UNITED STATES OF AMERICA BEFORE THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM WASHINGTON, D.C.

Written Agreement by and between

HERITAGE BANCSHARES GROUP INC. EMPLOYEE STOCK OWNERSHIP PLAN AND TRUST Spicer, Minnesota

HERITAGE BANCSHARES GROUP, INC. Spicer, Minnesota

and

FEDERAL RESERVE BANK OF MINNEAPOLIS Minneapolis, Minnesota

Docket No. 24-016-WA/RB-HC

WHEREAS, Heritage Bancshares Group Inc. Employee Stock Ownership Plan and Trust, Spicer, Minnesota ("ESOP"), a registered bank holding company, owns and controls Heritage Bancshares Group, Inc., Spicer, Minnesota, ("Heritage") a registered bank holding company that directly owns and controls Heritage Bank N.A., Spicer, Minnesota (the "Bank"), a national bank regulated by the Office of the Comptroller of the Currency ("OCC");

WHEREAS, on April 2, 2024, the OCC issue a Consent Order designed, amongst other things, to improve the Bank's operations and financial condition ("Consent Order");

WHEREAS, it is the common goal of ESOP, Heritage, and the Federal Reserve Bank of Minneapolis (the "Reserve Bank") to maintain the financial soundness of ESOP and Heritage so that ESOP and Heritage may serve as a source of strength to the Bank;

WHEREAS, ESOP, Heritage, and the Reserve Bank have mutually agreed to enter into this Written Agreement (the "Agreement"); and

WHEREAS, the undersigned are authorized to enter into this Agreement on behalf of ESOP and Heritage, and to consent to compliance with each and every applicable provision of this Agreement by ESOP and Heritage.

NOW, THEREFORE, ESOP, Heritage, and the Reserve Bank agree as follows:

Source of Strength

1. ESOP's Trustee and Heritage's board of directors shall take appropriate steps to fully utilize ESOP's and Heritage's financial and managerial resources, pursuant to section 38A of the Federal Deposit Insurance Act, as amended ("the FDI Act") (12 U.S.C. § 1831*o*-1) and section 225.4(a) of Regulation Y of the Board of Governors of the Federal Reserve System (the "Board of Governors") (12 C.F.R. § 225.4(a)), to serve as a source of strength to the Bank, including, but not limited to, taking steps to ensure that the Bank complies with the Consent Order, and any supervisory action taken by the Bank's federal regulator.

Cash Flow

2. Within 60 days of the effective date of this Agreement, Heritage shall submit to the Reserve Bank a written statement of its planned sources and uses of cash for debt service, operating expenses, and other purposes ("Cash Flow Projection") for 2024. Heritage shall submit to the Reserve Bank a Cash Flow Projection for each calendar year subsequent to 2024 at least one month prior to the beginning of that calendar year.

Capital Plan

- 3. Within 60 days of the effective date of this Agreement, Heritage shall submit to the Reserve Bank an acceptable written plan to maintain sufficient capital (the "Capital Plan"). The Capital Plan shall include the following three items:
- (a) an assessment of the adequacy of the Bank's capital, considering the current and anticipated sources of capital;
- (b) an action plan to raise additional capital or take other steps to improve the financial condition of the Bank; and
- (c) an enhanced capital contingency plan that fully addresses both the Bank's short-term and long-term capital needs.

Capital Conservation

- 4. (a) Effective immediately, Heritage shall not, directly or indirectly, declare or pay dividends, engage in share repurchases, or make any other capital distribution in respect of common shares, preferred shares, or other capital instruments, including, without limitation, any interest payments due on subordinated debentures, without the prior written approval of the Reserve Bank and the Director of Supervision and Regulation of the Board of Governors. All requests for prior approval shall be received in writing at least 30 days prior to the earlier of the proposed declaration, payment, or distribution date, or required notice of deferral, and shall contain, at a minimum, current and projected information, as appropriate, on Heritage's capital, earnings, and cash flow; the Bank's asset quality, earnings, and allowance for credit losses; and identification of the source(s) of funding for the proposed payment or distribution.
- (b) Effective immediately, Heritage shall not, directly or indirectly, incur, increase, prepay, or guarantee any debt without the prior written approval of the Reserve Bank

and the Director of Supervision and Regulation of the Board of Governors. All requests for prior approval shall be received at least 30 days prior to the proposed transaction date and contain, but not be limited to, a statement regarding the purpose of the debt, the terms of the debt, and the planned source(s) for debt repayment, and an analysis of the cash flow resources available to meet such debt repayment.

Compliance with Laws and Regulations

- 5. (a) In appointing any new director or senior executive officer, or changing the responsibilities of any senior executive officer so that the officer would assume a different senior executive officer position, Heritage shall comply with the notice provisions of section 32 of the FDI Act (12 U.S.C. § 1831i) and Subpart H of Regulation Y of the Board of Governors (12 C.F.R. §§ 225.71 *et seg.*).
- (b) Heritage shall comply with the restrictions on indemnification and severance payments of section 18(k) of the FDI Act (12 U.S.C. § 1828(k)) and Part 359 of the Federal Deposit Insurance Corporation's regulations (12 C.F.R. Part 359).

Progress Reports

6. Within 60 days after the end of each calendar quarter following the effective date of this Agreement, Heritage shall submit to the Reserve Bank written progress reports detailing the form and manner of all actions taken to secure compliance with the provisions of this Agreement and the results thereof, and a parent company only balance sheet, income statement, and, as applicable, report of changes in stockholders' equity.

Approval and Implementation

7.. (a) Heritage shall submit the written plan and statements acceptable to the Reserve Bank within the applicable time period set forth in paragraphs 2 and 3 of this

Agreement. The plan shall contain a timeline for full implementation of the plan, with specific deadlines for completion of each component of the plan.

- (b) Within 10 days of acceptance by the Reserve Bank, Heritage shall adopt the approved plan. Upon adoption, Heritage shall implement the approved plan and thereafter fully comply with them.
- (c) During the term of this Agreement, the approved plan shall not be amended or rescinded without the prior written approval of the Reserve Bank.

Communications

- 11. All communications regarding this Agreement shall be sent to:
 - (a) Mark A. Rauzi
 Vice President
 Federal Reserve Bank of Minneapolis
 90 Hennepin Ave.
 Minneapolis, Minnesota 55401
 - (b) First International Bank & Trust ESOP Trustee
 Attn: Jess Helvik
 3001 25th St S,
 Fargo, ND 58103
 - (c) Thomas Geiger
 President & Treasurer
 Heritage Bancshares Group, Inc.
 110 South Street W.
 Spicer, Minnesota 56288

Miscellaneous

- 12. Notwithstanding any provision of this Agreement, the Reserve Bank may, in its sole discretion, grant written extensions of time to Heritage to comply with any provision of this Agreement.
- 13. The provisions of this Agreement shall be binding upon ESOP, Heritage, and their institution-affiliated parties, as defined in sections 3(u) and 8(b)(3) of the FDI Act (12 U.S.C. §§ 1813(u) and 1818(b)(3)), in their capacities as such, and their successors and assigns.
- 14. Each provision of this Agreement shall remain effective and enforceable until stayed, modified, terminated, or suspended in writing by the Reserve Bank.
- 15. The provisions of this Agreement shall not bar, estop, or otherwise prevent the Board of Governors, the Reserve Bank, or any other federal or state agency from taking any other action affecting ESOP, Heritage, the Bank, or any of their current or former institution-affiliated parties and their successors and assigns.
- 16. Pursuant to section 50 of the FDI Act (12 U.S.C. § 1831aa), this Agreement is enforceable by the Board of Governors under section 8 of the FDI Act (12 U.S.C. § 1818).

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the 6^{th} day of August, 2024.

HERITAGE BANCSHARES GROUP INC. EMPLOYEE STOCK OWNERSHIP PLAN AND TRUST FEDERAL RESERVE BANK OF MINNEAPOLIS

By: /s/ Jess Helvik

Jess Helvik First International Bank & Trust ESOP Trustee By: /s/ Mark A. Rauzi
Mark A. Rauzi
Vice President

HERITAGE BANCSHARES GROUP INC.

By: /s/ Thomas Geiger

Thomas Geiger President & Treasurer