

PUBLIC DISCLOSURE

July 7, 2025

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Community State Bank
Certificate Number: 27201

525 N Main Street
Hennessey, Oklahoma 73742

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

600 North Pearl Street, Suite 700
Dallas, Texas 75201

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

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INSTITUTION RATING

INSTITUTION'S CRA RATING: This institution is rated **Satisfactory**.

An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area (AA), including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

- The loan-to-deposit (LTD) ratio is reasonable (considering seasonal variations and taking into account lending-related activities) given the institution's size, financial condition, and AA's credit needs.
- A majority of loans are in the institution's AA.
- The AA did not include any low- or moderate-income census tracts, and a review of the geographic distribution criterion would not result in meaningful conclusions. Therefore, this criterion was not evaluated.
- The distribution of borrowers reflects, given the demographics of the AA, excellent penetration among businesses and farms of different sizes.
- The institution did not receive any Community Reinvestment Act (CRA)-related complaints since the previous evaluation; therefore, this factor did not affect the rating.

DESCRIPTION OF INSTITUTION

Community State Bank maintains its headquarters in Hennessey, Oklahoma. Warrior Bank Corporation Inc., a one-bank holding company also located in Hennessey, wholly owns the bank. The bank received a Satisfactory rating during the previous FDIC Performance Evaluation, dated September 17, 2019, using Small Institution Procedures.

Community State Bank operates from three full-service offices within one designated AA located in north central Oklahoma. The bank did not participate in any merger or acquisition activity or open or close any branches since the prior evaluation. Branch hours and days of service remain consistent with area and industry norms.

Community State Bank offers a variety of loan products, including commercial, home mortgage, agricultural, and consumer loans, primarily focusing on commercial and agricultural lending. Deposit products include checking, savings, money market, and certificate of deposit accounts. Alternative delivery systems include internet banking, mobile banking, and three non-deposit taking ATMs.

As of the March 31, 2025, Reports of Condition and Income, Community State Bank reported total assets of \$83.8 million, total loans of \$27.3, and total deposits of \$77.2 million. Since the prior evaluation, total assets increased by 13.3 percent, total loans increased by 15.8 percent, and total deposits increased by 11.5 percent. As presented in the following table, the mix of outstanding

loans as of March 31, 2025, reflects a distribution supportive of the institution’s business focus, with commercial loans representing the largest portion.

Loan Portfolio Distribution as of 3/31/2025		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	2,358	8.6
Secured by Farmland	3,794	13.9
Secured by 1-4 Family Residential Properties	5,688	20.8
Secured by Multifamily (5 or more) Residential Properties	0	0.0
Secured by Nonfarm Nonresidential Properties	3,237	11.9
Total Real Estate Loans	15,077	55.2
Commercial and Industrial Loans	7,421	27.2
Agricultural Production and Other Loans to Farmers	2,533	9.3
Consumer Loans	1,850	6.8
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	421	1.5
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
Total Loans	27,302	100.0
<i>Source: Reports of Condition and Income. Due to rounding, totals may not equal 100.0.</i>		

Examiners did not identify any financial, legal, or other impediments that affect the institution’s ability to meet the credit needs of its AA.

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more AAs within which its CRA performance will be evaluated. Community State Bank designated one AA consisting of all of Kingfisher County located in the Oklahoma Non-Metropolitan Statistical Area (Non-MSA). The AA meets the technical requirements of the CRA.

Economic and Demographic Data

Based on 2020 U.S. Census Data, the Oklahoma Non-MSA AA contains two middle- and two upper-income census tracts. The following table illustrates select demographic, housing, and business information for the AA.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	4	0.0	0.0	50.0	50.0	0.0
Population by Geography	15,184	0.0	0.0	67.9	32.1	0.0
Housing Units by Geography	6,557	0.0	0.0	65.7	34.3	0.0
Owner-Occupied Units by Geography	4,576	0.0	0.0	62.7	37.3	0.0
Occupied Rental Units by Geography	1,193	0.0	0.0	76.3	23.7	0.0
Vacant Units by Geography	788	0.0	0.0	67.5	32.5	0.0
Businesses by Geography	2,106	0.0	0.0	71.4	28.6	0.0
Farms by Geography	184	0.0	0.0	48.9	51.1	0.0
Family Distribution by Income Level	4,080	13.4	18.1	17.6	50.9	0.0
Household Distribution by Income Level	5,769	15.1	12.7	17.6	54.6	0.0
Median Family Income–Oklahoma Non-MSA		\$58,565	Median Housing Value Median Gross Rent Families Below Poverty Level			\$148,648 \$839 8.4%

*Source: 2020 U.S. Census Data and 2024 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.*

According to the Greater Oklahoma City Chamber of Economic Development, major employers in the AA include Pioneer Telephone Co-Op, Temtrol, Center of Family Love, and Audie Price Inspection Inc. The following table shows the annual unemployment rates for the AA, State of Oklahoma, and nationwide stabilized in recent years since the spike in 2020.

Unemployment Rates						
Area	2019	2020	2021	2022	2023	2024
	%	%	%	%	%	%
Kingfisher County	2.1	4.9	3.0	2.2	2.4	2.5
State of Oklahoma	3.1	6.3	4.0	3.0	3.2	3.3
National Average	3.7	8.1	5.3	3.6	3.6	4.0

Source: Bureau of Labor Statistics.

Competition

The AA reflects a fairly high level of competition for financial services, considering the AA’s population. According to the FDIC Deposit Market Share Data as of June 30, 2024, 6 financial institutions operate 11 offices within the AA. Of these institutions, Community State Bank ranked 5th with a 9.3 percent deposit market share.

Community Contact

As part of the evaluation process examiners obtain information from third parties active in the AA to assist in identifying credit and community needs. This information helps determine local

financial institutions' responsiveness to these needs and shows available credit and community development opportunities.

Examiners utilized an existing community contact with a representative from a local government organization serving the AA. The contact indicated that given the low population level in the area, economic growth remains stagnant. For instance, although no employers have left the area, no new small businesses have entered the area either. The contact also highlighted a shortage of grocery stores and retail goods in the area. Additionally, farms lost income due to the increase in input costs outpacing the increase in crop prices. Lastly, the contact felt banks in the area remain aware of and adequately serve community credit needs, and a need exists for small business and small farm lending.

Credit Needs

Considering information obtained from the community contact, demographic and economic data, and bank management, examiners determined that small business and small farm loans represent the primary credit needs of the AA.

SCOPE OF EVALUATION

General Information

The evaluation covers the period from the prior evaluation dated September 17, 2019, to the current evaluation dated July 7, 2025. To evaluate performance, examiners applied the CRA Small Bank Procedures, which include the Lending Test. The appendix lists the test's criteria.

Activities Reviewed

CRA Small Institution Procedures require examiners to determine the bank's major product lines for review. Examiners may select from among the same loan categories used for Large Bank CRA evaluations, including home mortgage, small business, small farm, and consumer loans. The following table details Community State Bank's originations and purchases over the most recent completed calendar year by loan type.

Loans Originated or Purchased				
Loan Category	\$(000s)	%	#	%
Construction and Land Development	3,047	21.7	14	3.5
Secured by Farmland	2,999	21.4	7	1.7
Secured by 1-4 Family Residential Properties	1,155	8.2	10	2.5
Multi-Family (5 or more) Residential Properties	0	0.0	0	0.0
Commercial Real Estate Loans	0	0.0	0	0.0
Commercial and Industrial Loans	3,595	25.6	106	26.1
Agricultural Loans	1,606	11.4	48	11.8
Consumer Loans	1,646	11.7	221	54.4
Other Loans	0	0.0	0	0.0
Total Loans	14,048	100.0	406	100.0
<i>Source: 2024 Bank Data. Due to rounding, totals may not equal 100.0.</i>				

Considering the dollar volume and number of loans originated or purchased during 2024, as well as management’s stated business strategy, examiners determined that the bank’s major product lines consist of agricultural and commercial loans. Since the other categories typically reviewed for CRA do not represent major product lines, considering both number and dollar volume, they would not materially affect any conclusions or the rating. Therefore, this evaluation does not include a review of home mortgage or consumer loans. Bank records indicate the lending focus and product mix remained generally consistent throughout the evaluation period.

The evaluation includes a review of the universe of 106 small business loans totaling \$3.6 million and the universe of 52 small farm loans totaling \$2.6 million originated or purchased in 2024, which represents the most recent completed calendar year of available data. Since readily available gross annual revenue data did not exist for the universe of loans, examiners selected a sample of 36 small business loans totaling \$1.4 million and sample of 30 small farm loans totaling \$1.6 million originated inside the AA to evaluate the borrower profile criterion. D&B data for 2024 provided a standard of comparison for small business and small farm loans.

Examiners considered the universes by dollar volume and number of loans originated as well as management’s stated business strategy to determine the loan product weighting when arriving at overall conclusions. The following table shows that small business loans represent a majority by both number and dollar volume of the loan categories reviewed. Therefore, small business loans received more weight when drawing conclusions.

Loan Products Reviewed				
Loan Category	Universe			
	#	%	\$(000s)	%
Small Business	106	67.1	3,595	57.6
Small Farm	52	32.9	2,648	42.4
Total	158	100.0	6,243	100.0
<i>Source: 2024 Bank Data. Due to rounding, totals may not equal 100.0.</i>				

While the evaluation presents both the number and dollar volume of loans, examiners emphasized performance by number of loans when arriving at conclusions for the individual performance factors because the number of loans better indicates the number of businesses and farms served.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Community State Bank demonstrated satisfactory performance regarding the Lending Test. A reasonable record regarding the LTD ratio, a majority of loans originated inside the AA, and an excellent record regarding borrower profile supports this conclusion.

Loan-to-Deposit Ratio

Community State Bank’s LTD ratio is reasonable (considering seasonal variations and taking into account lending-related activities) given the institution’s size, financial condition, and AA credit needs. The LTD ratio, calculated from Reports of Condition and Income Data, averaged 33.3 percent over the past 23 quarters, from September 30, 2019, to March 31, 2025, representing a decrease from the 45.1 percent average LTD at the prior evaluation. The ratio ranged from a high of 38.8 percent on December 31, 2024, to a low of 27.5 percent as of September 30, 2022.

Examiners identified and listed in the following table three comparable institutions operating in or around the AA with similar asset sizes and lending emphases. Although Community State Bank reported the lowest average net LTD ratio, it remains within a reasonable range of the comparable institutions.

Loan-to-Deposit (LTD) Ratio Comparison		
Bank	Total Assets as of 3/31/2025 (\$000s)	Average Net LTD Ratio (%)
Community State Bank, Hennessey, OK	83,843	33.3
First State Bank, Watonga, OK	83,426	52.8
AllNations Bank, Calumet, OK	73,488	56.7
Community National Bank of Okarche, OK	126,250	42.8
<i>Source: Reports of Condition and Income 9/30/2019 - 3/31/2025.</i>		

Assessment Area Concentration

A majority of loans are inside the institution’s AA. As reflected in the following table, the bank originated a majority of small business and small farm loans, by number and dollar volume, within the 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		
	#	%	#	%		\$	%	\$	%	
Small Business	69	65.1	37	34.9	106	2,355	65.5	1,240	34.5	3,595
Small Farm	35	67.3	17	32.7	52	1,742	65.8	906	34.2	2,648

Source: 2024 Bank Data.

Geographic Distribution

The Oklahoma Non-MSA AA did not include any low- or moderate-income census tracts, and a review of the geographic distribution criterion would not result in meaningful conclusions. Therefore, this criterion was not evaluated.

Borrower Profile

The distribution of borrowers reflects, given the demographics of the AA, excellent penetration among businesses and farms of different sizes. Excellent small business and small farm performance supports this conclusion. Examiners focused on the percentage by number of loans to businesses and farms with gross annual revenue of \$1 million or less when arriving at conclusions for this performance factor.

Small Business Loans

The distribution of borrowers reflects, given the demographics of the AA, excellent penetration among businesses of different sizes. As shown in the following table, Community State Bank originated more than nine out of every ten small business loans to businesses with gross annual revenue of \$1 million or less, which reflects excellent performance. The data also shows the bank originated more than eight out of every ten small business loans to businesses in the smallest two revenue categories, which further supports excellent performance.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
< \$100,000	65.5	16	44.4	622	44.9
\$100,000 - \$249,999	16.7	14	38.9	438	31.6
\$250,000 - \$499,999	4.1	1	2.8	97	7.0
\$500,000 - \$1,000,000	2.3	2	5.6	65	4.7
Subtotal <= \$1,000,000	88.6	33	91.7	1,222	88.2
>\$1,000,000	3.0	3	8.3	162	11.7
Revenue Not Available	8.5	0	0.0	0	0.0
Total	100.0	36	100.0	1,384	100.0

Source: 2024 D&B Data; 2024 Bank Data. Due to rounding, totals may not equal 100.0.

Small Farm Loans

The distribution of borrowers reflects, given the demographics of the AA, excellent penetration among farms of different sizes. As shown in the following table, Community State Bank originated more than nine out of every ten small farm loans to farms with gross annual revenue of \$1 million or less, which reflects excellent performance. The data also shows the bank originated more than seven out of every ten small farm loans to farms in the smallest two revenue categories, which further supports excellent performance.

Distribution of Small Farm Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
< \$100,000	65.8	17	56.7	790	49.4
\$100,000 - \$249,999	29.9	6	20.0	289	18.1
\$250,000 - \$499,999	1.1	3	10.0	141	8.8
\$500,000 - \$1,000,000	1.1	2	6.7	348	21.8
Subtotal <= \$1,000,000	97.9	28	93.4	1,568	98.1
>\$1,000,000	1.1	0	0.0	0	0.0
Revenue Not Available	1.1	2	6.7	31	1.9
Total	100.0	30	100.0	1,599	100.0

Source: 2024 D&B Data; 2024 Bank Data. Due to rounding, totals may not equal 100.0.

Response to Complaints

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

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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.