PUBLIC DISCLOSURE

September 22, 2025

COMMUNITY REINVESTMENT ACT

PERFORMANCE EVALUATION

Citizens State Bank
RSSD# 356752

32500 Woodward Avenue
Royal Oak, Michigan 48073

Federal Reserve Bank of Chicago

230 South LaSalle Street
Chicago, Illinois 60604-1413

NOTE: This document is an evaluation of this bank's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the bank. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this bank. The rating assigned to this bank does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial bank.

TABLE OF CONTENTS

PERFORMANCE EVALUATION **2**

SCOPE OF EXAMINATION **2**

DESCRIPTION OF INSTITUTION **3**

DESCRIPTION OF ASSESSMENT AREAS **4**

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA **5**

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW **6**

DETROIT-WARREN-DEARBORN, MI MSA – FULL REVIEW **7**

DESCRIPTION OF INSTITUTION'S OPERATIONS IN DETROIT-WARREN-DEARBORN, MI MSA 7

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN DETROIT-WARREN-DEARBORN, MI MSA 12

DESCRIPTION OF INSTITUTION'S OPERATIONS IN NON-MSA MICHIGAN 15

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN NON-MSA MICHIGAN 17

APPENDIX A – MAPS OF ASSESSMENT AREA **19**

APPENDIX B – SCOPE OF EXAMINATION **20**

APPENDIX C – GLOSSARY **21**

BANK'S CRA RATING

Citizens State Bank is rated Satisfactory.

Citizens State Bank is meeting the credit needs of its assessment area based on an analysis of the bank's lending activities and information obtained from community representatives. The bank's average loan-to-deposit (LTD) ratio is reasonable given the bank's size, financial condition, and assessment area credit needs. A substantial majority of the bank's loans were originated in the assessment area. The geographic distribution of loans reflects a reasonable dispersion throughout the assessment area and lending activity reflects excellent penetration among borrowers of different income levels. Neither Citizens State Bank nor the Federal Reserve Bank of Chicago have received any complaints related to the Community Reinvestment Act (CRA) since the previous evaluation.

SCOPE OF EXAMINATION

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

Citizens State Bank delineates two assessment areas, including the Detroit-Warren-Dearborn, MI Metropolitan Statistical Area (MSA) #19820 (Detroit-Warren-Deaborn, MI MSA) and the Non-MSA Michigan assessment area, which includes Ontonagon County, in its entirety. The evaluation included a full-scope review of the Detroit-Warren-Dearborn, MI MSA #19820 and a limited scope-review of the Non-MSA Michigan (Ontonagon County) assessment area. The Non-MSA Michigan received a limited scope review due to the bank's limited deposit market share and volume of lending. Performance within the limited review assessment area was evaluated for consistency with the bank's performance in the Detroit-Warren-Deaborn, MI MSA full scope review assessment area, and did not affect the bank's overall level of performance.

The level of performance within the assessment area was assessed based on a sample of home mortgage loans originated during the period beginning January 1, 2024, and ending December 31, 2024. Residential real estate lending is the bank's second primary business line, behind commercial lending, based on volume by number and dollar amount.

Performance within the designated assessment areas was evaluated using small bank examination procedures based on the following performance criteria:

- ***Loan-to-Deposit Ratio*** – A 17 quarter average loan-to-deposit ratio was calculated for the bank and compared to a sample of local competitors.

- ***Lending in the Assessment Area*** – A sample of the bank's home mortgage loans originated from January 1, 2024, through December 31, 2024, was reviewed to determine the percentage of loans originated within the assessment area.

- ***Geographic Distribution of Lending in the Assessment Area*** – A sample of the bank's home mortgage loans originated within the assessment area, from January 1, 2024, through December 31, 2024, were analyzed to determine the extent to which the bank is making loans in geographies of different income levels, particularly those designated as low- and moderate-income.

- ***Lending to Borrowers of Different Income*** – A sample of the bank's home mortgage loans originated within the assessment area, from January 1, 2024, through December 31, 2024, was reviewed to determine the distribution among borrowers of different income levels, particularly those considered low- or moderate-income.

- ***Response to Substantiated Complaints*** – Complaints were reviewed to determine if any were related to the bank's record of helping to meet community credit needs and its responses to any received were evaluated for appropriateness.

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

DESCRIPTION OF INSTITUTION

Citizens State Bank (CSB) is an intrastate, small community bank, and is a wholly owned subsidiary of Citizens Bancshares, Inc., both headquartered in Royal Oak, Michigan. The bank operates within two assessment areas. First, the Detroit-Warren-Dearborn, MI MSA #19820 assessment area includes Macomb, Oakland, and Wayne counties, in their entireties. The Detroit-Warren-Dearborn, MI MSA assessment area contains the bank's main office with one full-service automated teller machine (ATM) located in a middle-income census tract in Royal Oak, Michigan, as well as a branch office with no ATM located in an upper-income census tract in Farmington Hills, Michigan. The second assessment area includes the Non-MSA Michigan assessment area, which consists of Ontonagon County, in its entirety. The Non-MSA Michigan assessment area has one branch office with one cash-only ATM located in a middle-income census tract in Ontonagon, Michigan. Since the previous evaluation, Citizens State Bank opened its main office with one full-service ATM in Royal Oak, Michigan on October 4, 2021, and a branch in Farmington Hills, Michigan on August 4, 2025.

According to the Uniform Bank Performance Report (UBPR), Citizens State Bank reported total assets of $411.7 million as of June 30, 2025. While the bank is primarily a commercial lender, representing 73.4 percent of the loan portfolio, it also offers a range of residential real estate and consumer loan products. Citizens State Bank maintains a website (www.micsb.com), which provides information on loan and deposit products, as well as access to basic online banking capabilities, online bill-pay, and mobile deposit. Further, individuals may submit mortgage loan and refinance applications, as well as auto, boat, and personal loan applications online through the bank's website. Details of the allocation of the bank's loan portfolio are provided in the following table.

Composition of Loan Portfolio as of **June 30, 2025** (000's)		
Type	$	%
Agriculture	0	0.0
Commercial	215,615	73.4
Residential Real Estate	44,811	15.3
Consumer	33,414	11.4
Other	78	0.0
Total	293,918	100.0
Note: Percentages may not total 100.0 percent due to rounding.		

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

The bank was rated Satisfactory under the CRA at its previous evaluation conducted on June 21, 2021.

DESCRIPTION OF ASSESSMENT AREAS

Citizens State Bank maintains two assessment areas. The Detroit-Warren-Dearborn MI MSA #19820 delineates the Detroit-Dearborn-Livonia, MI Metropolitan Division (MD), in its entirety (Wayne County), and part of the Warren-Troy-Farmington Hills, MI MD (Macomb and Oakland counties). This assessment area is comprised of 1,221 census tracts, of which 120 are low-income, 311 are moderate-income, 345 are middle-income, 362 are upper-income, and 83 are unknown-income census tracts. The Non-MSA Michigan assessment area includes Ontonagon County, in its entirety. Ontonagon County is comprised of four census tracts, one is moderate-income, two are middle-income, and one is unknown-income. The unknown income census tract contains a portion of Lake Superior. There are two census tracts designated as distressed or underserved due to unemployment, population loss, and remote rural location. Since the previous evaluation, the bank's added the Detroit-Warren-Dearborn, MI MSA assessment area, as a result of opening its main office in Royal Oak, Michigan. Maps of the combined assessment areas are available in Appendix A of this performance evaluation.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

Citizens State Bank's loan-to-deposit (LTD) ratio is reasonable given the bank's size, financial condition, and credit needs of its assessment area. As of June 30, 2025, the bank's LTD ratio averaged 67.1 percent over a 17-quarter period, beginning June 30, 2021. The bank's performance represents a 132.2 percent increase in the bank's LTD ratio since the previous examination, when the bank reported a 28.9 percent LTD ratio over a 19-quarter period. Similarly situated competitors were selected based on asset size, branching location, and market share within or near the bank's assessment area. The following table compares the bank's LTD ratio to local competitors of similar size and complexity.

Comparative Loan-to-Deposit Ratios	
Institution	**Loan-to-Deposit Ratio (%)**
	17 – Quarter Average
Citizens State Bank	67.1
Peer Average - Local	75.1
Competitors	
First Independence Bank	70.4
Oxford Bank	71.4
Tri-County Bank	77.2
First Community Bank	81.4
Huron Valley State Bank	76.2
Mi Bank	81.2
Miners State Bank	67.7

Assessment Area Concentration

A substantial majority of loans were originated inside the assessment area. During the evaluation period, Citizens State Bank originated 91.2 percent of total home mortgage loans by count and 98.3 percent of loans by dollar amount inside the assessment areas. This is an increase from the previous evaluation when the bank originated 84.2 percent by count and 76.7 by dollar amount. The percentage of home mortgage loans within the assessment area indicates that the bank is actively serving the credit needs of its community.

The following table summarizes Citizens State Bank's lending inside and outside its combined assessment area for home mortgage loans from January 1, 2024, to December 31, 2024.

Lending Inside and Outside the Assessment Area								
Loan Type	**Inside**				**Outside**			
	#	%	$(000s)	%	#	%	$(000s)	%
Home Mortgage Loans	52	91.2	24,196	98.3	5	8.8	413	1.7
Total Home Mortgage Loans	**52**	**91.2**	**24,196**	**98.3**	**5**	**8.8**	**413**	**1.7**
Total Loans	**52**	**91.2**	**24,196**	**98.3**	**5**	**8.8**	**413**	**1.7**

Geographic and Borrower Distribution

The bank's geographic distribution of home mortgage loans reflects reasonable dispersion throughout the assessment areas. In addition, the borrower distribution reflects excellent penetration among borrowers of different incomes. Additional information regarding the bank's geographic and borrower distribution is found within the respective assessment area sections below.

Response to Complaints

Neither the bank nor this Reserve Bank has received any CRA-related complaints since the previous examination.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

DETROIT-WARREN-DEARBORN, MI MSA – FULL REVIEW

SCOPE OF EXAMINATION

Full scope examination procedures were used to evaluate the bank's performance in the Detroit-Warren-Dearborn, MI MSA assessment area. The scope of the examination is consistent with that which was defined for the entire review. Please refer to the more detailed description of the scope contained in the introduction section.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN DETROIT-WARREN-DEARBORN, MI MSA

The Detroit-Warren-Dearborn, MI MSA assessment area includes Macomb, Oakland, and Wayne counties, in their entireties. Within the bank's assessment area, 35.3 percent of census tracts are designated as low- or moderate-income. Citizens State Bank operates its main office with one full-service ATM (middle-income census tract) and one branch office with no ATM (upper-income census tract) in Oakland County. Since the previous evaluation, the bank opened its main office and full-service ATM in Royal Oak, Michigan on October 4, 2021, and an additional branch office in Farmington Hills, Michigan on August 4, 2025.

According to the June 30, 2024, FDIC Deposit Market Share Report, Citizens State Bank is ranked 20th out of 38 FDIC-insured financial institutions operating within the assessment area. The bank, which operates two branch offices, held $201.3 million in deposits, representing 0.1 percent of the total deposit market share. In comparison, the first and second ranked institutions include J.P. Morgan Chase Bank, N.A. and Comerica Bank, with 25.3 percent and 18.5 percent deposit market shares, respectively.

Additional demographic information for the Detroit-Warren-Dearborn, MI MSA assessment area is provided in the following table.

2024 Detroit-Warren-Dearborn, MI MSA 19820 AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	120	9.8	66,015	6.9	23,871	36.2	210,594	21.9
Moderate	311	25.5	224,203	23.3	38,616	17.2	161,000	16.7
Middle	345	28.3	306,636	31.8	22,582	7.4	189,011	19.6
Upper	362	29.6	360,105	37.4	11,639	3.2	402,420	41.8
Unknown	83	6.8	6,066	0.6	2,470	40.7	0	0.0
Total AA	**1,221**	**100.0**	**963,025**	**100.0**	**99,178**	**10.3**	**963,025**	**100.0**
	Housing Units by Tract	**Housing Type by Tract**						
		Owner-occupied			**Rental**		**Vacant**	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	164,526	49,092	4.6	29.8	79,751	48.5	35,683	21.7
Moderate	455,479	221,204	20.9	48.6	168,914	37.1	65,361	14.3
Middle	530,687	350,739	33.2	66.1	145,215	27.4	34,733	6.5
Upper	552,778	429,799	40.7	77.8	94,076	17.0	28,903	5.2
Unknown	21,262	5,399	0.5	25.4	9,598	45.1	6,265	29.5
Total AA	**1,724,732**	**1,056,233**	**100.0**	**61.2**	**497,554**	**28.8**	**170,945**	**9.9**
	Total Businesses by Tract		**Businesses by Tract & Revenue Size**					
			Less Than or = $1 Million		**Over $1 Million**		**Revenue Not Reported**	
	#	%	#	%	#	%	#	%
Low	12,837	7.0	11,579	6.9	1,182	8.2	76	5.7
Moderate	40,084	22.0	36,806	22.1	3,046	21.2	232	17.4
Middle	54,541	29.9	50,188	30.1	3,972	27.7	381	28.6
Upper	70,765	38.8	64,891	38.9	5,276	36.7	598	45.0
Unknown	4,164	2.3	3,232	1.9	889	6.2	43	3.2
Total AA	**182,391**	**100.0**	**166,696**	**100.0**	**14,365**	**100.0**	**1,330**	**100.0**
Percentage of Total Businesses:				**91.4**		**7.9**		**0.7**
	Total Farms by Tract		**Farms by Tract & Revenue Size**					
			Less Than or = $1 Million		**Over $1 Million**		**Revenue Not Reported**	
	#	%	#	%	#	%	#	%
Low	36	4.6	35	4.6	1	3.7	0	0.0
Moderate	121	15.4	118	15.5	3	11.1	0	0.0
Middle	274	34.8	265	34.9	9	33.3	0	0.0
Upper	348	44.2	335	44.1	13	48.1	0	0.0
Unknown	8	1.0	7	0.9	1	3.7	0	0.0
Total AA	**787**	**100.0**	**760**	**100.0**	**27**	**100.0**	**0**	**0.0**
Percentage of Total Farms:				**96.6**		**3.4**		**0.0**

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

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

Population Characteristics

According to the U.S. Census Bureau, the population in the assessment area is relatively stable, experiencing a 2.2 percent increase from 2015 to 2020. This growth is slightly higher than the state of Michigan's population increase of 1.8 percent. When comparing the assessment area by county, Macomb and Oakland counties experienced increases of 3.1 percent and 3.7 percent, respectively; while Wayne County experienced a subtle increase of 0.8 percent. A community representative indicated that Oakland County's stronger population growth is attributable to its education systems and a job market that has traditionally and consistently fared better than the state of Michigan. The following table presents the population trends for the assessment area, the counties that comprise the assessment area, the Warren-Troy-Farmington Hills, MI MD, and the state of Michigan from 2015 to 2020.

Population Change			
Area	**2015 Population**	**2020 Population**	**Percent Change (%)**
2024 Detroit-Warren-Dearborn, MI MSA 19820	3,863,161	3,949,173	2.2
Macomb County, MI	854,689	881,217	3.1
Oakland County, MI	1,229,503	1,274,395	3.7
Wayne County, MI	1,778,969	1,793,561	0.8
Warren-Troy-Farmington Hills, MI MD	2,517,447	2,598,480	3.2
Michigan	9,900,571	10,077,331	1.8
Source: 2011-2015 U.S. Census Bureau American Community Survey *2020 U.S. Census Bureau Decennial Census*			

Income Characteristics

According to the U.S. Census Bureau, the assessment area is comprised of 963,025 families with 21.9 percent of families designated as low-income, 16.7 percent as moderate-income, 19.6 percent as middle-income, and 41.8 percent as upper-income. Families living below the poverty level within the assessment area account for 10.3 percent, which is above the state of Michigan's poverty rate of 9.2 percent.

According to the American Community Survey (ACS), the assessment area had a median family income (MFI) of $80,303, which is above the MFI for the state of Michigan at $75,470. This figure represents an increase in MFI of 10.7 percent from 2015 to 2020, which is consistent with the state of Michigan's increase of 11.0 percent over the same period. When looking at the county level, both Oakland and Wayne counties experienced similar increases in MFI, of 11.3 percent and 10.9

percent, respectively. Additionally, Macomb County saw a smaller increase in MFI of 8.5 percent, which is below the state of Michigan. The following table presents the MFI trends for the assessment area, the counties that comprise the assessment area, the Warren-Troy-Farmington Hills, MI MD, and the state of Michigan from 2015 to 2020.

Median Family Income Change			
Area	2015 Median Family Income ($)	2020 Median Family Income ($)	Percent Change (%)
2024 Detroit-Warren-Dearborn, MI MSA 19820	72,555	80,303	10.7
Macomb County, MI	74,060	80,371	8.5
Oakland County, MI	95,290	106,060	11.3
Wayne County, MI	57,615	63,896	10.9
Warren-Troy-Farmington Hills, MI MD	83,843	92,419	10.2
Michigan	68,010	75,470	11.0
Source: 2011 - 2015 U.S. Census Bureau American Community Survey *2016 - 2020 U.S. Census Bureau American Community Survey* *Median Family Incomes have been inflation-adjusted and are expressed in 2020 dollars.*			

Housing Characteristics

According to the 2020 U.S. Census Bureau, there are a total of 1,724,732 housing units in the assessment area. The majority of housing units are owner-occupied at 61.2 percent, while 28.9 percent are rental units and 9.9 percent are vacant. A community representative emphasized that although Oakland County has invested in almost 1,100 affordable housing units, there is still a significant demand and need for affordable housing, as all affordable properties have waitlists.

The following table presents housing cost burden data within the assessment area, the counties that comprise the assessment area, the Warren-Troy-Farmington Hills, MI MD, and the state of Michigan. A resident is considered housing cost burdened when they spend 30.0 percent or more of their income on housing costs. When a resident is experiencing housing cost burden, it may limit their ability to spend their remaining income on other essential needs such as transportation, food, health care, and childcare, or increasing the risk of debt. As evidenced in the table, 43.3 percent of all renters in the assessment area are considered housing cost burdened. Of the cost burdened renters, 76.4 percent are low-income, and 38.9 percent are moderate-income. For homeowners, 19.1 percent are experiencing housing cost burden within the assessment area; however, similar to renters, the majority are low- and moderate-income owners at 63.4 percent and 29.2 percent, respectively.

Housing Cost Burden						
	Cost Burden – Renters (%)			Cost Burden – Owners (%)		
Area	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
2024 Detroit-Warren-Dearborn, MI MSA 19820	76.4	38.9	43.3	63.4	29.2	19.1
Macomb County, MI	81.0	39.5	43.4	66.7	32.7	19.5
Oakland County, MI	78.7	49.7	38.6	69.3	35.9	17.4
Wayne County, MI	74.2	33.0	46.0	59.5	23.6	20.4
Warren-Troy-Farmington Hills, MI MD	79.1	42.5	40.7	66.3	31.8	18.0
Michigan	75.3	35.6	42.9	62.1	27.2	17.5
Cost Burden is housing cost that equals 30 percent or more of household income *Source: U.S. Department of Housing and Urban Development (HUD), 2017-2021 Comprehensive Housing Affordability Strategy*						

Employment Conditions

According to the Bureau of Labor Statistics, unemployment rates in the assessment area and the state of Michigan peaked in 2020 at the height of the COVID-19 pandemic, then trended downward in 2021, 2022, and 2023, before experiencing an uptick in 2024. Wayne County had the highest unemployment rates in 2020 and 2021. Trends in unemployment rates show that the area continues to recover from unemployment increases caused by the COVID-19 pandemic. A community representative stated that Oakland County has a highly educated workforce, with almost 70.0 percent of adult residents holding a credential, certification, or degree; however, it is taking longer for white collar workers to find employment. Mass layoffs and WARN notices increased significantly in 2025, particularly in the automotive, advanced manufacturing, banking, and retail sectors. Additionally, the representative noted that interest rates, the current housing market, and Artificial Intelligence (AI) are potential factors for why banks have experienced layoffs. There has also been an uptick in unemployment for federal employees and individuals from non-profits, universities, and organizations that are federally funded. The following table presents the unemployment trends for the assessment area, the counties that comprise the assessment area, the Warren-Troy-Farmington Hills, MI MD, and the state of Michigan from 2020 to 2024.

Unemployment Rates (%)					
Area	2020	2021	2022	2023	2024
2024 Detroit-Warren-Dearborn, MI MSA 19820	11.7	6.2	3.9	3.6	4.6
Macomb County, MI	11.9	5.8	3.8	3.5	4.5
Oakland County, MI	9.2	4.6	3.0	2.9	3.6
Wayne County, MI	13.6	7.7	4.7	4.3	5.5
Warren-Troy-Farmington Hills, MI MD	10.3	5.1	3.4	3.2	3.9
Michigan	10.0	5.7	4.2	3.9	4.7
Source: Bureau of Labor Statistics: Local Area Unemployment Statistics					

Industry Conditions

Data from the U.S. Bureau of Labor Statistics show that the assessment area contains an employment base most heavily impacted by industries of health care and social assistance, manufacturing, professional and technical services, retail trade, and accommodation and food services. A community representative emphasized that companies are feeling very uncertain about federal policies and overall economic conditions, including the unpredictability of tariffs. There is also a workforce skills gap, particularly within the health and sciences sector, which is still experiencing a shortage of skilled workers since the COVID-19 pandemic.

Community Representative

Three community representatives were contacted to provide information regarding local economic and demographic conditions, focusing on Oakland County. In addition to the perspectives provided in the preceding discussions, a representative indicated that the Small Business Administration (SBA) Program (SBA 504 loans) and local microloan programs offered by CEED Lending have been adversely affected by government shutdowns. No new authorizations from the SBA are being issued. Loans are technically being funded; however, due to the SBA's closure, any changes to authorizations such as decreases in dollar amounts cannot be approved, preventing businesses from receiving the requested funds. Additionally, due to the government shutdowns and pausing of funding, small businesses are reporting increased strain and a significant slowdown in hiring, as companies are hesitant to expand. Overall, representatives believe that local financial institutions are meeting the general banking and credit needs of the community; however, there are additional opportunities for financial institutions to partner on affordable housing initiatives.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN DETROIT-WARREN-DEARBORN, MI MSA

LENDING TEST

The geographic distribution of loans reflects a reasonable distribution throughout the assessment area. In addition, the loan distribution reflects excellent penetration among individuals of different income levels, including low- and moderate-income individuals.

Geographic Distribution of Loans

The bank's geographic distribution of home mortgage loans reflects reasonable dispersion throughout the bank's assessment area. A gap analysis was conducted as part of the evaluation. Based upon this analysis, there were no conspicuous or unexplained lending gaps in the contiguous census tracts within the assessment area. While the bank did not originate loans in 96.6 percent of the assessment area's census tracts, this is reasonable given the limited branch presence

(operating only two locations in Oakland County) and the highly competitive and saturated market within the assessment area. The distribution of loans was reviewed to determine whether the bank is making loans across geographies of different income levels, particularly those designated as low- and moderate-income. The review focused on residential lending in 2024. A detailed discussion of residential lending is provided below.

Home Mortgage Loans

Home mortgage lending reflects a reasonable dispersion throughout the assessment area. Citizens State Bank originated no loans in low-income census tracts, which was below the 4.6 percent of owner-occupied units in such tracts. Additionally, the bank originated 6.1 percent of its total home mortgage loans in moderate-income census tracts, which was significantly below the 20.9 percent of owner-occupied units in moderate-income census tracts. Considering the bank operates in a saturated market that is highly concentrated with mortgage companies—resulting in increased competition and lower loan volume, as well as the limited branch presence (operating only two locations in Oakland County), the bank's performance is deemed reasonable.

In addition, the bank originated 28.6 percent of its total home mortgage loans in middle-income census tracts, which was below the 33.2 percent of owner-occupied units in middle-income census tracts. The bank originated 65.3 percent of its total home mortgage loans in upper-income census tracts, which was significantly above the 40.7 percent of owner-occupied units in upper-income census tracts. Finally, the bank originated no loans in unknown-income census tracts, which was consistent with the 0.5 percent of owner-occupied units in unknown-income census tracts. The following table presents the bank's geographic distribution of residential loans in 2024.

Distribution of 2024 Residential Lending By Income Level of Geography
Assessment Area: Detroit-Warren-Dearborn, MI MSA 19820

Geographic Income Level	Bank Loans				Owner Occupied Units %
	#	#%	$(000)	$%	
Low	0	0.0	0	0.0	4.6
Moderate	3	6.1	1,480	6.1	20.9
Middle	14	28.6	1,649	6.8	33.2
Upper	32	65.3	20,949	87.0	40.7
Unknown	0	0.0	0	0.0	0.5
Tract-Unk	0	0.0	0	0.0	
Total	49	100.0	24,078	100.0	100.0

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

Lending to Borrowers of Different Income Levels

Citizens State Bank's distribution of residential loans among borrowers of different income levels reflects excellent penetration throughout the assessment area. The penetration among borrowers of different income levels was reviewed to determine whether the bank is serving the credit needs of the assessment area. The review focused on residential lending in 2024. A detailed discussion of residential lending in relation to borrowers of different income levels is provided below.

Home Mortgage Loans

The distribution of home mortgage loans reflects excellent penetration among individuals of different income levels, including low- and moderate-income borrowers. In 2024, Citizens State Bank originated 75.5 percent of its home mortgage loans to low-income borrowers, which is significantly above the percentage of low-income families in the assessment area at 21.9 percent. Additionally, the bank originated 10.2 percent of its home mortgage loans to moderate-income borrowers, which is below the percentage of moderate-income families in the assessment area at 16.7 percent. The bank originated 4.1 percent of its home mortgage loans to middle-income borrowers, which is significantly below the proportion of middle-income families within the assessment area at 19.6 percent. Additionally, the bank originated 10.2 percent of its home mortgage loans to upper-income borrowers, which is significantly below the percentage of upper-income families in the assessment area at 41.8 percent. Finally, the bank originated no home mortgage loans to borrowers of unknown-income.

The following table presents Citizens State Bank's distribution of home mortgage loans by borrower income level in 2024.

Distribution of 2024 Residential Lending By Borrower Income Level
Assessment Area: Detroit-Warren-Dearborn, MI MSA 19820

Borrower Income Level	Bank Loans				Families by Family Income %
	#	#%	$(000)	$%	
Low	37	75.5	9,023	37.5	21.9
Moderate	5	10.2	8,380	34.8	16.7
Middle	2	4.1	3,050	12.7	19.6
Upper	5	10.2	3,625	15.1	41.8
Unknown	0	0.0	0	0.0	0.0
Total	49	100.0	24,078	100.0	100.0

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

NON MSA MICHIGAN – LIMITED REVIEW

SCOPE OF EXAMINATION

Limited scope examination procedures were used to evaluate Citizens State Bank's performance in the Non-MSA Michigan assessment area. The scope is consistent with the examination scope described within the institution summary. For further information, refer to the "Scope of Examination" section for details.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN NON-MSA MICHIGAN

The Non-MSA Michigan assessment area includes Ontonagon County, in its entirety. Within the bank's assessment area, there are no low-income census tracts and 25.0 percent of census tracts are designated as moderate-income. Citizens State Bank operates one branch and one cash-only ATM located in a middle-income census tract in Ontonagon, Michigan. No census tract designation changes have occurred since the previous evaluation and the assessment area remains unchanged since the previous evaluation.

According to the June 30, 2024, FDIC Deposit Market Share Report, Citizens State Bank ranks first among three FDIC-insured financial institutions operating within the assessment area. The bank held $60.6 million in deposits, representing 50.7 percent of the total deposit market share. The market includes competitors Gogebic Range Bank and The Miners State Bank, with 33.3 percent and 16.0 percent, respectively.

Additional assessment area demographic information for the Non-MSA Michigan assessment area is provided in the following table.

2024 MI Non MSA AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	439	25.4
Moderate	1	25.0	573	33.1	102	17.8	408	23.6
Middle	2	50.0	1,156	66.9	120	10.4	444	25.7
Upper	0	0.0	0	0.0	0	0.0	438	25.3
Unknown	1	25.0	0	0.0	0	0.0	0	0.0
Total AA	**4**	**100.0**	**1,729**	**100.0**	**222**	**12.8**	**1,729**	**100.0**

	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	1,959	792	31.8	40.4	64	3.3	1,103	56.3
Middle	3,744	1,697	68.2	45.3	270	7.2	1,777	47.5
Upper	0	0	0.0	0.0	0	0.0	0	0.0
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	**5,703**	**2,489**	**100.0**	**43.6**	**334**	**5.9**	**2,880**	**50.5**

	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = $1 Million		Over $1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	82	28.2	69	26.7	7	31.8	6	54.5
Middle	209	71.8	189	73.3	15	68.2	5	45.5
Upper	0	0.0	0	0.0	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	**291**	**100.0**	**258**	**100.0**	**22**	**100.0**	**11**	**100.0**
Percentage of Total Businesses:				**88.7**		**7.6**		**3.8**

	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = $1 Million		Over $1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	8	22.9	8	23.5	0	0.0	0	0.0
Middle	27	77.1	26	76.5	1	100.0	0	0.0
Upper	0	0.0	0	0.0	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	**35**	**100.0**	**34**	**100.0**	**1**	**100.0**	**0**	**0.0**
Percentage of Total Farms:				**97.1**		**2.9**		**0.0**

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

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN NON-MSA MICHIGAN

LENDING TEST

Citizens State Bank's lending performance in the assessment area is consistent with the institution's lending performance overall.

Geographic Distribution of Loans

The following table presents the bank's geographic distribution of home mortgage loans in 2024 within the Non-MSA Michigan assessment area.

Distribution of 2024 Residential Lending By Income Level of Geography
Assessment Area: MI Non MSA

Geographic Income Level	Bank Loans				Owner Occupied Units %
	#	#%	$(000)	$%	
Low	0	0.0	0	0.0	0.0
Moderate	1	33.3	36	30.5	31.8
Middle	2	66.7	82	69.5	68.2
Upper	0	0.0	0	0.0	0.0
Unknown	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	
Total	3	100.0	118	100.0	100.0

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

Lending to Borrowers of Different Income Levels

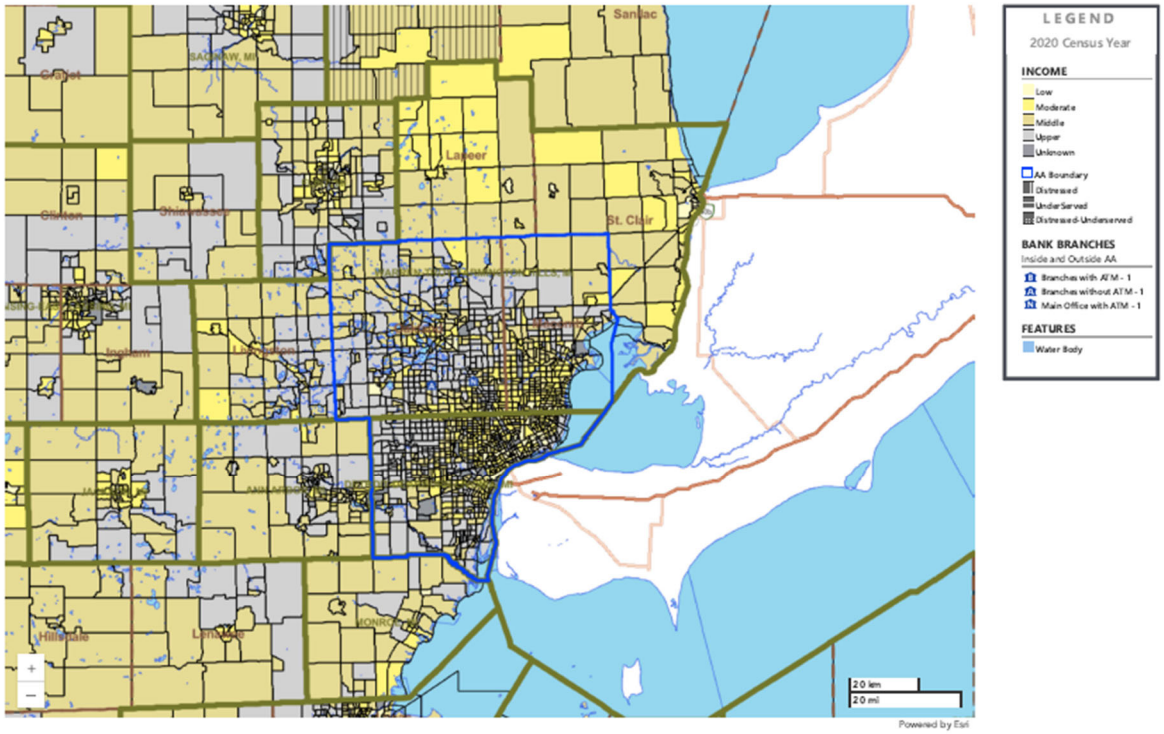
The following table presents the bank's lending to borrowers of different income levels in 2024 within the Non-MSA Michigan assessment area.

Distribution of 2024 Residential Lending By Borrower Income Level Assessment Area: MI Non MSA					
Borrower Income Level	**Bank Loans**				**Families by Family Income %**
	#	**#%**	**$(000)**	**$%**	
Low	3	100.0	118	100.0	25.4
Moderate	0	0.0	0	0.0	23.6
Middle	0	0.0	0	0.0	25.7
Upper	0	0.0	0	0.0	25.3
Unknown	0	0.0	0	0.0	0.0
Total	3	100.0	118	100.0	100.0

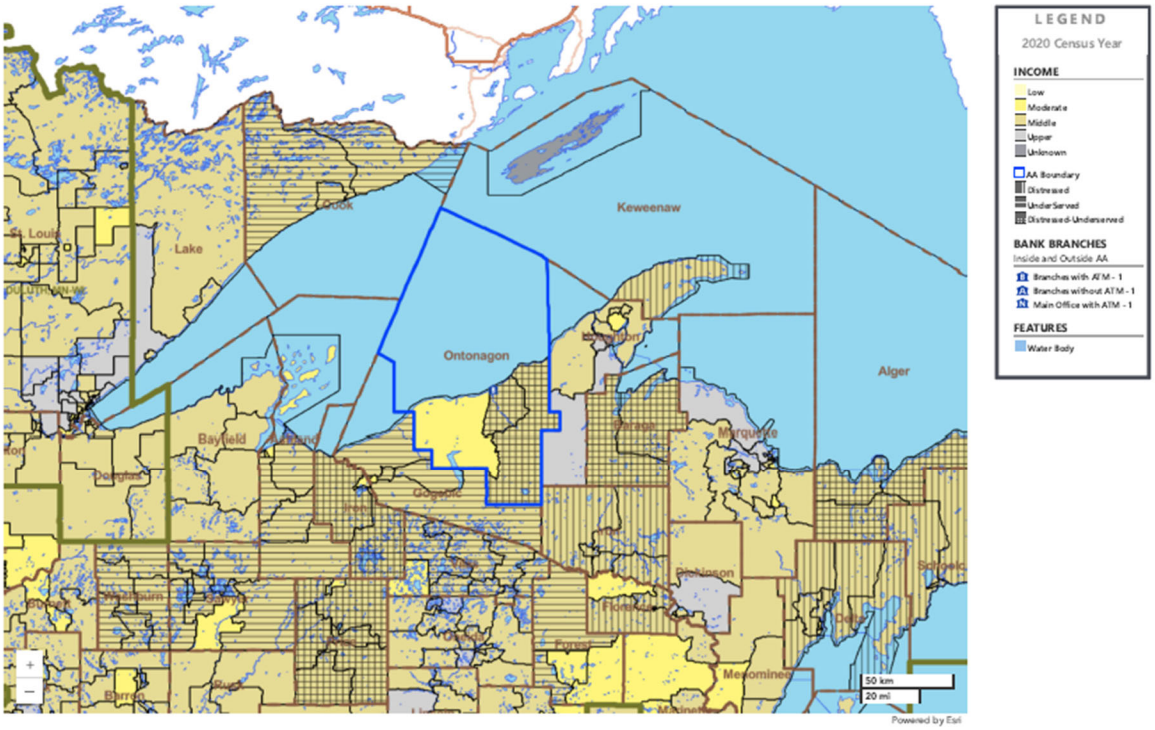
Source: 2024 FFIEC Census Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

APPENDIX A – Maps of Assessment Area

Citizens State Bank 356752
Detroit-Warren-Dearborn, MI MSA 19820



Citizens State Bank 356752
MI Non MSA



APPENDIX B – Scope of Examination

SCOPE OF EXAMINATION			
TIME PERIOD REVIEWED	- A sample of Home Mortgage Loans – January 1, 2024 – December 31, 2024 - Loan-to-Deposit Ratio – June 30, 2021 – June 30, 2025		
FINANCIAL INSTITUTION Citizens State Bank			**PRODUCTS REVIEWED** Home Mortgage Loans
AFFILIATE(S)	**AFFILIATE RELATIONSHIP**		**PRODUCTS REVIEWED**
None	N/A		N/A
LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
ASSESSMENT AREA	**TYPE OF EXAMINATION**	**BRANCHES VISITED**	**OTHER INFORMATION**
Detroit-Warren-Dearborn, Michigan MSA #19820	Full Review	N/A	N/A
Non-MSA Michigan – Ontonagon County	Limited Review	N/A	N/A

APPENDIX C – Glossary

Affiliate: Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

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

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

American Community Survey Data (ACS): The American Community Survey (ACS) data is based on a nationwide survey designed to provide local communities with reliable and timely demographic, social, economic, and housing data each year. The Census Bureau first released data for geographies of all sizes in 2010. This data is known as the "five-year estimate data." The five-year estimate data is used by the FFIEC as the base file for data used in conjunction with consumer compliance and CRA examinations.[1]

Area Median Income (AMI): AMI means –

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

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

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

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

[1] *Source: FFIEC press release dated October 19, 2011.*

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Consumer loan: A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories of loans: motor vehicle, credit card, other consumer secured loan, including a home improvement loan not secured by a dwelling, and other consumer unsecured loan, including a loan for home improvement not secured.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married couple family or other family, which is further classified into "male householder" (a family with a male household and no wife present) or "female householder" (a family with a female householder and no husband present).

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

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

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

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

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

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

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Income Level: Income level means:

1) Low-income – an individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a census tract;
2) Moderate-income – an individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent in the case of a census tract;

3) Middle-income – an individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent in the case of a census tract; and
4) Upper-income – an individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent in the case of a census tract.

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

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

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

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

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

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

Market share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development (HUD) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

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

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

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

Owner-occupied units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

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

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

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

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

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

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

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