

PUBLIC DISCLOSURE

December 8, 2025

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Citizens State Bank
Certificate Number: 18356

808 3rd Avenue
Sheldon, Iowa 51201

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

1100 Walnut Street, Suite 2100
Kansas City, Missouri 64106

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

TABLE OF CONTENTS

INSTITUTION RATING	1
DESCRIPTION OF INSTITUTION	1
DESCRIPTION OF ASSESSMENT AREA.....	2
SCOPE OF EVALUATION.....	4
CONCLUSIONS ON PERFORMANCE CRITERIA.....	5
DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW	7
APPENDICES	9
SMALL BANK PERFORMANCE CRITERIA.....	9
GLOSSARY.....	10

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 performance.

- The loan-to-deposit ratio is reasonable given the institution's size, financial condition, and the credit needs of the assessment area.
- A majority of small farm, small business, and home mortgage loans reviewed were located inside the assessment area.
- The assessment area does not contain any low- or moderate-income geographies. Therefore, examiners did not evaluate the geographic distribution of loans.
- The distribution of borrowers reflects reasonable penetration of loans among farms and businesses of different sizes and individuals of different income levels.
- The institution did not receive any Community Reinvestment Act (CRA) complaints since the previous evaluation. Therefore, this criterion did not affect the rating.

DESCRIPTION OF INSTITUTION

Citizens State Bank is a community bank headquartered in Sheldon, Iowa, and is wholly owned by Dixon Bancshares, Inc., a one-bank holding company also located in Sheldon, Iowa. In addition to its main office, the bank operates one full-service branch in Boyden, Iowa. The bank received a Satisfactory rating at its previous FDIC Performance Evaluation dated January 6, 2020, using Interagency Small Institution Examination Procedures.

The bank offers traditional credit products including agricultural, commercial, home mortgage, and consumer loans. Citizens State Bank also offers a variety of deposit products including checking, savings, money market deposit accounts, retirement savings accounts, and certificates of deposit. Alternative banking services include internet banking, mobile banking, and two ATMs.

According to the September 30, 2025, Consolidated Reports of Condition and Income (Call Report), the bank reported total assets of approximately \$193 million, total loans of approximately \$124 million, and total deposits of approximately \$170 million. Agricultural lending remains the bank's primary credit product followed by home mortgage and commercial loans. The lending concentration is consistent with the portfolio distribution at the previous evaluation. The following table illustrates the loan portfolio.

Loan Portfolio Distribution as of 9/30/2025		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	2,134	1.7
Secured by Farmland	34,405	27.7
Secured by 1-4 Family Residential Properties	33,310	26.9
Secured by Multifamily (5 or more) Residential Properties	364	0.3
Secured by Nonfarm Nonresidential Properties	8,228	6.6
Total Real Estate Loans	78,441	63.2
Commercial and Industrial Loans	11,980	9.7
Agricultural Production and Other Loans to Farmers	25,409	20.5
Consumer Loans	6,479	5.2
Obligations of State and Political Subdivisions in the U.S.	1,668	1.4
Other Loans	82	0.0
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
Total Loans	124,059	100.0
<i>Source: Reports of Condition and Income</i>		
<i>Due to rounding, totals may not equal 100.0%</i>		

Examiners did not identify any financial, legal, or other impediments that affect the bank's ability to meet the assessment area credit needs.

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more assessment areas within which its performance will be evaluated. Citizens State Bank has designated one assessment area located within nonmetropolitan Iowa. The assessment area consists of the eastern portion of Lyon County (census tracts 9501 and 9502), the eastern portion of Sioux County (census tracts 701 and 702), the northwestern portion of O'Brien County (census tracts 4902 and 4903), and the majority of Osceola County (census tract 4602).

Economic and Demographic Data

The following table provides select demographic data for the assessment area.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	N/A* % of #
Geographies (Census Tracts)	7	0.0	0.0	71.4	28.6	0.0
Population by Geography	26,146	0.0	0.0	62.1	37.9	0.0
Housing Units by Geography	11,415	0.0	0.0	64.5	35.5	0.0
Owner-Occupied Units by Geography	8,297	0.0	0.0	65.8	34.2	0.0
Occupied Rental Units by Geography	2,034	0.0	0.0	54.9	45.1	0.0
Vacant Units by Geography	1,084	0.0	0.0	72.5	27.5	0.0
Businesses by Geography	2,819	0.0	0.0	64.6	35.4	0.0
Farms by Geography	729	0.0	0.0	80.5	19.5	0.0
Family Distribution by Income Level	6,980	14.6	16.3	25.7	43.4	0.0
Household Distribution by Income Level	10,331	16.8	16.0	20.0	47.2	0.0
Median Family Income MSA – Nonmetropolitan Iowa		\$71,763	Median Housing Value		\$ 145,422	
			Median Gross Rent		\$650	
			Families Below Poverty Level		4.4%	
<i>Source: 2020 Census and 2024 D&B Data (*). Due to rounding, totals may not equal 100%.</i>						

The assessment area is rural in nature, and the economy is dependent on agriculture. According to 2020 U.S. Census data, the assessment area’s population has decreased by 176 residents and the total number of housing units have increased by 84 units, respectively. In addition, the assessment area’s number of farms has decreased by 7 operations, and the number of businesses has increased by 799, since the previous evaluation. Sheldon, Iowa, in O’Brien County, is the largest community in the assessment area with an estimated population of 5,512 residents, based on the 2020 U.S. Census.

According to 2024 D&B data, the largest business segments in the assessment area are agricultural, forestry, fishing and hunting at 20.6 percent; non-classifiable establishments at 16.6 percent; and other services (except public administration) at 10.0 percent. Businesses within the assessment area are small with 93.2 percent operating from a single location, and 76.7 percent employing four or fewer employees.

The Federal Financial Institution Examination Council (FFIEC)-estimated 2024 median family income levels were used to analyze home mortgage loans under the Borrower Profile criterion. The low-, moderate-, middle-, and upper-income categories for the assessment area are presented in the following table.

Estimated Median Family Income (MFI) Ranges					
Year	MFI	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥ 120%
2024	\$86,700	< \$43,350	\$43,350 to < \$69,360	\$69,360 to < \$104,040	≥ \$104,040
<i>Source: FFIEC</i>					

Competition

Citizens State Bank operates in a moderately competitive environment for financial products and services. According to June 30, 2025, FDIC Deposit Market Share data, 19 financial institutions operated 50 branches in the four counties of the assessment area. Of these institutions, Citizens State Bank ranked 9th with approximately 3.5 percent of the deposit market share. Agricultural financing competition also comes from non-bank entities with options for operating, machinery, and land loans.

Community Contact

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in identifying the area’s credit needs. This information helps determine whether local financial institutions are responsive to those needs. It also shows what credit opportunities are available.

Examiners reviewed an existing community contact from a representative of an agricultural organization familiar with the assessment area. The contact stated many residents are employed in the agricultural sector. In the past year, agricultural operations have experienced difficulties with decreasing prices in crops, and higher inflation rates affecting input prices. Farming accounts for the primary credit need of the area. The contact stated local financial institutions are fulfilling the primary credit needs satisfactorily. The contact indicated the overall assessment area economy is good, with plenty of access to credit for residents.

Credit Needs

Considering information from bank management, demographic and economic data, and the community contact, examiners determined that agricultural loans are the primary credit need in the assessment area. Commercial and home mortgage loans are secondary credit needs.

SCOPE OF EVALUATION

General Information

The evaluation covers the period from the prior evaluation dated January 6, 2020, to the current evaluation, dated December 8, 2025. Examiners used Interagency Small Institution Examination Procedures to evaluate Citizens State Bank’s CRA performance. These procedures include a review of performance according to the Lending Test, as outlined in the Appendices.

Activities Reviewed

Agricultural, home mortgage, and commercial loans are the bank’s primary products; therefore, examiners selected small farm, home mortgage, and small business loans to evaluate CRA performance. Examiners selected these products based on the assessment area credit needs, volume

of loans originated, and the bank’s lending strategy. Examiners reviewed all small farm, home mortgage, and small business loans originated or renewed from January 1, 2024, through December 31, 2024, as this time period was representative of the bank’s lending activities during the entire evaluation period.

For the Assessment Area Concentration analysis, examiners reviewed all small farm, home mortgage, and small business loans originated or purchased during the review period. For the Borrower Profile analysis, examiners reviewed a sample of small farm, home mortgage, and small business loans within the assessment area. The 2024 D&B data provided a standard of comparison for small farm and small business lending performance. In addition, 2020 U.S. Census data provided a standard of comparison for home mortgage lending performance. Refer to the following table for details on the loans reviewed.

Loan Products Reviewed						
Loan Category	Universe		Inside of the Assessment Area		Borrower Profile	
	#	\$(000s)	#	\$(000s)	#	\$(000s)
Small Farm	307	37,801	264	33,943	55	7,958
Small Business	154	9,684	130	8,388	47	2,521
Home Mortgage	60	6,725	49	5,065	30	3,346

Source: Bank Data

Small farm lending received the greatest weight when drawing conclusions as it represents the primary lending product within the assessment area. Home mortgage and small business lending received less but equal weight when drawing conclusions. Further, examiners reviewed both the number and dollar volume of loans and presented each throughout the evaluation; however, examiners emphasized performance by number of loans, as this is a better indicator of farms, businesses, and individuals served.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Citizens State Bank demonstrated satisfactory performance under the Lending Test. The collective performance under the criteria evaluated supports this conclusion.

Loan-to-Deposit Ratio

Citizens State Bank’s loan-to-deposit ratio is reasonable given the institution’s size, financial condition, and assessment area credit needs. Citizens State Bank’s net loan-to-deposit ratio, calculated from Call Report data, averaged 68.9 percent over 23 quarters from March 31, 2020, to September 30, 2025. The bank’s net loan-to-deposit ratio ranged from a low of 53.5 on March 31, 2022, to a high of 84.1 percent on March 31, 2020.

Examiners compared Citizens State Bank’s average net loan-to-deposit ratio to three similarly-situated institutions. Examiners selected the similarly-situated financial institutions based on their size, lending focus, and geographic location. As shown in the following table, Citizens State Bank’s average net loan-to-deposit ratio is lower than the similarly-situated institutions; however, it is still reasonably comparable.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 09/30/2025 (\$000s)	Average Net Loan-to-Deposit Ratio (%)
Citizens State Bank, Sheldon, IA	193,159	68.9
Ashton State Bank, Ashton, IA	53,834	77.0
Savings Bank, Primghar, IA	298,504	85.1
Sanborn Savings Bank, Sanborn, IA	90,391	85.5

Source: Reports of Condition and Income 03/31/2020 – 09/30/2025

Assessment Area Concentration

The majority of small farm, small business, and home mortgage loans, by number and dollar volume, were inside of the assessment area. The following table provides details.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Small Farm	264	86.0	43	14.0	307	33,943	89.8	3,858	10.2	37,801
Small Business	130	84.4	24	15.6	154	8,388	86.6	1,296	13.4	9,684
Home Mortgage	49	81.7	11	18.3	60	5,065	75.3	1,660	24.7	6,725
Total	443	85.0	78	15.0	521	47,396	87.4	6,814	12.6	54,210

Source: Imported Bank Data.

Geographic Distribution

The assessment area does not include any low- or moderate-income geographies, and a review of the Geographic Distribution criterion would not result in meaningful conclusions. Therefore, this criterion was not evaluated.

Borrower Profile

Overall, the distribution of borrowers reflects reasonable penetration among farms and businesses of different sizes and individuals of different income levels. Reasonable performance in small farm, small business, and excellent performance in home mortgage lending support this conclusion. For this criterion, examiners focused on the percentage of loans to small farms and small businesses with gross annual revenues of \$1 million or less, and the percentage of home mortgage loans to low- and moderate-income borrowers.

Small Farm

The distribution of borrowers reflects reasonable penetration among farms of different sizes. As shown in the following table, the percentage of sampled loans made to farms with gross annual revenues of \$1 million or less lags demographic data in this revenue category; however, it is still reasonable due to the following factors. According to 2022 Census of Agriculture data, 46.3 percent of farm operations in the counties did not report interest expense, indicating that they do not borrow funds for their operations. Furthermore, 50.5 percent of producers in the counties do not list farming as their primary occupation. Considering this information, the bank’s performance is reasonable.

Distribution of Small Farm Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
≤ \$1,000,000	98.9	45	81.8	5,179	65.1
> \$1,000,000	1.1	10	18.2	2,779	34.9
Total	100.0	55	100.0	7,958	100.0
<i>Source: 2024 D&B Data; Bank Data</i>					

Small Business

The distribution of borrowers reflects reasonable penetration among businesses of different sizes. As shown in the following table, the percentage of small business loans to businesses with gross annual revenues of \$1 million or less slightly lags the percentage of businesses reporting revenues in this category, but is reasonably comparable.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
≤ \$1,000,000	88.0	39	83.0	1,908	75.7
> \$1,000,000	2.5	7	14.9	593	23.5
Revenue Not Available	9.5	1	2.1	20	0.8
Total	100.0	47	100.0	2,521	100.0
<i>Source: 2024 D&B Data; Bank Data</i>					

Home Mortgage

The distribution of home mortgage loans reflects excellent penetration among borrowers of different income levels. The percentage of sampled home mortgage loans to low-income borrowers is comparable to the percentage of families in this income level. The institution’s home lending to moderate-income borrowers significantly exceeds demographic data. The following table provides details.

Distribution of Home Mortgage Loans by Borrower Income Level					
Borrower Income Level	% of Families	#	%	\$(000s)	%
Low	14.6	4	13.3	188	5.6
Moderate	16.3	12	40.0	1,080	32.3
Middle	25.7	8	26.7	1,239	37.0
Upper	43.4	6	20.0	839	25.1
Total	100.0	30	100.0	3,346	100.0
<i>Source: 2020 U.S. Census; Imported Bank Data; Due to rounding, totals may not equal 100.0%</i>					

Response to Complaints

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

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

APPENDICES

SMALL BANK PERFORMANCE CRITERIA

Lending Test

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

- 1) The bank's loan-to-deposit ratio, adjusted for seasonal variation, and, as appropriate, other lending-related activities, such as loan originations for sale to the secondary markets, community development loans, or qualified investments;
- 2) The percentage of loans, and as appropriate, other lending-related activities located in the bank's assessment area(s);
- 3) The 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.