its community. Lending products include various types of commercial, residential, agricultural, and consumer loans and lines of credit. As a service to its customers, the bank offers long-term, fixed-rate mortgage loans through the secondary market. Since the previous evaluation, HNB has facilitated 166 loans totaling \$41.4 million to the secondary market. Additionally, recently, HNB

has been certified as a new member of the Alabama Multifamily Loan Consortium (AMLC) and is committed to funding participation interests in AMLC loans which provide permanent financing for low- and moderate-income rental communities across the State of Alabama.

The institution also offers loans through the Small Business Administration (SBA), such as 504 and 7a loans. HNB also participated in the SBA’s Paycheck Protection Program (PPP). Since the previous evaluation, HNB originated 592 PPP loans totaling \$18.4 million in 2020 and 2021. The SBA guaranteed these loans under the Coronavirus Aid, Relief, and Economic Security Act, also known as the CARES Act. The loans served to retain jobs that would otherwise be lost due to business closures because of the COVID-19 Pandemic. HNB also processed 105 COVID-19-related loan extensions for customers.

In addition, HNB offers a variety of affordable deposit products and services that include checking accounts, savings accounts, certificates of deposit, and individual retirement accounts. Alternative banking services include a digital banking platform for online and mobile transactions, a 24-hour telephone banking response service that allows customers to initiate balance inquiries and account transfers, and automated teller machines at each office. Office locations also have reasonable hours of operation and drive-thru banking.

According to the March 31, 2025, Call Report, the bank had total assets of \$249.4 million, total loans of \$172.0 million, and total deposits of \$224.0 million. HNB has experienced an average of 10.9 percent annualized loan growth since the previous evaluation. Loan type percentages are similar to the previous evaluation and still reflect commercial, residential, and farm are significant product types for HNB. The following table shows a distribution supportive of the institution’s primary business focus, with commercial loans comprising 32.1 percent of the loan portfolio followed by residential loans at 23.8 percent and farm loans at 18.0 percent.

Loan Portfolio Distribution as of 3/31/2025		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	25,550	14.9
Secured by Farmland	11,614	6.8
Secured by 1-4 Family Residential Properties	40,950	23.8
Secured by Multifamily (5 or more) Residential Properties	4,727	2.7
Secured by Nonfarm Nonresidential Properties	32,563	18.9
Total Real Estate Loans	115,404	67.1
Commercial and Industrial Loans	22,645	13.2
Agricultural Production and Other Loans to Farmers	19,321	11.2
Consumer	9,784	5.7
Obligations of States and Political Subdivisions in the U.S.	4,723	2.7
Other Loans	87	0.1
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
Total Loans	171,964	100.0
<i>Source: Reports of Condition and Income</i>		

Examiners did not identify any direct financial or legal impediments that affect the bank's ability to meet assessment area credit needs. However, three Federal Emergency Management Agency (FEMA) major declared disasters occurred within the assessment areas since the previous evaluation: the Coronavirus Pandemic declared on March 25, 2020; AL severe storms, straight line winds, and tornadoes declared on July 10, 2020; and Hurricane Sally declared on September 20, 2020. These disasters may have presented an indirect impediment to lending.

DESCRIPTION OF ASSESSMENT AREA

The CRA requires financial institutions to define the assessment areas within which its CRA performance will be evaluated. HNB currently has two assessment areas. The assessment areas meet the technical requirements of the CRA regulation and do not arbitrarily exclude low- and moderate-income geographies. The Dothan MSA assessment area continues to include all of Henry and Houston Counties, which are part of the Dothan, AL MSA. The FL Non-MSA assessment area was established on August 1, 2024, with the opening of a branch in Marianna, FL, and includes all 13 census tracts of Jackson County, FL. The FL Non-MSA assessment area is not further described or performance reviewed given its recent addition with limited activity.

Since the previous evaluation, the income designations and number of geographies in the bank's Dothan MSA assessment area has changed as a result of the 2020 U.S. Census update. This change resulted in a total of 32 versus 28 census tracts. Based on the census data at the previous evaluation, the 28 census tracts in the assessment area consisted of 2 low-, 6 moderate-, 15 middle-, and 5 upper-income tracts. Based on the current census data, the assessment area now includes 3 low-, 6 moderate-, 14 middle-, and 9 upper-income tracts. The following sections provide information regarding the Dothan MSA assessment area's economic and demographic data, competition, community contact information, and credit needs and opportunities.

Economic and Demographic Data

The following table illustrates select demographic, housing and economic information of the Dothan MSA assessment area based on the 2020 U.S. Census and 2024 D&B data.

Demographic Information of the Dothan MSA Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	32	6.3	21.9	43.8	28.1	0.0
Population by Geography	124,348	3.4	20.7	39.6	36.2	0.0
Housing Units by Geography	57,001	4.2	23.0	40.8	32.0	0.0
Owner-Occupied Units by Geography	31,700	1.3	16.6	43.0	39.1	0.0
Occupied Rental Units by Geography	14,640	8.6	30.7	35.3	25.4	0.0
Vacant Units by Geography	10,661	6.9	31.4	42.0	19.8	0.0
Businesses by Geography	14,713	12.3	19.2	28.9	39.6	0.0
Farms by Geography	719	3.6	11.8	48.7	35.9	0.0
Family Distribution by Income Level	30,744	21.4	16.9	18.6	43.0	0.0
Household Distribution by Income Level	46,340	24.6	15.0	16.1	44.2	0.0
Median Family Income MSA - 2020 Dothan, AL MSA		\$61,627	Median Housing Value			\$131,505
Families Below Poverty Level		12.5%	Median Gross Rent			\$762
<i>Source: 2020 U.S. Census and 2024 D&B Data. Due to rounding, totals may not equal 100.0%. (*) The NA category consists of geographies that have not been assigned an income classification.</i>						

The analysis of small business and small farm loans under the Borrower Profile criterion compares the distribution of businesses by reported gross annual revenue (GAR) level. The area businesses reported the following GARs: 87.9 percent reported \$1 million or less, 3.2 percent reported more than \$1 million, and 8.9 percent did not report income data. Of the area farms, 97.6 percent reported GARs of \$1 million or less; 0.5 percent reported more than \$1 million, and income data was not available for the remaining 1.9 percent of farms.

Examiners used the 2023 and 2024 FFIEC-updated median family income levels to analyze home mortgage loans under the Borrower Profile criterion. The following table presents the low-, moderate-, middle-, and upper-income categories and ranges. These categories are based on the FFIEC-estimated median family income data.

Median Family Income Ranges of the Dothan, AL MSA (2020)				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2023 (\$70,100)	<\$35,050	\$35,050 to <\$56,080	\$56,080 to <\$84,120	≥\$84,120
2024 (\$77,200)	<\$38,600	\$38,600 to <\$61,760	\$61,760 to <\$92,640	≥\$92,640
<i>Source: FFIEC</i>				

As shown in the following table, data obtained from the U.S. Bureau of Labor Statistics indicates that the assessment area experienced steady decreases in unemployment from the start of the COVID-19 Pandemic in 2020 through 2023 until it increased in 2024. During the evaluation timeframe, the assessment area’s unemployment rate has been similar to the State of Alabama’s

unemployment rate. The assessment area’s unemployment rate has also been consistently below the national rate throughout the evaluation timeframe.

Unemployment Rates						
Area	2019	2020	2021	2022	2023	2024
	%	%	%	%	%	%
Henry County	3.5	4.9	2.9	2.4	2.3	3.2
Houston County	3.2	5.9	3.3	2.5	2.5	3.1
Alabama	3.2	6.4	3.3	2.5	2.5	3.1
National	3.7	8.0	4.7	3.0	3.0	3.4

Source: Bureau of Labor Statistics

In terms of businesses and the economy, the Alabama Workforce Council indicates that the largest employers in the assessment area are Henry County Nursing Home, Golden Peanut and Tree Nuts, Tridelta Systems, Buffalo Rock Co, Valcom Business Center, Southeast Health Medical Center, Rodeo Mexican Restaurant, Dothan City Office, Flowers Hospital, and Dothan-Houston County. According to D&B data, the top industries in the assessment area include services; retail trade; and finance, insurance and real estate.

Competition

The assessment area has a moderate level of competition in the market for financial services. According to the FDIC Deposit Market Share data as of June 2024, there were 15 FDIC-insured financial institutions that operated 41 full-service offices within the bank’s assessment area. Of these institutions, HNB ranked 5th, with a 5.5 percent deposit market share. The top three institutions with a market share each over 10.0 percent include ServisFirst Bank (24.7 percent), Regions Bank (15.7 percent), and Wells Fargo Bank, National Association (10.6 percent).

Community Contact(s)

As a part of the evaluation process, examiners contact third parties who are active in the assessment area to assist in identifying the credit needs of the area. This information helps determine whether local financial institutions are responsive to these needs and what credit opportunities are available. For this evaluation, examiners conducted one community contact with an economic development organization that serves the assessment area.

According to the community contact, the area’s economic growth is slowly increasing. Within the south end of Henry County, in and around the city of Headland, the population is growing, resulting in a housing boom. Commercial development is also starting to pick up in this area. The contact noted that Henry County has an Opportunity Zone in the center of the county, primarily in the City of Abbeville. Related to area employers, the contact noted that WestPoint-Stevens closed its textile manufacturing facility in Abbeville in 2007. The building was bought, renovated, and opened as Abbeville Fiber, a high-tech indoor sawmill in 2019. Also, the most recent new employers include BestWay Ag, an ag-spray

and equipment company, and Greencastle APG, a wood mulch bagging facility. The contact added that Red Star Yeast Company and Golden Peanut Company both had major expansions in 2017.

The contact noted there are two major projects in the works for the area. The first is developing a Henry County Workforce Center that will house the two county high school Career Technology programs and serve as a training and education facility for business and industry, adult education, and entrepreneurship programs. The second is a project working to create a new industrial park for the county. In 2024, the contact noted that the area launched a new adult leadership program called Leadership Henry. The contact stated local financial institutions are very community-minded and engage with community activities. The contact noted that financial needs of small businesses and small farms in the area include start-up business and farm loans, working capital lines of credit, and financial counseling. Additionally, the contact noted that the town of Newville is in greatest need of economic and community development.

Credit Needs

Considering demographic and economic data, as well as information gathered from a community contact, examiners determined that the area's primary credit needs include small business and farm loans, as well as residential loans. As noted by the community contact, the area needs start-up business and farm loans, working capital lines of credit, and financial counseling. This is also supported by demographics that reflect a significant percentage of businesses and farms have GARs of \$1.0 million or less, at 87.9 percent and 97.6 percent, respectively. Additionally, the high percentage of low- and moderate-income families, at 38.3 percent, indicates a need for affordable housing. Finally, given that the average age of homes in the county is over 40 years, there may be a need for home improvement or renovation loans.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated March 4, 2019, to the current evaluation dated June 30, 2025. Examiners used the Interagency Small Institution Examination Procedures to evaluate HNB's CRA performance. As described in the Appendices, the procedures include the Lending Test.

Activities Reviewed

Examiners determined that the bank's major product lines are small business loans, home mortgage loans, and small farm loans. This conclusion considered the bank's business strategy, as well as the number and dollar volume of loans originated during the review period.

Examiners collected small business data from bank records for loans originated in 2024 to draw conclusions about the bank's performance. Based on these records, HNB originated 193 small

business loans totaling \$16.5 million. Examiners utilized a sample of 51 small business loans totaling \$4.8 million to evaluate the bank's lending performance. The volume of small business loan originations in 2024 reflected the bank's lending during the evaluation period. Examiners compared the bank's 2024 small business lending to D&B 2024 business demographic data.

HNB is subject to the Home Mortgage Disclosure Act (HMDA) and is required to collect and report certain data concerning applications for home purchase, home refinance, and home improvement loans. Examiners used the universe of home mortgage lending in 2023 and 2024 to draw conclusions about the bank's performance. In 2023, the bank originated 81 home mortgage loans totaling \$7.0 million. In 2024, the bank originated 96 home mortgage loans totaling \$10.5 million. In 2023 and 2024, the bank's home mortgage lending performance was compared to demographic data based on the 2020 U.S. Census data and 2023 HMDA aggregate data, as 2024 HMDA aggregate data is not yet available.

In addition, examiners collected small farm data from bank records for loans originated in 2024 to draw conclusions about the bank's performance. Based on these records, HNB originated 151 small farm loans totaling \$11.7 million. Examiners utilized a sample of 47 small farm loans totaling \$3.3 million to evaluate the bank's lending performance. The volume of small farm loan originations in 2024 reflected the bank's lending during the evaluation period. Examiners compared the bank's 2024 small farm lending to D&B 2024 farm demographic data.

Based on the bank's strategy and lending activity, examiners gave the bank's record of originating small business, home mortgage, and small farm loans equal weight in drawing overall conclusions. While this evaluation presents both the number and dollar volume of small business, small farm, and home mortgage loans, examiners emphasized performance by number of loans, as the number of loans is a better indicator of the number of businesses, individuals, and farms served.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Loan-to-Deposit Ratio

The loan-to-deposit (LTD) ratio is reasonable given the institution's size, financial condition, and assessment area credit needs. The bank's LTD ratio, calculated from Call Report data, averaged 77.0 percent over the past 24 calendar quarters from March 31, 2019, to December 31, 2024. The LTD ratio ranged from a low of 39.6 percent as of June 30, 2022, to a high of 63.7 percent as of December 31, 2019. The LTD ratio began declining in March 2020, coinciding with the beginning of the COVID-19 Pandemic; however, the LTD ratio has generally been rising since reaching the lowest point on June 30, 2022.

Examiners identified three similarly situated financial institutions with similar asset size, branch network, lending focus, and/or geographic location. The analysis compared the bank's average LTD ratio to the three institutions' average LTD ratios during the same 24 calendar quarters.

HNB’s average net LTD ratio is reasonable in comparison to the three similarly situated financial institutions. The following table presents the average net LTD ratio for HNB and the three comparable institutions.

LTD Ratio Comparison		
Bank	Total Assets as of 3/31/2025 (\$000s)	Average Net LTD Ratio (%)
HNB First Bank, Headland, AL	249,450	77.0
Bank South, Dothan, AL	211,470	88.9
Friend Bank, Slocomb, AL	209,897	68.0
First Citizens Bank, Luverne, AL	373,643	65.5

Source: Reports of Condition and Income 3/31/2019 - 3/31/2025

Assessment Area Concentration

HNB originated a majority of small business, home mortgage, and small farm loans, by number and dollar volume, inside the assessment area. This analysis is shown in the following table.

Lending Inside and Outside of the Assessment Area											
Loan Category	Number of Loans				Total #	Dollars Amount of Loans \$(000s)				Total \$(000s)	
	Inside		Outside			Inside		Outside			
	#	%	#	%		\$	%	\$	%		
Small Business											
2024	48	94.1	3	5.9	51	4,662	97.9	100	2.1	4,762	
Home Mortgage											
2023	59	72.8	22	27.2	81	4,763	67.6	2,280	32.4	7,043	
2024	75	78.1	21	21.9	96	7,229	68.7	3,296	31.3	10,525	
Small Farm											
2024	40	85.1	7	14.9	47	3,145	95.0	164	5.0	3,309	

Source: Bank Data (2024). HMDA Reported Data 2023-2024.

Geographic Distribution

The geographic distribution of the loans reflects reasonable dispersion throughout the assessment area. Reasonable records regarding small business, home mortgage, and small farm lending support this conclusion. Examiners focused on the percentage by number of loans in low- and moderate-income census tracts.

Small Business Loans

The geographic distribution of small business loans reflects reasonable dispersion throughout the assessment area. Reasonable performance in low- and moderate-income geographies supports this conclusion. As reflected in the table below, the bank’s performance in low-income census tracts

falls 10.2 percentage points below the demographic data, reflecting reasonable performance. The table further shows that, in moderate-income tracts, the bank’s level of lending falls 6.7 percentage points below the demographic data, also reflecting reasonable performance.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	12.3	1	2.1	750	16.1
Moderate	19.2	6	12.5	572	12.3
Middle	28.9	26	54.2	1,373	29.4
Upper	39.6	15	31.2	1,967	42.2
Not Available	0.0	0	0.0	0	0.0
Totals	100.0	48	100.0	4,662	100.0

Source: 2024 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the assessment area. Reasonable performance in low- and moderate-income geographies supports this conclusion.

As reflected in the table below, HNB’s 2023 performance in low-income census tracts rises 0.5 percentage points above the aggregate data, reflecting reasonable performance. Additionally, the bank’s 2023 performance in moderate-income census tracts rises 12.4 percentage points above the aggregate data, also reflecting reasonable performance.

In 2024, HNB’s performance in low-income census tracts is in line with the demographics, reflecting reasonable performance. The bank’s 2024 performance in moderate-income census tracts falls 3.3 percentage points below the demographics, also reflecting reasonable performance.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2023	1.3	1.2	1	1.7	42	0.9
2024	1.3	--	1	1.3	60	0.8
Moderate						
2023	16.6	13.0	15	25.4	1,118	23.5
2024	16.6	--	10	13.3	1,281	17.7
Middle						
2023	43.0	37.2	19	32.2	1,598	33.5
2024	43.0	--	36	48.0	2,506	34.7
Upper						
2023	39.1	48.6	24	40.7	2,005	42.1
2024	39.1	--	28	37.4	3,382	46.8
Not Available						
2023	0.0	0.0	0	0.0	0	0.0
2024	0.0	--	0	0.0	0	0.0
Totals						
2023	100.0	100.0	59	100.0	4,763	100.0
2024	100.0	--	75	100.0	7,229	100.0

Source: 2020 U.S. Census; 2023 HMDA Aggregate Data; and 2023-2024 HMDA Data. "--" data not available. Due to rounding, totals may not equal 100.0%.

Small Farm Loans

The geographic distribution of small farm loans reflects reasonable dispersion throughout the assessment area. Reasonable performance in low- and moderate-income geographies supports this conclusion.

The following table shows that the bank did not originate any small farm loans in low-income census tracts. However, less than 4.0 percent of the area farms are in low-income census tracts, which limits lending opportunities. As a result, the bank's level of lending in low-income census tracts is reasonable. The bank's performance in moderate-income census tracts rises 0.7 percentage points above the demographics, also reflecting reasonable performance.

Geographic Distribution of Small Farm Loans					
Tract Income Level	% of Farms	#	%	\$(000s)	%
Low	3.6	0	0.0	0	0.0
Moderate	11.8	5	12.5	420	13.4
Middle	48.7	30	75.0	2,477	78.7
Upper	35.9	5	12.5	248	7.9
Not Available	0.0	0	0.0	0	0.0
Totals	100.0	40	100.0	3,145	100.0

Source: 2024 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%.

Borrower Profile

The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among businesses and farms of different sizes and individuals of different income levels (including low- and moderate-income). The bank’s small business, home mortgage, and small farm lending penetration is reasonable, supporting an overall reasonable penetration of lending throughout the assessment area. Examiners focused on the percentage by number of small business and small farm loans to borrowers with reported GARs of \$1 million or less and on the percentage by number of home mortgage loans to borrowers with low- and moderate-income levels.

Small Business Loans

The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among businesses of different sizes. Reasonable performance to businesses with gross annual revenues of \$1 million or less supports this conclusion. The following table shows that the bank’s level of lending falls 19.1 percentage points below demographic data, thereby reflecting a reasonable level.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	87.9	33	68.8	3,018	64.7
>\$1,000,000	3.2	12	25.0	1,039	22.3
Revenue Not Available	8.9	3	6.2	605	13.0
Totals	100.0	48	100.0	4,662	100.0

Source: 2024 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%.

Home Mortgage Loans

The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among individuals of different income levels (including low- and moderate-income). Reasonable performance to low- and moderate-income borrowers supports this conclusion.

The following table shows that, to low-income borrowers in 2023, the bank’s level of lending rises 6.5 percentage points above the aggregate data, reflecting reasonable performance. In 2024, the bank’s level of lending to low-income borrowers increased and landed 6.7 percentage points below the demographic data, also reflecting reasonable performance.

The following table shows that, to moderate-income borrowers in 2023, the bank’s level of lending falls 1.1 percentage points below the aggregate data, reflecting reasonable performance. In 2024, the bank’s level of lending to moderate-income borrowers increased slightly and is 4.9 percentage points below the demographic data, also reflecting reasonable performance.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2023	21.4	5.4	7	11.9	239	5.0
2024	21.4	--	11	14.7	487	6.7
Moderate						
2023	16.9	13.0	7	11.9	480	10.1
2024	16.9	--	9	12.0	376	5.2
Middle						
2023	18.7	20.4	5	8.5	289	6.1
2024	18.7	--	14	18.7	1,170	16.2
Upper						
2023	43.0	41.0	24	40.6	2,291	48.1
2024	43.0	--	25	33.3	3,513	48.6
Not Available						
2023	0.0	20.2	16	27.1	1,464	30.7
2024	0.0	--	16	21.3	1,683	23.3
Totals						
2023	100.0	100.0	59	100.0	4,763	100.0
2024	100.0	--	75	100.0	7,229	100.0
<i>Source: 2020 U.S. Census; 2023 HMDA Aggregate Data; and 2023-2024 HMDA Data. "--" data not available. Due to rounding, totals may not equal 100.0%.</i>						

Small Farm Loans

The distribution of small farm loans reflects reasonable penetration of loans to farms with reported GARs of \$1 million or less throughout the assessment area. Reasonable performance to farms with gross annual revenues of \$1 million or less supports this conclusion. The following table shows that the bank’s level of lending falls 20.1 percentage points below demographic data, thereby reflecting a reasonable level.

Distribution of Small Farm Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
<=\$1,000,000	97.6	31	77.5	1,731	55.0
>\$1,000,000	0.5	7	17.5	1,164	37.0
Revenue Not Available	1.9	2	5.0	250	8.0
Totals	100.0	40	100.0	3,145	100.0
<i>Source: 2024 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%.</i>					

Response to Complaints

The institution has not received any CRA-related complaints since the previous evaluation. Therefore, this factor did not affect the rating.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

The bank's compliance with the laws relating to discrimination and other illegal credit practices was reviewed, including the Fair Housing Act and the Equal Credit Opportunity Act. Examiners did not identify any discriminatory or other illegal credit practices.

APPENDICES

SMALL BANK PERFORMANCE CRITERIA

Lending Test

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by considering the following criteria:

- 1) The bank's loan-to-deposit ratio, adjusted for seasonal variation, and, as appropriate, other lending-related activities, such as loan originations for sale to the secondary markets, community development loans, or qualified investments;
- 2) The percentage of loans, and as appropriate, other lending-related activities located in the bank's assessment area(s);
- 3) The institution's record of lending to and, as appropriate, engaging in other lending-related activities for borrowers of different income levels and businesses and farms of different sizes;
- 4) The geographic distribution of the bank's loans; and
- 5) The bank's record of taking action, if warranted, in response to written complaints about its performance in helping to meet credit needs in its assessment area(s).

GLOSSARY

Aggregate Lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

Assessment Area: A geographic area delineated by the institution under the requirements of the Community Reinvestment Act.

Census Tract: A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

Combined Statistical Area (CSA): A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

Consumer Loan(s): 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: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Core Based Statistical Area (CBSA): The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

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. Other family 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).

FFIEC-Estimated Income Data: The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in

information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

Full-Scope Review: A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (e.g, geographic distribution, borrower profile, 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 do 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; and the disposition of the application (approved, denied, and withdrawn).

Home Mortgage Loans: Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Limited-Scope Review: A limited-scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is often analyzed using only quantitative factors (e.g, geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

Low-Income: 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 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 metropolitan area/assessment area.

Median Income: The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

Metropolitan Division (MD): A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area (MSA): CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities 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 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 and less than 80 percent in the case of a geography.

Multi-family: Refers to a residential structure that contains five or more units.

Nonmetropolitan Area (also known as non-MSA): All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

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.

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

Rural Area: Territories, populations, and housing units that are not classified as urban.

Small Business Loan: A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

Small Farm Loan: 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, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

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

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, “urban” consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

“Urban” excludes the rural portions of “extended cities”; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.