# PUBLIC DISCLOSURE

August 1, 2022

# COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Citizens State Bank
Certificate Number: 2467

304 North Main Street
Cadott, WI 54727

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

300 South Riverside Plaza, Suite 1700
Chicago, Illinois 60606

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.

# TABLE OF CONTENTS


INSTITUTION RATING ..... 1

DESCRIPTION OF INSTITUTION ..... 2

DESCRIPTION OF ASSESSMENT AREA ..... 3

SCOPE OF EVALUATION ..... 5

CONCLUSIONS ON PERFORMANCE CRITERIA ..... 7

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW ..... 11

APPENDICES ..... 12

SMALL BANK PERFORMANCE CRITERIA ..... 12

GLOSSARY ..... 13

# 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 following points summarize the bank's Satisfactory Community Reinvestment Act (CRA) performance:

- Loan-to-Deposit (LTD) Ratio: The average LTD ratio reflects reasonable performance given the institution's size, financial condition, and credit needs of the assessment areas (AAs).

- Assessment Area Concentration: The bank originated a majority of home mortgage, small business, and small farm loans within the AAs.

- Geographic Distribution: The geographic distribution of home mortgage, small business, and small farm loans reflects reasonable dispersion throughout the AAs.

- Borrower Profile: Home mortgage, small business, and small farm loans reflect reasonable distribution among individuals of different income levels, as well as businesses and farms of different sizes.

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

## DESCRIPTION OF INSTITUTION

Citizens State Bank (CSB) is a full-service financial institution headquartered in Cadott, Wisconsin. In addition to its main office, CSB conducts business from five branch offices located in the communities of Cadott, Cornell, Chippewa Falls (Lake Wissota and Eagle Point), and Stanley. CSB opened the Cornell and Stanley branch offices since the previous performance evaluation. The Cornell branch office, located in a middle-income census tract (CT), opened in September 2019. The Stanley branch office, located in a moderate-income CT, opened in October 2021. CSB is wholly-owned by Citizens Bancorp, Inc., a one-bank holding company also located in Cadott, Wisconsin. CSB received a Satisfactory rating during its previous Federal Deposit Insurance Corporation (FDIC) Performance Evaluation, dated June 20, 2016, based on the Interagency Small Institution Examination Procedures.

CSB offers a variety of loan and deposit products, with a continued focus on commercial, residential, and farm lending activities. Customers can access CSB's products and services through online, telephone, and mobile banking services, as well as non-depository ATMs located at each branch location except the Chippewa Falls Eagle Point branch and main office in Cadott.

As of June 30, 2022, CSB maintained total assets of $169 million, total loans of $111 million, and total deposits of $151 million.

| **Loan Portfolio Distribution as of 06/30/2022** | | |
|---|---|---|
| **Loan Category** | **$ (000s)** | **%** |
| Construction, Land Development, and Other Land Loans | 4,013 | 3.6 |
| Secured by 1-4 Family Residential Properties | 27,596 | 24.8 |
| Secured by Farmland | 16,787 | 15.1 |
| Secured by Multifamily (5 or more) Residential Properties | 6,428 | 5.8 |
| Secured by Nonfarm Nonresidential Properties | 35,577 | 32.0 |
| **Total Real Estate Loans** | 90,401 | 81.3 |
| Commercial and Industrial Loans | 9,182 | 8.3 |
| Agricultural Production and Other Loans to Farmers | 5,566 | 5.0 |
| Consumer Loans | 4,292 | 3.9 |
| Other Loans | 1,761 | 1.5 |
| Less: Unearned Income | 0 | 0.0 |
| **Total Loans** | 111,202 | 100.0 |
| *Source: Reports of Condition and Income* | | |

Examiners did not identify any legal or financial impediments that would limit the bank's ability to meet the credit needs of the AA.

# DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more AAs within which examiners will evaluate its CRA performance. CSB has designated one AA consisting of all eleven CTs in Chippewa County, Wisconsin. Since the previous evaluation, management added one CT in Chippewa County (111). The AA includes contiguous, whole geographies, does not arbitrarily exclude any low- or moderate-income areas, and conforms to CRA regulatory requirements.

## Economic and Demographic Data

The table below summarizes demographic characteristics of the AA.

| Demographic Information of the AA | | | | | | |
|---|---|---|---|---|---|---|
| **Demographic Characteristics** | **#** | **Low % of #** | **Moderate % of #** | **Middle % of #** | **Upper % of #** | **NA* % of #** |
| Geographies (Census Tracts) | 11 | 0.0 | 18.2 | 72.7 | 9.1 | 0.0 |
| Population by Geography | 63,209 | 0.0 | 15.8 | 72.4 | 11.8 | 0.0 |
| Housing Units by Geography | 27,530 | 0.0 | 17.6 | 70.6 | 11.9 | 0.0 |
| Owner-Occupied Units by Geography | 18,024 | 0.0 | 13.2 | 74.0 | 12.8 | 0.0 |
| Occupied Rental Units by Geography | 6,849 | 0.0 | 27.8 | 59.8 | 12.3 | 0.0 |
| Vacant Units by Geography | 2,657 | 0.0 | 20.9 | 75.2 | 3.9 | 0.0 |
| Businesses by Geography | 3,917 | 0.0 | 17.0 | 73.2 | 9.7 | 0.0 |
| Farms by Geography | 444 | 0.0 | 13.5 | 80.2 | 6.3 | 0.0 |
| Family Distribution by Income Level | 16,726 | 19.2 | 19.8 | 24.6 | 36.4 | 0.0 |
| Household Distribution by Income Level | 24,873 | 21.8 | 16.3 | 19.7 | 42.2 | 0.0 |
| Median Family Income MSA - 20740 Eau Claire, WI MSA | | $66,688 | Median Housing Value | | | $146,464 |
| | | | Median Gross Rent | | | $703 |
| | | | Families Below Poverty Level | | | 7.0% |

*Sources: 2015 ACS and 2019 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.*

The table below provides 2020 and 2021 median family income and corresponding income levels used to analyze home mortgage lending activities under the Borrower Profile criterion.

| Eau Claire MSA Median Family Income Ranges | | | | |
|---|---|---|---|---|
| **Median Family Income** | **Low <50%** | **Moderate 50% to <80%** | **Middle 80% to <120%** | **Upper ≥120%** |
| 2020 ($76,700) | <$38,350 | $38,350 to <$61,360 | $61,360 to <$92,040 | ≥$92,040 |
| 2021 ($80,000) | <$40,000 | $40,000 to <$64,000 | $64,000 to <$96,000 | ≥$96,000 |
| *Source: FFIEC* | | | | |

The table below reflects the median home sale price in Chippewa County compared to the state of Wisconsin during the evaluation period.

| Median Home Sale Price | | |
|---|---|---|
| Year | Chippewa County ($) | State of Wisconsin ($) |
| 2016 | 154,000 | 164,000 |
| 2017 | 161,750 | 172,900 |
| 2018 | 171,000 | 184,500 |
| 2019 | 190,000 | 198,000 |
| 2020 | 209,450 | 220,000 |
| 2021 | 239,900 | 240,000 |
| *Source: Wisconsin Realtor's Association* | | |

The table below provides the annual unemployment rates for Chippewa County compared to the State of Wisconsin during the evaluation period.

| Annual Unemployment Rates | | |
|---|---|---|
| Year | Chippewa County (%) | State of Wisconsin (%) |
| 2016 | 4.1 | 3.9 |
| 2017 | 3.5 | 3.3 |
| 2018 | 3.3 | 3.0 |
| 2019 | 3.6 | 3.2 |
| 2020 | 6.3 | 6.3 |
| 2021 | 3.9 | 3.8 |
| *Source: U.S. Bureau of Labor Statistics* | | |

Chippewa County experienced several years of improved economic conditions; however, as the impacts of COVID-19 pandemic matured and community safety protocols were implemented, Chippewa County and statewide monthly unemployment rates moved up by almost 10 percentage points in April of 2020. According to data from the Wisconsin Department of Workforce Development, Chippewa County's unemployment rate at 13.3 percent, was slightly better than the statewide unemployment rate (14.1 percent) for April 2020 which corresponds with the start safety protocols to limit the spread of COVID-19 in communities across Wisconsin. Since April 2020, Chippewa County and statewide unemployment rates decreased between one to two percentage points monthly until stabilizing to pre-pandemic levels by January of 2021.

According to 2021 D&B data, 3,917 businesses operate within the AA, of which 81.4 percent reported gross annual revenue (GAR) of $1 million or less. In addition, 444 farms operate within the AA, of which, 97.5 percent reported GAR of $1 million or less. Approximately 87 percent of the businesses and farms that operate within the AA employ less than ten employees. According to the Wisconsin Department of Workforce Development, 64.7 percent of employment opportunities in the AA come from several major industries, including Education and Health Services; Manufacturing; and Trade, Transportation, and Utilities. Major employers in the AA include HSHS St Joseph's Hospital, TTM Technologies Inc., Chippewa Falls School District, and Cadott School District.

## Competition

CSB operates in a competitive bank environment. According to the June 30, 2021 Deposit Market Share Report compiled by the FDIC, 11 financial institution's maintain 21 offices in Chippewa County. One large local bank and one large national bank maintain approximately 53.1 percent of the deposit share. CSB ranks third with a deposit market share of approximately 10.4 percent. According to 2020 HMDA aggregate data, there were 5,414 HMDA loans originated in Chippewa County by 213 financial institutions. CSB ranked second among these lenders with 6.5 percent of HMDA volume. The top lender, a credit union, had more than four times the market share of CSB at 25.8 percent by number of originations.

## Community Contact(s)

According to a representative of an economic development organization in Chippewa County, the economy remains in good standing at this time. While the economy recovered well from the COVID-19 pandemic, uncertainties remain for what the future holds given the rise of inflation and interest rates in 2022. The representative indicated many businesses still have not reached pre-pandemic employment levels and have had difficulty obtaining workers, resulting in a reduction of operation hours and supply chain disruptions. Despite these challenges, businesses continue to grow in the area. According to the representative, the cost of housing fell slightly from its highs in 2022. However, housing costs remain relatively high as interest rates for mortgage loans also increased. The representative believes the primary credit need of the community is quality affordable housing.

According to the representative, there is healthy competition among financial institutions of all sizes in the area, including national, regional, and local financial institutions. As a result, families and businesses benefit from the ability to shop for the credit products and services specific to their wants and needs.

## Credit Needs

According to economic and demographic data, as well as community contact information, the primary credit need of the community appears to be affordable housing.

# SCOPE OF EVALUATION

## General Information

This evaluation covers the period from the prior evaluation, dated June 20, 2016, to the current evaluation. Examiners used the Interagency Small Institution Procedures to assess CSB's CRA performance. This includes evaluating the institution's CRA performance based on LTD ratio, AA concentration, geographic distribution, borrower profile, and response to CRA-related complaints.

## Activities Reviewed

Home mortgage, commercial, and farm loans continue to represent the bank's major product lines. Examiners made this determination in consideration of CSB's business strategy, as well as the number and dollar volume of loans originated during the evaluation period. As of June 30, 2022, home mortgage loans represented approximately 24.8 percent of the loan portfolio, commercial loans represented approximately 40.3 percent of the loan portfolio, and farm loans represented approximately 20.1 percent of the loan portfolio.

More specifically, examiners reviewed residential real estate loans recorded on the 2020 and 2021 Loan Application Registers reported under the Home Mortgage Disclosure Act (HMDA). The bank originated a significantly large volume of HMDA loans (425) in 2020 when compared to 2021 (229). The bank's HMDA volume is consistent with the overall peaking trend in home sales as reported by the Wisconsin Realtors Association in 2020. In Chippewa County, there were 891 homes sold in 2019, 1,014 homes sold in 2020, and 861 homes sold in 2021. The bank is a leader in home mortgage lending in Chippewa County, offering competitive rates and terms. Samples of small business and small farm loans originated in 2021 were also reviewed. The bank also participated in the Small Business Administration Paycheck Protection Program (PPP) in 2020, which contributed to the small business and farm loan increase in loan originations. Of the loans sampled in these credit segments, a large majority were PPP loans. With the exception of the noted trends, this lending activity is representative of the bank's lending performance throughout the evaluation period.

| Loan Products Reviewed | | | | |
|---|---|---|---|---|
| Loan Category | Universe | | Reviewed | |
| | # | $ (000s) | # | $ (000s) |
| Home Mortgage 2020 | 425 | 72,416 | 425 | 72,416 |
| Home Mortgage 2021 | 229 | 41,945 | 229 | 41,945 |
| Small Business 2021 | 157 | 16,352 | 51 | 5,601 |
| Small Farm 2021 | 76 | 5,977 | 42 | 4,786 |
| *Sources: 2020 and 2021 HMDA Loan Application Registers; Bank Data* | | | | |

Examiners placed more weight on home mortgage lending than small business and small farm lending. Furthermore, examiners placed more weight on small business lending than small farm lending. Examiners made this decision based on the number and dollar volume of loans extended in each category during the evaluation period, as well as business strategy.

Aggregate 2020 HMDA data and 2015 American Community Survey (ACS) census data provided a standard of comparison for the bank's home mortgage lending activity. The aggregate 2021 HMDA data is not yet available and therefore, was not used as a comparator. D&B data from 2021 provided a standard of comparison for the bank's small business and small farm lending activity.

# CONCLUSIONS ON PERFORMANCE CRITERIA

## LENDING TEST

CSB demonstrated reasonable performance under the Lending Test. The bank's performance under the LTD Ratio, AA Concentration, Geographic Distribution, and Borrower Profile criterion support this conclusion.

### Loan-to-Deposit Ratio

CSB's LTD ratio reflects reasonable performance given the institution's size and financial condition, as well as the credit needs within the AA. CSB's LTD ratio averaged 81.2 percent over the previous 24 quarters, with a high of 94.1 percent and a low of 65.5 percent. The ratio is comparable to that of similarly-situated financial institutions whose average LTD ratios ranged from 71.1 percent to 84.7 percent over the same period. Examiners selected these comparable financial institutions based on loan portfolio composition, asset size, and geographical location.

| Loan-to-Deposit Ratio Comparison | | |
|---|---|---|
| **Bank** | **Total Assets as of 3/31/2022 ($ 000s)** | **Average Net LTD Ratio (%)** |
| **Citizens State Bank** | **161,522** | **81.2** |
| Security State Bank | 131,597 | 84.7 |
| The First Bank of Baldwin | 244,562 | 77.4 |
| Partners Bank of Wisconsin | 259,389 | 79.8 |
| Sterling Bank | 327,789 | 71.1 |
| Waumandee State Bank | 331,553 | 84.5 |
| *Source: Reports of Condition and Income 6/30/2016 – 3/31/2022* | | |

### Assessment Area Concentration

CSB originated a majority of home mortgage, small business, and small farm loans within its AA.

| Lending Inside and Outside of the Assessment Area | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Loan Category** | **Number of Loans** | | | | **Total #** | **Dollar Amount of Loans $(000s)** | | | | **Total $(000s)** |
| | **Inside** | | **Outside** | | | **Inside** | | **Outside** | | |
| | **#** | **%** | **#** | **%** | | **$** | **%** | **$** | **%** | |
| Home Mortgage | | | | | | | | | | |
| 2020 | 324 | 76.2 | 101 | 23.8 | 425 | 53,293 | 73.6 | 19,123 | 26.4 | 72,416 |
| 2021 | 159 | 69.4 | 70 | 30.6 | 229 | 27,833 | 66.4 | 14,112 | 33.6 | 41,945 |
| **Subtotal** | **483** | **73.9** | **171** | **26.1** | **654** | **81,126** | **70.9** | **33,235** | **29.1** | **114,361** |
| Small Business | 38 | 74.5 | 13 | 25.5 | 51 | 4,653 | 83.1 | 948 | 16.9 | 5,601 |
| Small Farm | 31 | 73.8 | 11 | 26.2 | 42 | 3,081 | 64.4 | 1,705 | 35.6 | 4,786 |
| *Sources: 2020 and 2021 HMDA Reported Data; Bank Data;* | | | | | | | | | | |

## Geographic Distribution

The geographic distribution of home mortgage, small business, and small farm loans reflects reasonable dispersion throughout the AA.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the AA. The bank's performance in moderate-income CTs was consistent with the comparative factors in 2020 and 2021. The following table presents the bank's performance, as well as the percentage of owner-occupied housing units in the AA and aggregate data as a comparison.

| Geographic Distribution of Home Mortgage Loans | | | | | | |
|---|---|---|---|---|---|---|
| **Tract Income Level** | **% of Owner-Occupied Housing Units** | **Aggregate Performance % of #** | **#** | **%** | **$ (000s)** | **%** |
| Moderate | | | | | | |
| 2020 | 13.2 | 12.6 | 40 | 12.3 | 6,448 | 12.1 |
| 2021 | 13.2 | -- | 20 | 12.6 | 2,995 | 10.8 |
| Middle | | | | | | |
| 2020 | 74.0 | 72.2 | 229 | 70.7 | 36,122 | 67.8 |
| 2021 | 74.0 | -- | 120 | 75.5 | 20,965 | 75.3 |
| Upper | | | | | | |
| 2020 | 12.8 | 15.2 | 55 | 17.0 | 10,723 | 20.1 |
| 2021 | 12.8 | -- | 19 | 11.9 | 3,873 | 13.9 |
| **Totals** | | | | | | |
| **2020** | **100.0** | **100.0** | **324** | **100.0** | **53,293** | **100.0** |
| **2021** | **100.0** | **--** | **159** | **100.0** | **27,833** | **100.0** |
| *Sources: 2015 ACS; 2020 HMDA Aggregate Data; 2020 and 2021 HMDA Reported Data* | | | | | | |

Small Business Loans

The geographic distribution of small business loans reflects reasonable dispersion throughout the AA. As shown in the following table, the bank's small business originations was below the percentage of businesses in the moderate-income tract by slightly less than four percentage points.

| Geographic Distribution of Small Business Loans | | | | | |
|---|---|---|---|---|---|
| **Tract Income Level** | **% of Businesses** | **#** | **%** | **$ (000s)** | **%** |
| Moderate | 17.0 | 5 | 13.2 | 749 | 16.1 |
| Middle | 73.2 | 29 | 76.3 | 2,919 | 62.7 |
| Upper | 9.8 | 4 | 10.5 | 985 | 21.2 |
| **Total** | **100.0** | **38** | **100.0** | **4,653** | **100.0** |
| *Sources: 2021 D&B Data; Bank Data* | | | | | |

The distribution of small business loans in moderate-income CTs is comparable to demographic data and shows reasonable performance.

Small Farm

The geographic distribution of small farm loans reflects excellent dispersion throughout the AA. The bank's small farm lending performance exceeded the benchmark in the moderate-income CTs by more than nine percentage points, reflecting strong performance.

| Geographic Distribution of Small Farm Loans | | | | | |
|---|---|---|---|---|---|
| **Tract Income Level** | **% of Farms** | **#** | **%** | **$ (000s)** | **%** |
| Moderate | 13.5 | 7 | 22.6 | 1,073 | 34.8 |
| Middle | 80.2 | 23 | 74.2 | 1,848 | 60.0 |
| Upper | 6.3 | 1 | 3.2 | 160 | 5.2 |
| **Total** | **100.0** | **31** | **100.0** | **3,081** | **100.0** |
| *Sources: 2021 D&B Data; Bank Data* | | | | | |

## Borrower Profile

The distribution of home mortgage, small business, and small farm loans reflects reasonable penetration among individuals of different income levels, as well as businesses and farms of different sizes.

Home Mortgage

The distribution of home mortgage loans reflects reasonable penetration among individuals of different income levels.

CSB's distribution of home mortgage loans extended to low-income borrowers is slightly below expectations. Specifically, the 2020 segment performance was below aggregate data by 3 percentage points. In contrast, the bank's low-income segment performance in 2021 lagged the unadjusted segment demographic by 11 percentage points in 2021. However, after making the necessary adjustments for impoverished families in the low-income borrower segment benchmark, the bank's 2021 performance only trails by four percentage points, reflecting reasonable segment performance. The benchmark adjustment, which reduces it by seven percentage points, is necessary to reflect the practicalities of impoverished families. Families living below the poverty line generally lack the financial resources and stability to obtain a conventional mortgage loan absent substantial subsidies and normally would not qualify for a traditional mortgage loan.

The bank's moderate-income segment performance is consistent or slightly above expectations. CSB's distribution of home mortgage loans to moderate-income segment borrowers in 2020 exceeds the aggregate by a 10$^{th}$ of a percentage point. Segment performance in 2021 exceeds the demographic benchmark by a full percentage point.

The following table presents the bank's performance, as well as the percentage of owner-occupied housing units in the AA and aggregate data as comparisons.

| Distribution of Home Mortgage Loans by Borrower Income Level | | | | | | |
|---|---|---|---|---|---|---|
| **Borrower Income Level** | **% of Families** | **Aggregate Performance % of #** | **#** | **%** | **$ (000s)** | **%** |
| Low | | | | | | |
| 2020 | 19.2 | 8.4 | 17 | 5.2 | 1,403 | 2.6 |
| 2021 | 19.2 | -- | 13 | 8.2 | 912 | 3.3 |
| Moderate | | | | | | |
| 2020 | 19.8 | 20.9 | 68 | 21.0 | 8,771 | 16.5 |
| 2021 | 19.8 | -- | 33 | 20.8 | 4,618 | 16.6 |
| Middle | | | | | | |
| 2020 | 24.6 | 25.6 | 93 | 28.7 | 14,867 | 27.9 |
| 2021 | 24.6 | -- | 48 | 30.2 | 8,596 | 30.9 |
| Upper | | | | | | |
| 2020 | 36.4 | 34.2 | 136 | 42.0 | 26,565 | 49.8 |
| 2021 | 36.4 | -- | 57 | 35.8 | 12,455 | 44.7 |
| Not Available | | | | | | |
| 2020 | 0.0 | 11.0 | 10 | 3.1 | 1,687 | 3.2 |
| 2021 | 0.0 | -- | 8 | 5.0 | 1,252 | 4.5 |
| **Totals** | | | | | | |
| **2020** | **100.0** | **100.0** | **324** | **100.0** | **53,293** | **100.0** |
| **2021** | **100.0** | **100.0** | **159** | **100.0** | **27,833** | **100.0** |
| *Source 2015 ACS; 2020 HMDA Aggregate Data; 2020 and 2021 HMDA Reported Data* | | | | | | |

Small Business Loans

The distribution of small business loans reflects reasonable penetration among businesses with GARs of $1 million or less and is in line with benchmark expectations. The following table presents the bank's performance, as well as the D&B reported percentage of businesses in each revenue category.

| Distribution of Small Business Loans by Gross Annual Revenue Category | | | | | |
|---|---|---|---|---|---|
| **Gross Annual Revenue Level** | **% of Businesses** | **#** | **%** | **$ (000s)** | **%** |
| ≤ $1,000,000 | 81.4 | 31 | 81.6 | 3,858 | 82.9 |
| > $1,000,000 | 6.4 | 7 | 18.4 | 795 | 17.1 |
| Revenue Not Available | 12.2 | -- | -- | -- | -- |
| **Total** | **100.0** | **38** | **100.0** | **4,653** | **100.0** |
| *Source: 2021 D&B Data; Bank Data* | | | | | |

CSB's distribution of small business loans to businesses with GAR of $1 million or less is reflective of demographic data and is reasonable.

Included in the sample above are 11 loans totaling $340,009 originated under the Small Business Administration's Paycheck Protection Program. This assistance program was designed to help businesses keep their workforce employed during the COVID-19 pandemic, are forgivable under

specific Small Business Administration guidelines. The bank's participation in this program, as well as general small business lending activity, demonstrates CSB's willingness to assist small businesses in obtaining financing needed to establish and maintain operations, as well as address the aftermath of the pandemic.

Small Farm Loans

The distribution of small farm loans reflects reasonable penetration among farms with GARs of $1 million or less. The following table presents the bank's performance, as well as the percentage of farms in each revenue category to serve as a comparison.

| Distribution of Small Farm Loans by Gross Annual Revenue Category | | | | | |
|---|---|---|---|---|---|
| **Gross Annual Revenue Level** | **% of Farms** | **#** | **%** | **$ (000s)** | **%** |
| ≤ $1,000,000 | 97.5 | 31 | 100.0 | 3,081 | 100.0 |
| > $1,000,000 | 2.3 | -- | -- | -- | -- |
| Revenue Not Available | 0.2 | -- | -- | -- | -- |
| **Total** | **100.0** | **31** | **100.0** | **3,081** | **100.0** |
| *Source: 2021 D&B Data; Bank Data* | | | | | |

CSB's distribution of small farm loans to farms with GAR of $1 million or less exceeds D&B data, reflecting performance slightly above expectations.

**Response to Complaints**

CSB has not received any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the rating.

## DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Examiners did not identify any evidence of substantive discriminatory or other illegal credit practices inconsistent with helping meet community credit needs; therefore, this consideration did not affect the institution's overall CRA rating.

# 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.

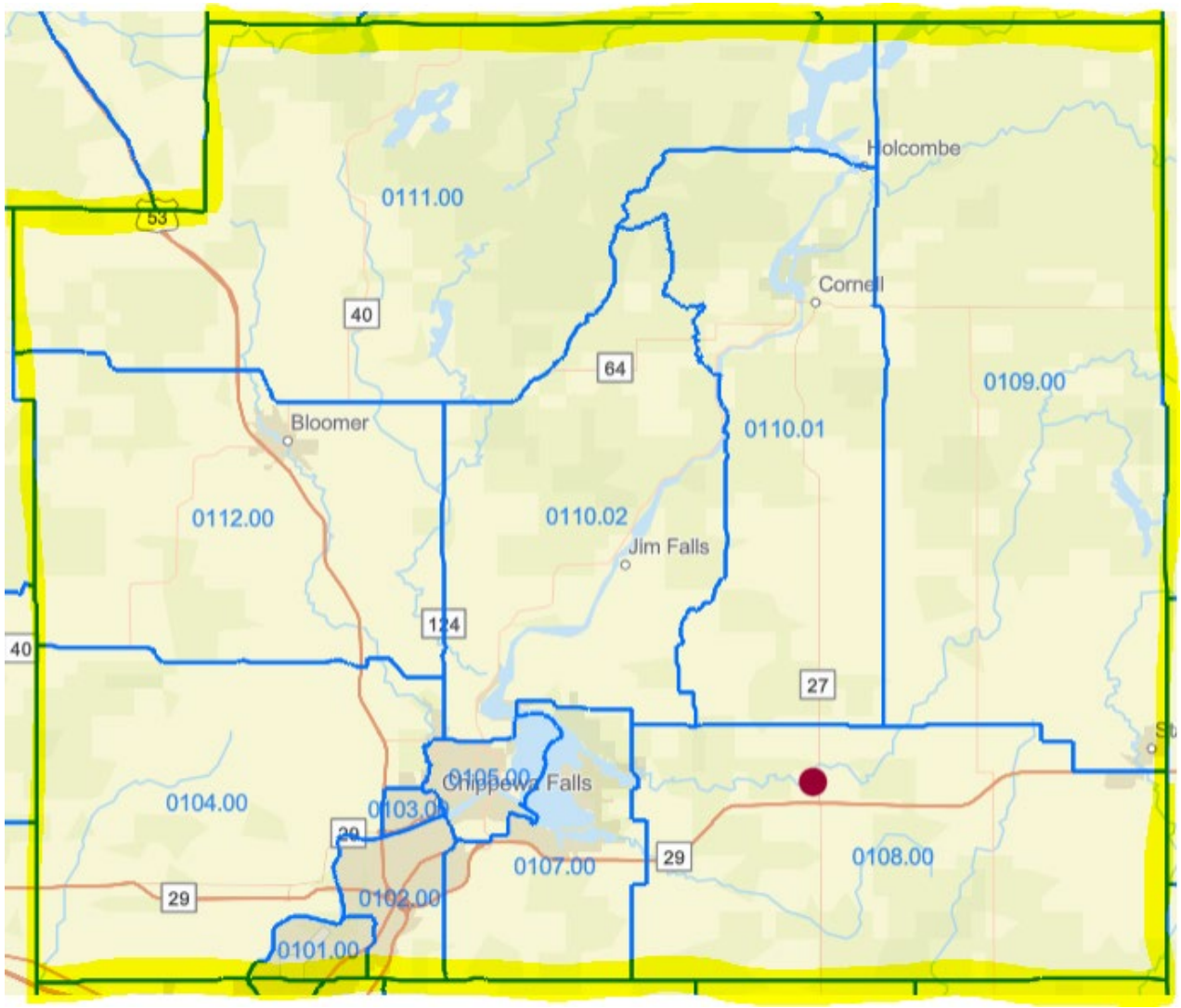
**Upper-Income:** Individual income that is 120 percent or more of the area median income, or a median family income that is 120 percent or more in the case of a geography.

**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).

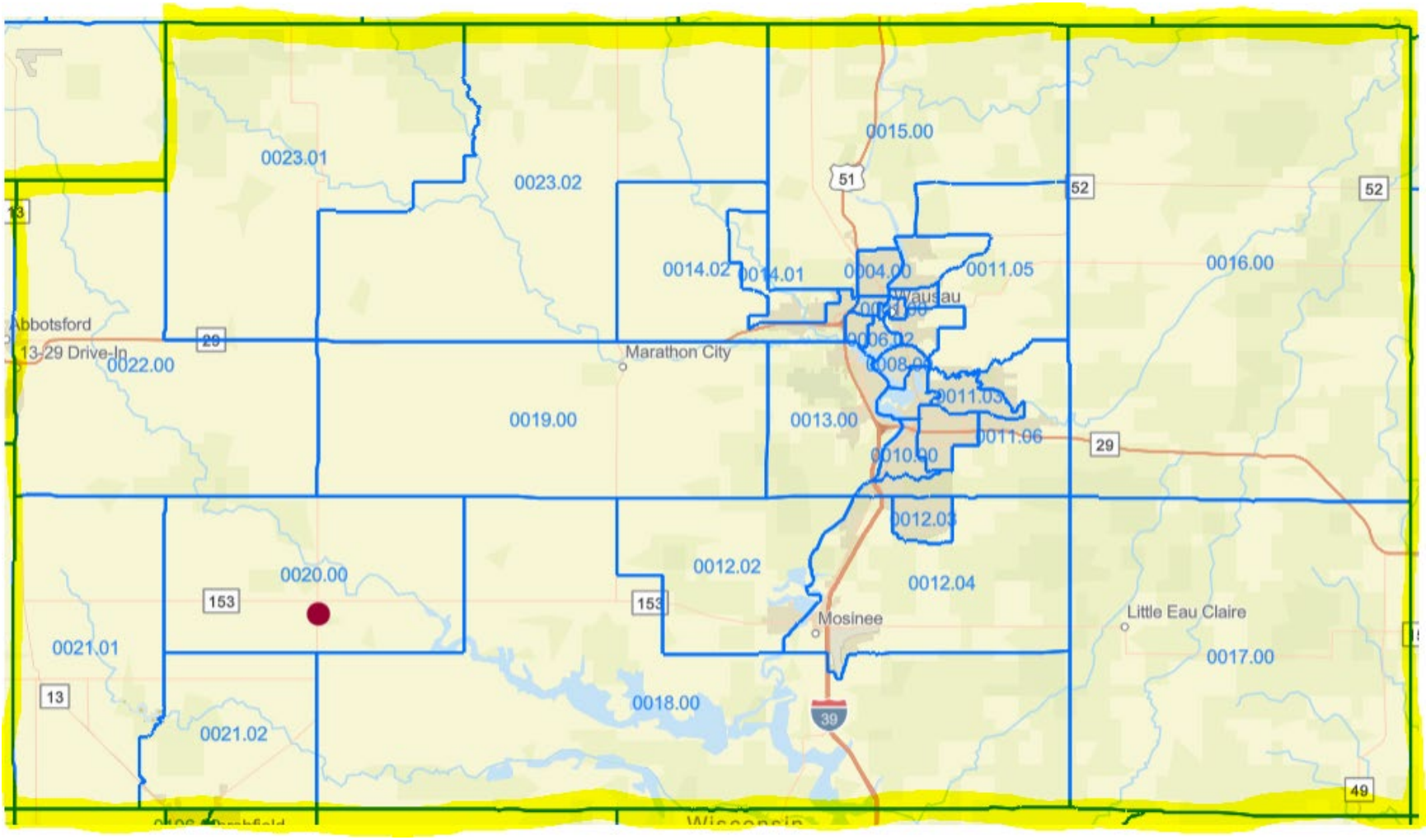
"Urban" excludes the rural portions of "extended cities"; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.

**Citizens State Bank Assessment Area Maps – Year 2024**

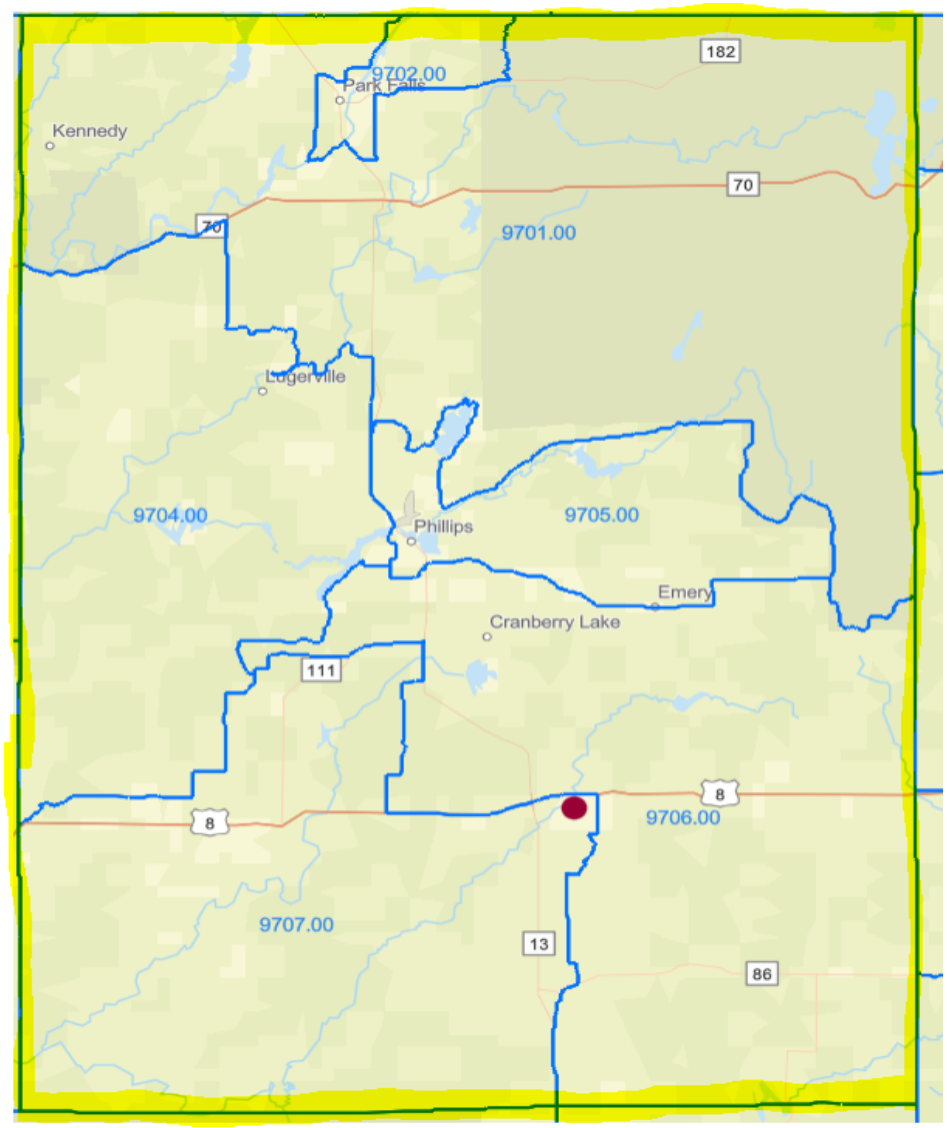
**Citizens State Bank's Assessment Area includes all of Chippewa County, Marathon County and Price County.**




**Chippewa County**




**Marathon County**




**Price County**




The following is a list of Citizens State Bank branch offices opened or closed in 2023, 2022 and 2021.

Opened

Stanley Office of Citizens State Bank
118 N Broadway Street
Stanley, WI 54768
Census Tract 109
Open Date: October 1, 2021

Prentice Office of Citizens State Bank
450 Center Street
Prentice, WI 54556
Census Tract 9707
Open Date: May 8, 2023

Stratford Office of Citizens State Bank
212001 WI-97
Stratford, WI 54484
Census Tract 0020
Open Date: May 8, 2023

Closed

None

community owned, community focused

CITIZENS STATE BANK

Member FDIC

EQUAL HOUSING LENDER

# DESCRIPTION OF THE ASSESSMENT AREA

The assessment area of Citizens State Bank is designated as "All of Chippewa, Marathon and Price Counties". Boundaries of the area are shown on the attached map.

Census tracts included in Citizens State Bank's assessment area are as follows:

**Chippewa County**

0101.00, 0.102.00, 0103.00, 0104.00, 0105.00, 0107.00, 0108.00, 0109.00, 0110.01, 0110.02, 0111.00 and 0112.00.

**Marathon County**

0001.00, 0002.00, 0003.00, 0004.00, 0005.00, 0006.01, 0006.02, 0007.00, 0008.00, 0009.00, 0010.00, 0011.03, 0011.04, 0011.05, 0011.06, 0012.02, 0012.03, 0012.04, 0013.00, 0014.02, 0014.01, 0015.00, 0016.00, .0017.00, .0018.00, 0019.00, 0020.00, 0022.00, 0021.01, 0021.02, 0023.01, 0023.02

**Price County**

9701.00, 9702.00, 9704.00, 9705.00, 9706.00, 9707.00

community owned, community focused

CITIZENS STATE BANK

Member FDIC

EQUAL HOUSING LENDER

# Home Mortgage Disclosure Act Notice

The HMDA data about our residential mortgage lending is available online for review. The data shows geographic distribution of loans and applications; ethnicity, race, sex, age, and income of applicants and borrowers; and information about loan approvals and denials. HMDA data for many other financial institutions is also available online. For more information, visit the Consumer Financial Protection Bureau's Web site (www.consumerfinance.gov/hmda).

community owned, community focused

# CITIZENS STATE BANK

Member FDIC

EQUAL HOUSING LENDER

## Cadott Main

**Monday – Friday**

Lobby 8:00 a.m. – 4:00 p.m.

Walk-Up 7:30 a.m. – 8:00 a.m.

**Saturday**

Closed

## Cadott Drive-Up

**Monday-Thursday**

8:00 a.m. – 5:00 p.m.

**Friday**

8:00 a.m. – 6:00 p.m.

**Saturday**

9:00a.m. – 12:00 p.m.

## Chippewa Falls & Stanley

**Monday – Friday**

Lobby 9:00 a.m. – 4:00 p.m.

Drive-Up 8:00 a.m. – 5:00 p.m.

**Saturday**

Closed

## Lake Wissota, Cornell, Prentice, Stratford

**Monday – Friday**

Lobby 9:00 a.m. – 4:00 p.m.

Drive-Up 8:00 a.m. – 5:00 p.m.

**Saturday**

Drive-Up 9:00a.m. – 12:00 a.m.

community owned, community focused

CITIZENS STATE BANK

Member FDIC

EQUAL HOUSING LENDER

# LOCATIONS

Main Office

304 North Main Street
P.O. Box 66
Cadott, WI 54727
Census Tract 108

BRANCHES

Eagle Point Office
15036 County Hwy S
Chippewa Falls, WI 54729
Corner of Highways 178 and CTY S
On the north side of Chippewa Falls
Census Tract 110

Cornell Office
221 Bridge Street
Cornell, WI 54732
Intersection of HWY 64 and HWY 27
In Cornell, WI
Census Tract 110

Lake Wissota Office
17153 County Hwy J
Chippewa Falls, WI 54729
Intersection of CTY HWY J and CTY X
In the Lake Wissota area
Census Tract 107

Stanley Office
118 North Broadway Street
Stanley, WI 54768
Corner of Broadway and E. 2nd Avenue
In Stanley, WI
Census Tract 109

Cadott Drive-Up
505 S. Main Street
Cadott, WI 54727
Corner of Highway 27 and S. Main Street in Cadott, WI
Census Tract 108

Prentice Office
450 Center Street
Prentice, WI 54556
Between Railroad Ave & Dr Mackinnon Pkwy. In Prentice, WI
Census Tract 9707.00

Stratford
212001 State Highway 97
Stratford, WI 54484
Corner of State Highway 97 and Reflection Street in Stratford, WI
Census Tract 0020.00

All loan products are available at all locations. ATM services are available at the Lake Wissota Office, Cornell Office, Stanley Office and Cadott [Drive-up] locations only. Safe deposit box rental available at the Cadott Main Office, Lake Wissota Office, Eagle Point Office, Prentice Office and Stratford Offices only. Serving all census tracts located in Chippewa, Marathon and Price Counties.

community owned, community focused

# CITIZENS STATE BANK

Member FDIC

EQUAL HOUSING LENDER

## LOAN PRODUCTS

Residential One-Four Family Units (Fixed and Variable Rates)
Home Improvement Loans
Home Equity Lines of Credit
Small Business Loans
SBA Guarantee Loans
Farm Loans
Commercial Loans
Consumer Loans

## DEPOSIT PRODUCTS and SERVICES

CSB Blue Checking Account
CSB Preferred 55 Checking Account
CSB Premium Checking Account
Christmas Club Account
Young Citizens Savings Account
Statement Savings Account
Money Market Deposit Account
Citizens Savers IRA
Certificates of Deposit-terms ranging from 91 days to 84 months – IRA Eligible
Health Savings Accounts

Internet Banking
Bill pay-Consumer and Business
Electronic Statements
Mobile Banking with Remote Deposit Capture
Telephone Banking
ACH payments
ACH Origination
Overdraft Transfer Service
ATM
Safe Deposit Box Rental
Debit Cards
Credit Cards
Wire Transfers

All loan products are available at all locations. ATM services are available at the Cornell Office, Lake Wissota Office, Cadott [Drive-up] and Stanley locations only. Safe deposit box rental available at the Cadott Main Office, Lake Wissota Office, Eagle Point Office, Prentice Office and Stratford Office only.



community owned, community focused

CITIZENS STATE BANK

Member FDIC

EQUAL HOUSING LENDER

# LOAN-TO-DEPOSIT RATIO
# 2023

| | | |
|---|---|---|
| FIRST QUARTER | NET LOAN TO DEPOSIT RATIO AS OF 3-31-23 | 81.53% |
| | SERVICED LOANS TO DEPOSIT RATIO AS OF 3-31-23 | 156.33% |
| SECOND QUARTER | NET LOAN TO DEPOSIT RATIO AS OF 6-30-23 | 89.14% |
| | SERVICED LOANS TO DEPOSIT RATIO AS OF 6-30-23 | 185.87% |
| THIRD QUARTER | LOAN TO DEPOSIT RATIO AS OF 9-30-23 | 93.59% |
| | SERVICED LOANS TO DEPOSIT RATIO AS OF 9-30-23 | 182.35% |
| FORTH QUARTER | LOAN TO DEPOSIT RATIO AS OF 12-31-23 | 93.22% |
| | SERVICED LOANS TO DEPOSIT RATIO AS OF 12-31-23 | 182.06% |

It is this bank's policy to attempt to maintain a Loans-To-Total Funding Source Ratio of up to 85%

**CITIZENS STATE BANK** **Member FDIC**

## SCHEDULE OF FEES

**THE REVISED FEES SHOWN ARE EFFECTIVE 12/14/2022**

| **Special Bank Services:** | **Customer** | **Non Customer** | |
|---|---|---|---|
| Account Research Per Hour | $60.00 | $60.00 | |
| Cashier's Check | No charge | Customer Only | |
| Check Cashing | No charge | $5.00 | |
| Check Images Fee Per Monthly Cycle | $5.00 | Customer Only | |
| Checking Account Reconcilement - Hourly | $25.00 | n/a | |
| Closing Account [within 90 days of opening] | $15.00 | n/a | |
| Coin Counting | No charge | No charge | |
| Currency Straps/Coin [Exchange per strap/roll] Business account only | $0.10 | $0.50 | |
| Collection Item - Incoming & Outgoing | $25.00 | $25.00 | |
| Copies / Photocopies | $0.50 | $0.50 | |
| Copy of Paid Check | $2.00 | n/a | |
| Copy of Previous Statement | $5.00 | n/a | |
| Counter Business Deposit Slips Per Book | $10.00 | n/a | |
| Debit Card-lost card only | $15.00 | n/a | |
| Duplicate 1098/1099 | $5.00 | n/a | |
| Fax Per Page - Domestic Only | $3.00 | $3.00 | |
| Garnishment | $100.00 | n/a | |
| Inactive Account: | $3.00 | n/a | |
| [Excludes Young Citizens Savings Accounts, per statement cycle] | | | |
| Levy | $100.00 | n/a | |
| Night Deposit Bags - Zipper | Complimentary | Customer Only | |
| Night Deposit Bags - Locked | $25.00 | Customer Only | |
| Overdraft Transfer Fee | $6.00 | Customer Only | |
| Paid NSF Item Fee* | $35.00 | n/a | |
| Post Dated Check Notice Fee | $25.00 | n/a | |
| Returned NSF Fee* | $35.00 | n/a | |
| Returned Item Fee | $15.00 | n/a | |
| Safe Deposit Box 2"x5" | $25.00 | n/a | |
| Safe Deposit Box 3"x5" | $25.00 | n/a | |
| Safe Deposit Box 4"x5" | $30.00 | n/a | |
| Safe Deposit Box 5"x5" | $35.00 | n/a | |
| Safe Deposit Box 3"x10" | $40.00 | n/a | |
| Safe Deposit Box 4"x10" | $50.00 | n/a | |
| Safe Deposit Box 5"x10" | $60.00 | n/a | |
| Safe Deposit Box 10"x10" | $75.00 | n/a | |
| Safe Deposit Box Replacement Key | $25.00 | n/a | |
| Safe Deposit Box Drilling & Re-Keying | $250.00 | n/a | |
| Statement Fee per Paper Statement | $2.00 | n/a | |
| Stop Item Charge | $30.00 | n/a | |
| Wire Transfer Fee- [Incoming, Outgoing & Repetitive] | $20.00 | $60.00 | |
| Wire Transfer Fee - [International] | $60.00 | Customer Only | |

*Paid NSF Item Fee(s) or Returned NSF Fee(s) will be assessed per item each time it is presented so, you may incur multiple NSF fees for the same return item. An NSF Fee can be imposed on transactions that overdraw an account created by check and by automated clearing house items.