

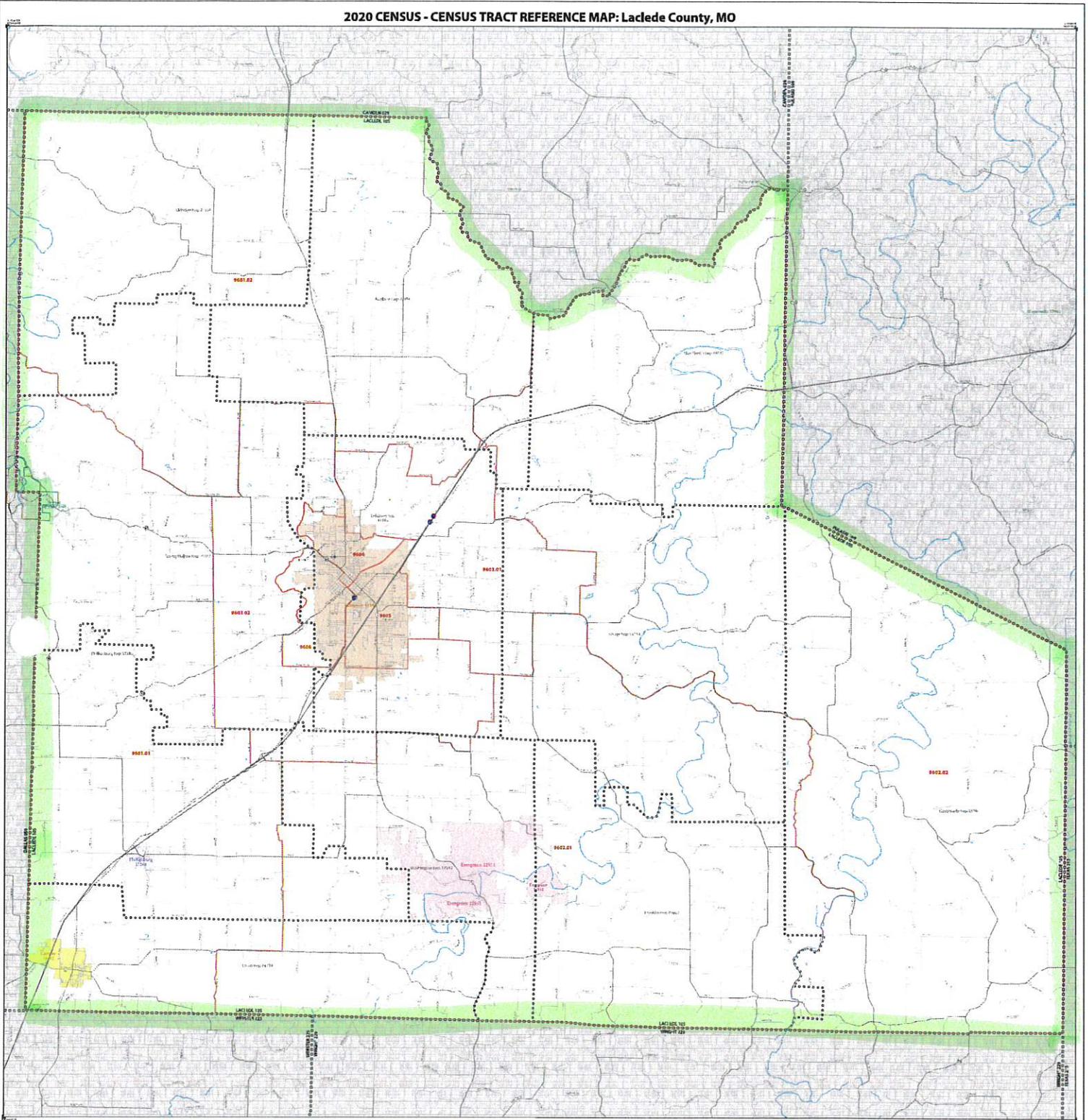
**HERITAGE BANK OF THE OZARKS
COMMUNITY REINVESTMENT ACT
GENERAL INFORMATION**

Bank opened September 22, 2003

Locations: 1475 South Jefferson, Lebanon, Missouri 65536
100 South Business Route 5, Camden, Missouri 65020
10603 Hwy 32, Plato, Missouri 65552

Primary areas served: Laclede County, Missouri, which includes Census Tracts 9601, 9602.98, 9603, 9604, 9605 and 9606. Camden County, Missouri, which includes Census Tracts 9501, 9502, 9503, 9504, 9505, 9506, 9507, 9508, 9509, 9511, and 9512. Texas County, Missouri which includes Census Tracts 4801.01, 4801.02, 4802.01, 4802.02, 4803.01, 4803.02, 4804.01, and 4804.02. These areas are represented in green on the attached Census Tract map. The main bank office is located in tract 9605.

2020 CENSUS - CENSUS TRACT REFERENCE MAP: Laclede County, MO



SYMBOL DESCRIPTION	SYMBOL	LABEL/TEXT	SYMBOL DESCRIPTION	SYMBOL	SYMBOL DESCRIPTION	SYMBOL
International Boundary	-----	CANADA	Supersmall Point	•	Supersmall Point	•
State Boundary	-----	MISSOURI	Small Point	•	Small Point	•
County Boundary	-----	OSAGE	Large Point	•	Large Point	•
Water	Blue	Water	Water	Blue	Water	Blue
Highway	Red	Highway	Highway	Red	Highway	Red
Other Road	Black	Other Road	Other Road	Black	Other Road	Black
City	Black	City	City	Black	City	Black
County	Black	County	County	Black	County	Black
Tract	Black	Tract	Tract	Black	Tract	Black
Water	Blue	Water	Water	Blue	Water	Blue
Highway	Red	Highway	Highway	Red	Highway	Red
Other Road	Black	Other Road	Other Road	Black	Other Road	Black
City	Black	City	City	Black	City	Black
County	Black	County	County	Black	County	Black
Tract	Black	Tract	Tract	Black	Tract	Black

LEGEND
 Where unincorporated, census route (CENROUTE) boundaries coincide the map data. To identify unincorporated areas, the label 'uninc' is used.
 Geographic area names are followed by their FIPS or census code:
 1. 4-digit FIPS county code (e.g., 2000 for Laclede County, MO)
 2. 4-digit FIPS census tract code (e.g., 9000 for Census Tract 9000, MO)
 3. Place label (e.g., 'Paris, MO')
 4. Census route label (e.g., 'CENROUTE 1234')
 5. Water label (e.g., 'RIVER')
 6. Highway label (e.g., 'HIGHWAY 123')
 7. Other road label (e.g., 'ROAD')
 8. City label (e.g., 'CITY')
 9. County label (e.g., 'COUNTY')
 10. Tract label (e.g., 'TRACT')



Sheet 1 of 1 PARITY sheets
 Total Sheets: 1 (Sheet 0 Parent 1, Inset 0)
 NAME: Laclede County (2020)
 1975-1990 County or parish boundaries only
 2010-2020



All text and symbols on this map are the property of the U.S. Census Bureau. No part of this publication may be reproduced without the prior written permission of the U.S. Census Bureau. The U.S. Census Bureau is not responsible for any errors or omissions in this publication. The U.S. Census Bureau is not responsible for any damages or losses resulting from the use of this publication. The U.S. Census Bureau is not responsible for any claims or liabilities resulting from the use of this publication. The U.S. Census Bureau is not responsible for any claims or liabilities resulting from the use of this publication.

**HERITAGE BANK OF THE OZARKS
LOAN TO DEPOSIT RATIO BY QUARTER**

2003

September	2%
December	66%

2004

March	82%
June	130%
September	97%
December	103%

2005

March	121%
June	119%
September	109%
December	122%

2006

March	118%
June	127%
September	108%
December	99%

2007

March	91%
June	97%
September	95%
December	99%

2008

March	110%
June	119%
September	129%
December	130%

2009

March	115%
June	112%
September	114%
December	121%

2010

March	116%
June	121%
September	108%
December	107%

2011

March	109%
June	113%
September	110%
December	115%

2012

March	114%
June	111%
September	115%
December	109%

2013

March	105%
June	108%
September	113%
December	110%

2014

March	108%
June	108%
September	107%
December	108%

2015

March	104%
June	109%
September	108%
December	109%

2016

March	100%
June	97%
September	94%
December	93%

2017

March	89%
June	88%
September	85%
December	86%

2018

March	85%
June	82%
September	81%
December	82%

2019

March	85%
June	83%
September	86%
December	87%

2020

March	90%
June	85%
September	85%
December	82%

2021

March	80%
June	82%
September	79%
December	80%

2022

March	77%
June	77%
September	81%
December	90%

2023

March	87%
June	86%
September	86%
December	89%

2024

March	87.4%
June	84.7%
September	83.4%

List of Loan Products offered by Heritage Bank of the Ozarks

Real Estate Loans

- Commercial
- Residential – standard housing and mobile homes with real estate
- Farms
- Vacant Land
- Construction

Consumer Loans

- Automobiles
- Certificate of Deposit

Commercial Loans

- Business Equipment, inventory

Farm Loans

- Farm machinery, livestock

Residential Mortgage Loans

- Sold to Secondary Market Investors
 - Fixed Interest Rates
- Adjustable Rate Mortgages

Farm Mortgage Loans

- Sold to Secondary Market to include Farmer Mac among other investors
 - Fixed Interest Rates
- Adjustable Rate Farm Mortgage Loans

Government Guaranteed Loans

- SBA – 504, 7a, Express
- USDA – FSA and B&I

Municipality and Publicly Taxed Entity Leasing

PERSONAL CHECKING

From checking to savings, our carefully curated personal deposit portfolio is designed to meet the needs of our diverse customer base. Our Neighbors are here to listen to each of their Neighbor's stories to help them select the perfect account for their financial goals.



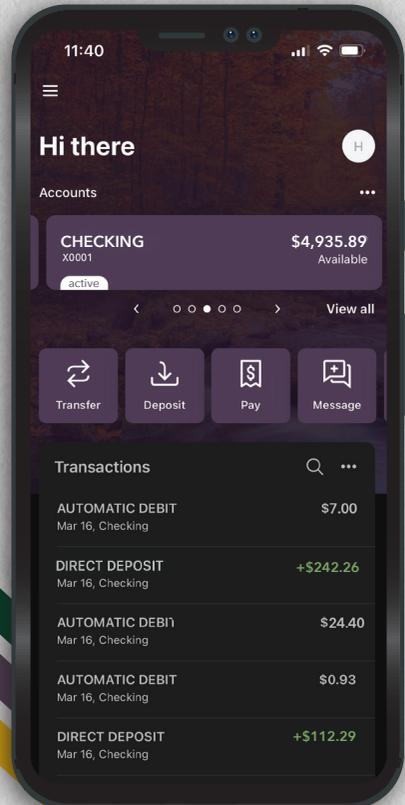
Neighbors Serving Neighbors



Everything You Need in a Bank



Community Invested



Personal
Checking
at your
fingertips
24/7

DOWNLOAD
MOBILE BANKING



WHY HERITAGE?

We have been committed to our Neighbors since 2003, when our founder and local business owners invested in building an independent community bank. The goals and values of Heritage Bank of the Ozarks have remained the same over the past 20 years.

- We remain locally owned to serve Laclede, Camden & Texas Counties with branches in Lebanon, Camdenton & Plato.
- We gather local deposits by offering above-average interest rates and unique products.
- We loan those dollars to local borrowers who improve our communities through labor and investments.

**EVERYTHING YOU
NEED IN A BANK**

PLUS...

Your local dollars are invested in our local communities with local lenders and local decisions because we are **NEIGHBORS SERVING NEIGHBORS.**

Lebanon

P: (417) 532-BANK (2265)

Camdenton

P: (573) 346-7765

Plato

P: (417) 458-4222

www.heritagebankozarks.com



**HERITAGE BANK
of the Ozarks**

LEBANON • CAMDENTON • PLATO

**NEIGHBORS
SERVING
NEIGHBORS**

SINCE 2003

**PERSONAL
CHECKING**

PERSONAL CHECKING

	Required to Open	Unlimited Check Writing	Online Banking	Debit Card (on approval)	Statement Check Imaging	Overdraft Protection	Balance Requirement	Monthly Maint. Fee
Neighbor Rewards Checking	\$100.00	Yes	FREE	Yes	Yes	\$300.00	None	N/A
Regular Checking	\$100.00	Yes	FREE	Yes	Yes	\$300.00	\$500.00	\$5.00
Money Market Checking	\$100.00	No	FREE	No	Yes	N/A	\$2,500.00	\$10.00
Neighbor Rewards Savings	\$100.00	N/A	FREE	No	No	N/A	None	N/A
Regular Savings	\$100.00	N/A	FREE	No	No	N/A	\$300.00	\$6.00

NEIGHBOR REWARDS CHECKING

Earn higher interest with four qualifications: ACH and a direct deposit (post & settle), e-statements, and 15 debit card transactions (post & settle).

ONLINE BANKING

Explore the convenience of our updated online banking platform, designed to meet your evolving financial needs. Experience hassle-free banking on the go, and if you have multiple users requiring account access, we've got you covered. Simplify your banking experience with our Online Banking services.

DEBIT CARD

Ensuring you have access to your funds whenever and wherever you need them is essential. Our Heritage Bank debit card makes this a reality for you. We also are proud to offer instant issue debit cards for your convenience.

CREDIT CARD

When it comes to credit cards, finding the one that perfectly suits your needs is important. Whether you're in search of a low-rate or a credit card offering additional points and perks, we have a variety of options to match your unique lifestyle.

BILL PAY

Paying bills may often feel like a chore, but with our Bill Pay feature seamlessly integrated into our online platform, you can effortlessly manage your payments from the comfort of your home using your preferred device.

PERSON TO PERSON TRANSFER

Need to send money to someone but lacking their banking details? No need to stress! Thanks to our "P2P Transfers," all you require is the recipient's name and phone number. With a simple click, a link is dispatched to their phone, allowing them to seamlessly enter their bank account information and complete the transfer process.

MOBILE DEPOSIT

No need to worry if you're too busy to visit the bank for a deposit. Conveniently, you can deposit checks from anywhere by accessing your online banking account and utilizing your smartphone or tablet's camera.

ATM DEPOSIT

Have you ever been in town to make a deposit and find the bank closed? No need to fret! Our Heritage Bank ATMs offer the convenience of 24/7 deposit services, allowing you to make deposits at any time, day or night.

DEPOSIT INSURANCE

Deposit balances over \$250,000 may participate in CDARS/ICS, an added security that offers the convenience of one banking relationship. This deposit insurance can easily access multi-million-dollar FDIC protection on their accounts.*

* Fees may apply



HERITAGE BANK
of the Ozarks

BUSINESS CHECKING

We've designed our business deposit portfolio to meet the needs of our wide range of small business customers, from sole proprietorships to high-volume organizations to rural vocations to civic developments. Our Neighbors are here to listen to their Neighbors.



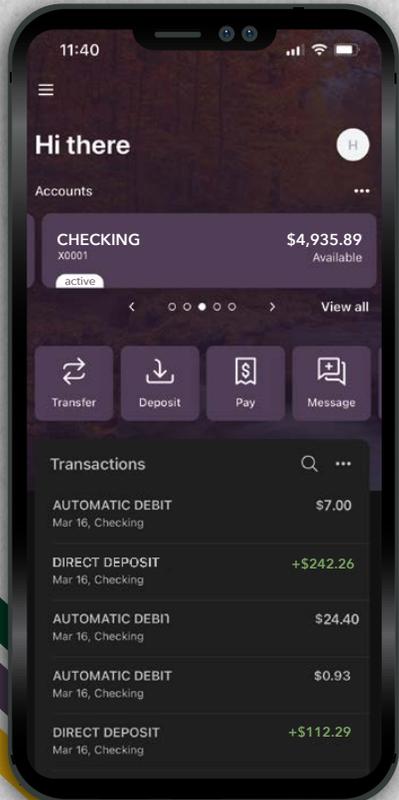
Neighbors Serving Neighbors



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PLUS...

Your local dollars are invested in our local communities with local lenders and local decisions because we are **NEIGHBORS SERVING NEIGHBORS.**

Lebanon

P: (417) 532-BANK (2265) F: (417) 532-2545

Camdenton

P: (573) 346-7765 F: (573) 346-7825

Plato

P: (417) 458-4222 F: (417) 458-3350

www.heritagebankozarks.com



**HERITAGE BANK
of the Ozarks**

LEBANON • CAMDENTON • PLATO

**NEIGHBORS
SERVING
NEIGHBORS**

SINCE 2003

**BUSINESS
CHECKING**

BUSINESS CHECKING

	Required to Open	Unlimited Check Writing	Online Banking	Business Debit Card	Statement Check Imaging	Overdraft Protection	Balance Requirement	Monthly Maint. Fee
Free Business Checking	\$100.00	Yes	FREE	Yes	No	\$500.00	None	N/A
Business Checking	\$100.00	25 FREE	FREE	Yes	Yes	N/A	\$500.00	\$5.00
Business Money Market	\$100.00	No	FREE	No	Yes	N/A	\$2,500.00	\$10.00

PAYROLL PROCESSING

Payroll Processing option for business customers allows you to submit your payroll effortlessly through our seamless Online Banking platform.*

MERCHANT SERVICES

We partner with a local Merchant Credit Card Service to provide your business with the tools required to meet your financial goals.

REMOTE DEPOSIT CAPTURE

Don't have time to stop by the bank to make a deposit? No big deal! For a small monthly fee, you can make deposits from the security of your desk using a remote deposit scanner. This product allows you to maximize your business's cash flow and efficiency.*

POSITIVE PAY

Your accounts security and safety are important to us, and Positive Pay/Account Reconciliation is another way to keep your accounts safe! This feature allows you to review all checks that are processing through your account before they process. Peace of mind is priceless, and this feature is one way to keep your account secure.*

BUSINESS DEBIT CARD

Access to your funds anywhere at any time is a must, and we make that possible for you with a Business Debit Card.

BUSINESS CREDIT CARD

Discover the ideal credit card to foster the growth of your business in our comprehensive offering. Enjoy seamless online accessibility, the option to issue multiple cards, and a rewarding preferred points program that allows you to redeem your benefits. (Please note that the Preferred Points Card incurs an annual fee of \$49 per account.)

ONLINE BANKING

Explore the convenience of our updated online banking platform, designed to meet your evolving financial needs. Experience hassle-free banking on the go, and if you have multiple users requiring account access, we've got you covered. Our Cash Management feature empowers business customers with individual logins for each user, enabling customizable access privileges. You can also seamlessly integrate your online account with QuickBooks. Simplify your banking experience with our Online Banking services.

DEPOSIT INSURANCE

Your deposits are secured with this service that offers the convenience of one banking relationship. CDARS/ICS companies can easily access multi-million-dollar FDIC protection on their accounts.*

* Fees may apply



HERITAGE BANK
of the Ozarks



IMPORTANT ACCOUNT INFORMATION FOR OUR CUSTOMERS

from

**Heritage Bank of the Ozarks
1475 S Jefferson Ave
Lebanon, MO 65536
(417)532-2265**

COMMON FEATURES

Limits and fees - The following fees may be assessed against your account and the following transaction limitations, if any, apply to your account:

Account Research		\$25.00/hour
\$25.00 Minimum		
Account Activity Printouts/Statement Copies		\$2.00
Account Balancing Assistance		\$25.00/hour
\$25.00 Minimum		
ATM/Debit Cards		
Replacement	\$10.00	
Transaction at foreign terminal	\$2.00	
Non-Customer transaction	\$3.00	
Visa ISA-International	1% of transaction total	
Change Orders (customer)		1% of total
Charge Backs		\$5.00
Check Copy (excessive/deposited items)		\$2.00
Check Printing		Fee depends on style
Counter Checks		\$3.00 per 12
Coin Counting		\$5.00
Collection Items		
Incoming item--	\$25.00	
Outgoing Item--	\$25.00	
Dormant Account Fee		\$5.00/month
Excessive Withdrawal [W/D] Fee		
Money Market Checking Account--	\$10.00 each	
Savings Account--	\$1.00 each	
Early Account Closing (under 90 days)		\$25.00
Fax		
\$5.00 first 10 pages		
Additional pages	\$1.00 each	
Foreign Currency Order		Cost
Garnishments/Levies		
Greater of \$8.00 or 2% of funds		
Inactive Account		\$1.00/month
Money Bags		
Zipper Bags (in excess of 2)	\$3.00 each	
Locked Bags	\$25.00 each	

LIMITS AND FEES DISCLOSURE

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Page 1



Night Drop Keys (in excess of 2)		\$5.00 each
Non Sufficient Funds ("NSF") [Paid/Return]		\$30.00
Notary Charge per signature (non-customer)		\$2.00
Official Checks		\$5.00
Overdraft Charge		\$30.00
Safe Deposit Box Key Deposit (refundable if keys are returned)		\$20.00
Safe Deposit Late Charge		\$5.00
Safe Deposit Box Drilling Fee		\$50.00 + drilling cost
Stop Payment Fee (check or electronic funds transfer)		\$25.00
Telephone Transfer		\$2.00
Traveler's Checks		
Checks for One signer	2% of amount purchased	
Checks for Two signers	4% of amount purchased	
Wire Transfers		
Incoming-Domestic/Foreign	\$15.00	
Outgoing-Domestic	\$20.00	
Outgoing-Foreign	\$50.00	

Hours of Operation:

1475 S. Jefferson Ave.
Lebanon, MO 65536

Lobby Hours: Monday – Thursday: 9:00 am to 4:00 pm
Friday: 9:00 am to 5:00 pm

Drive Thru Hours: Monday – Friday: 7:30 am to 6:00 pm
Saturday: 8:00 am to noon

100 S Business Rt 5
Camdenton, MO 65020

Lobby Hours: Monday – Thursday: 9:00 am to 4:00 pm
Friday: 9:00 am to 5:00 pm

Drive Thru Hours: Monday – Thursday: 8:00 am to 5:00 pm
Friday: 8:00 am to 5:30 pm
Saturday: 8:00 am to noon

10603 Hwy 32
Plato, MO 65552

Lobby Hours: Monday – Thursday: 8:30 am to 3:00 pm
Friday: 8:30 am to 5:00 pm

Drive Thru Hours: Monday – Friday: 8:00 am to 5:00 pm
Saturday: 8:00 am to noon

PUBLIC DISCLOSURE

December 6, 2021

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Heritage Bank of the Ozarks
Certificate Number: 57576

1475 South Jefferson
Lebanon, Missouri 65536

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

1100 Walnut Street, Suite 2100
Kansas City, Missouri 64106

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.
- The institution originated a majority of small farm, home mortgage, and small business loans in the assessment area.
- The geographic distribution of small farm, home mortgage, and small business loans reflects reasonable dispersion throughout the assessment area.
- The distribution of borrowers reflects a reasonable penetration among individuals of different income levels and farms and business of different revenue sizes in the assessment area.
- The institution did not receive any CRA-related complaints since the previous CRA evaluation performed as of November 2, 2015; therefore, this factor did not affect the rating.

DESCRIPTION OF INSTITUTION

Heritage Bank of the Ozarks is a full-service bank headquartered in Lebanon, Missouri. Cornerstone Bancshares, Inc., Lebanon, Missouri, a one-bank holding company, wholly owns Heritage Bank of the Ozarks. The bank does not have any lending affiliates or subsidiaries. A "Satisfactory" rating was assigned at the November 2, 2015 FDIC CRA Performance Evaluation using Interagency Small Institution Examination Procedures.

In addition to its main office, Heritage Bank of the Ozarks operates two full-service branches in Camdenton and Plato, Missouri. The main office is located in Laclede County, the Camdenton branch is located in Camden County, and the Plato branch is located in Texas County. The bank acquired the branch located in Plato in November of 2020.

The institution focuses on agricultural, commercial, and residential lending. Commercial and agriculture loans include adjustable rate loans to purchase commercial real estate, land development, livestock, machinery, and farmland. Consumer residential loan offerings include short-term loans with fixed and adjustable rates, as well as longer-term mortgage loans through secondary market financing. Government guaranteed loans include USDA loans and Small Business Administration loans, including Paycheck Protection Program loans. Consumer credit products include automobile-secured loans, mobile home loans, and unsecured loans.

Deposit products include checking accounts, savings accounts, business accounts, and safe deposit boxes. Alternative banking products and services include debit cards, online banking, mobile banking, and electronic statements.

As of the September 30, 2021 Consolidated Reports of Condition and Income, assets totaled \$244 million, which included total securities of \$33 million and total loans of \$169 million. Total deposits equaled \$214 million. These figures represent an increase since the previous evaluation when total assets equaled \$98 million, while total loans, securities, and deposits equaled \$82 million, \$9 million, and \$75 million, respectively. Examiners did not identify any financial, legal, or other impediments affecting the bank's ability to meet the assessment area's credit needs. As illustrated in the following table, agricultural lending comprises 34 percent of the loan portfolio, followed by residential real estate at 26 percent, and commercial lending at 26 percent.

Loan Portfolio Distribution as of 09/30/2021		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	13,624	8.1
Secured by Farmland	50,630	30.0
Secured by 1-4 Family Residential Properties	42,620	25.3
Secured by Multifamily (5 or more) Residential Properties	1,665	1.0
Secured by Nonfarm Nonresidential Properties	32,127	19.1
Total Real Estate Loans	140,666	83.5
Commercial and Industrial Loans	12,039	7.1
Agricultural Production and Other Loans to Farmers	6,288	3.7
Consumer Loans	4,719	2.8
Obligations of State and Political Subdivisions in the U.S.	0	0
Other Loans	2,054	1.2
Lease Financing Receivable (net of unearned income)	2,888	1.7
Less: Unearned Income	0	0
Total Loans	160,654	100.0
<i>Source: Reports of Condition and Income</i>		

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more assessment areas within which its CRA performance will be evaluated. Since the previous evaluation, management has expanded the assessment area from Laclede and Camden counties to include all of Texas County. Based on 2015 American Community Survey (ACS) data, the assessment area consists of 2 moderate-, 15 middle- and 4 upper-income census tracts. The main office and each branch office are located in middle-income census tracts.

Economic and Demographic Data

The following table illustrates select demographic characteristics of the assessment area.

Demographic Information of the Assessment Area					
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Geographies (Census Tracts)	21	0.0	9.5	71.4	19.0
Population by Geography	105,176	0.0	10.6	77.4	12.0
Housing Units by Geography	68,611	0.0	7.6	68.6	23.8
Owner-Occupied Units by Geography	29,491	0.0	9.4	75.9	14.7
Occupied Rental Units by Geography	9,936	0.0	15.7	76.0	8.3
Vacant Units by Geography	29,184	0.0	3.0	58.7	38.4
Businesses by Geography	7,912	0.0	7.2	77.3	15.5
Farms by Geography	411	0.0	9.7	81.3	9.0
Family Distribution by Income Level	27,530	20.6	17.5	22.4	39.6
Household Distribution by Income Level	39,427	22.6	16.2	17.4	43.8
Median Family Income Non-MSAs - MO		\$48,341	Median Housing Value		\$158,462
Families Below Poverty Level		13.6%	Median Gross Rent		\$609
<i>Source: 2015 ACS and 2020 D&B Data</i>					
<i>Due to rounding, totals may not equal 100.0%</i>					

Examiners utilized the FFIEC-updated median family income ranges to analyze performance under the Borrower Profile criterion, which is presented below.

Median Family Income Ranges - Nonmetropolitan Missouri				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2020 (\$54,400)	<\$27,200	\$27,200 to <\$43,520	\$43,520 to <\$65,280	≥\$65,280
<i>Source: FFIEC</i>				

Competition

The assessment area is relatively competitive for financial services. According to the June 30, 2021, FDIC Deposit Market share data, there are 23 institutions operating 48 offices within the assessment area. Of these institutions, Heritage Bank of the Ozarks ranked sixth with 7 percent of the deposit market share. The institution with the largest deposit market share accounted for 26 percent of the area's deposits.

Community Contact

Examiners conduct community contact interviews in order to obtain a profile of the local community, identify credit needs and opportunities, and evaluate local financial institutions' responsiveness to these needs.

Examiners conducted an interview with a representative of a business located in the bank's assessment area. The contact explained that the local economy is in a growth phase, as several businesses are expanding their operations. However, this has created a labor shortage, as there are not enough people to fill the job openings. Affordable housing in the area continues to be an issue as home prices continues to increase. The contact stated that there are several housing projects in the beginning stages to rehabilitate blighted areas. The contact indicated that small business and agriculture lending are of the highest lending needs. The contact mentioned that several of the local

area financial institutions participate in a fixed-rate loan program to offer financing to new and existing businesses that do not meet typical credit standards. The contact specifically named Heritage Bank of the Ozarks as an institution that stands out in meeting community credit needs. Overall, the contact indicated that financial institutions have demonstrated an adequate level of responsiveness to the credit and community development needs of the assessment area.

Credit Needs

Considering information from bank management, the community contact, and demographic and economic data, agricultural, home mortgage, and commercial lending are the primary credit needs in the assessment area.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the previous evaluation dated November 2, 2015, through December 6, 2021. Examiners used the FFIEC Interagency Small Institution Examination Procedures to evaluate the institution's CRA performance. Please refer to the *Small Bank Performance Criteria* section in the Appendices for a summary of the criterion evaluated under the Lending Test.

Activities Reviewed

Examiners determined that the bank's major product lines include agricultural, commercial, and residential loans. This conclusion considered the bank's business strategy and the number and dollar volume of loans originated during the evaluation period. Examiners reviewed small farm, home mortgage, and small business loans to evaluate CRA performance. Each product received equal weight when drawing conclusions.

Management indicated that 2020 lending activity for small farm, home mortgage, and small business loans would be representative of their lending during the entire evaluation period. In 2020, the bank originated 145 small farm loans totaling \$13.6 million, 107 home mortgage loans totaling \$12.9 million, and 100 small business loans totaling \$11.9 million. Examiners reviewed the entire universe of loans for the Assessment Area Concentration and Geographic Distribution criteria. For the Borrower Profile analysis, examiners evaluated a sample of loans made within the assessment area for each loan product. Specifically, examiners sampled 50 small farm loans totaling \$4.1 million, 45 home mortgage loans totaling \$3.6 million, and 45 small business loans totaling \$4.7 million. D&B data for 2020 provided a standard of comparison for small farm and small business loans, and 2015 ACS data provided a standard of comparison for home mortgage loans.

Examiners analyzed lending performance by both number and dollar volume of loans. However, examiners emphasized performance by number of loans, as the number of loans is generally a better indicator of the efforts to serve low- and moderate-income geographies, small farms and businesses, and lower-income individuals.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Heritage Bank of the Ozarks demonstrated satisfactory performance under the Lending Test based on performance in all of the evaluated criteria.

Loan-to-Deposit Ratio

The loan-to-deposit ratio is reasonable given the institution's size, financial condition, and assessment area credit needs. The net loan-to-deposit ratio, calculated from Reports of Condition and Income, averaged 86 percent over the past 24 calendar quarters from December 31, 2015, to September 30, 2021. This ratio is 22 percent lower than the prior evaluation, which reported a 108 percent ratio. The decrease from the previous evaluation is attributed to deposit growth outpacing loan growth. Deposit growth was driven by the influx of government stimulus payments and depositor's behavior related to the COVID-19 pandemic. Overall, the average loan-to-deposit ratio demonstrates a willingness to extend credit.

As shown in the following table, the institution maintained a ratio comparable to similarly-situated institutions. Examiners selected similarly-situated institutions based on their asset size, lending focus, branching structure, and geographic location.

Loan-to-Deposit (LTD) Ratio Comparison		
Bank	Total Assets as of 09/30/2021 (\$000s)	Average Net LTD Ratio (%)
Heritage Bank of the Ozarks	243,830	86.2
O'Bannon Banking Company	265,706	88.4
The Seymour Bank	196,214	76.5

Source: Reports of Condition and Income 12/31/2015 - 09/30/2021

Assessment Area Concentration

As shown in the following table, Heritage Bank of the Ozarks extended a majority of small farm, home mortgage, and small business loans within its assessment area.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Small Farm	102	70.3	43	29.7	145	9,485	69.5	4,156	30.5	13,641
Home Mortgage	90	84.1	17	15.9	107	10,506	81.3	2,424	18.7	12,930
Small Business	79	79.0	21	21.0	100	8,760	73.4	3,168	26.6	11,928

Source: 2020 Bank Data

Geographic Distribution

Overall, the geographic distribution of loans reflects reasonable dispersion throughout the assessment area, which is supported by performance context and the reasonable dispersion of small farm, home mortgage, and small business loans. Examiners focused on the percentages by number of loans in moderate-income census tracts within the assessment area.

Small Farm Loans

As shown in the following table, lending in moderate-income census tracts is below comparable demographic data. However, after considering a number of pertinent performance context factors, small farm lending represents a reasonable dispersion throughout the assessment area.

There are limitations in the demand for small farm loans in the assessment area. According to 2020 D&B data, there are only 40 farms in the two moderate-income census tracts located in the assessment area. The moderate-income census tract in Laclede County is located in the city limits of Lebanon, representing a low demand for farm lending. The other moderate-income census tract is located in the southern portion of Texas County. The branch located in Texas County opened in November 2020; therefore, lending in the area was limited in 2020. Additionally, bank management indicated that most farmers in the assessment area do not consider farming to be their full-time occupation. Further, the 2017 Agriculture Census data reveals that 62 percent of farm operations within the assessment area do not pay interest expense, suggesting that many farmers have minimal borrowing needs. Given these considerations, the overall dispersion of small farm loans is reasonable.

Geographic Distribution of Small Farm Loans					
Tract Income Level	% of Farms	#	%	\$(000s)	%
Moderate	9.7	1	1.0	275	2.9
Middle	81.3	99	97.1	9,084	95.8
Upper	9.0	2	2.0	126	1.3
Totals	100.0	102	100.0	9,485	100.0

*Source: 2020 D&B Data; 2020 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. Although lending performance is less than demographic data, there is a high level of rental properties in the Laclede County moderate-income census tract. This information is supported by comments from bank management and 2020 D&B data, which estimates that 48 percent of housing units in moderate-income census tract 9606 are rental properties. The second moderate-income census tract is located in Texas County. The branch in Texas County opened in November 2020; therefore, residential lending is limited in 2020. Given these considerations, the overall dispersion of home mortgage loans is reasonable.

Geographic Distribution of Home Mortgage Loans					
Tract Income Level	% of Owner-Occupied Housing Units	#	%	\$(000s)	%
Moderate	9.4	1	1.1	25	0.2
Middle	75.9	87	96.7	10,351	98.5
Upper	14.7	2	2.2	130	1.2
Totals	100.0	90	100.0	10,506	100.0
<i>Source: 2015 ACS; 2020 Bank Data</i>					
<i>Due to rounding, totals may not equal 100.0%</i>					

Small Business Loans

The geographic distribution of small business loans reflects reasonable dispersion throughout the assessment area. As shown in the following table, small business lending in moderate-income census tracts is comparable to the percentage of businesses in these tracts.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Moderate	7.2	4	5.1	537	6.1
Middle	77.3	72	91.1	8,064	92.1
Upper	15.5	3	3.8	159	1.8
Totals	100.0	79	100.0	8,760	100.0
<i>Source: 2020 D&B Data; 2020 Bank Data</i>					
<i>Due to rounding, totals may not equal 100.0%</i>					

Borrower Profile

Overall, the distribution of borrowers reflects reasonable penetration among businesses and farms of different revenue sizes and individuals of different income levels in the assessment area. Examiners focused on the dispersion of small farm and small business loans to entities with gross annual revenues of \$1 million or less and home mortgage loans to low- and moderate-income individuals.

Small Farm Loans

The distribution of small farm loans reflects reasonable penetration among farms of different sizes. As detailed in the following table, the number of sampled loans originated to farms with gross annual revenues of \$1 million or less is comparable to the percentage of farms in this revenue category.

Distribution of Small Farm Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
<=\$1,000,000	98.1	47	94.0	3,872	94.4
>\$1,000,000	1.0	1	2.0	63	1.5
Revenue Not Available	1.0	2	4.0	165	4.0
Totals	100.0	50	100.0	4,100	100.0
<i>Source: 2020 D&B Data; 2020 Bank Data</i>					
<i>Due to rounding, totals may not equal 100.0%</i>					

Home Mortgage Loans

The distribution of home mortgage loans in the assessment area reflects reasonable penetration to individuals of different income levels. As shown in the following table, lending to low- and moderate-income borrowers is slightly below comparable demographic data. However, considering the rising cost of housing and lack of affordable housing in the assessment area, the bank's lending performance is reasonable.

Distribution of Home Mortgage Loans by Borrower Income Level					
Borrower Income Level	% of Families	#	%	\$(000s)	%
Low	20.6	7	15.6	399	10.9
Moderate	17.5	7	15.6	439	12.0
Middle	22.4	10	22.2	544	14.9
Upper	39.6	20	44.4	2,228	61.1
Not Available	0.0	1	2.2	35	1.0
Totals	100.0	45	100.0	3,645	100.0

*Source: 2015 ACS; 2020 Bank Data
Due to rounding, totals may not equal 100.0%*

Small Business Loans

The distribution of small business loans reflects reasonable penetration among businesses of different sizes. As detailed in the following table, the number of sampled loans originated to businesses with gross annual revenues of \$1 million or less is comparable to the percentage of businesses in this revenue category.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	84.8	38	84.4	4,311	90.9
>\$1,000,000	4.2	2	4.4	220	4.6
Revenue Not Available	11.0	5	11.1	213	4.5
Totals	100.0	45	100.0	4,744	100.0

*Source: 2020 D&B Data; 2020 Bank Data
Due to rounding, totals may not equal 100.0%*

Response to Complaints

The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the rating.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Examiners reviewed the bank's compliance with the laws relating to discrimination and other illegal credit practices, including the Fair Housing Act and the Equal Credit Opportunity Act. Examiners did not identify any evidence of 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 geographic distribution of the bank's loans;
- 4) The bank'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; 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.

American Community Survey (ACS): A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five year estimates based on population thresholds.

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 bank 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.