



Citizens Bank Holding, Inc.

2022

ANNUAL REPORT

130 years serving the community



In 1892, the U.S. consisted of 44 states, horse-drawn carriage was the primary mode of transportation, and an Illinois businessman named E.M. Winslow brought the first banking services to the small rural town of Mukwonago, Wisconsin – marking the start of Citizens Bank’s rich history.

We have been around a long time but that certainly doesn’t mean that we are set in our old ways. In fact, while we are proud of our heritage and the solid foundation upon which we are built, our focus today is on the here and now as well as the future. That’s why we work so hard to strengthen our communities and develop deep, meaningful relationships with our customers while we continue to build a strong, independent community bank.



130 YEARS
Serving the Community

LETTER FROM THE PRESIDENT & CEO

Greetings Citizens Bank shareholders and stakeholders,

This past December we celebrated our 130th anniversary of meeting the needs of the communities we are proud to serve. As we begin our 14th decade in business, I am proud to present our annual report in this new and updated format. In addition to presenting the financial information contained herein, our intent is to give you a glimpse of our amazing history and our wonderful people, highlight some of their good deeds, and spotlight your outstanding community bank.

2022 was another year for the record books as Citizens Bank posted a record Net Income of \$12.86 million, up 12.5% over 2021. Year-end assets declined by 1.6% since 2021, but remained over \$1 billion for the second consecutive year. Both of these figures led to a strong Return on Assets (ROA) of 1.26%, which is a 9.6% increase over the prior year. The Net Income exceeded budget and, as a result, we were able to increase our annual dividends for the 11th consecutive year.

The Bank experienced favorable loan growth of \$67 million (+11.2%) that was especially robust in the areas of multifamily real estate and commercial real estate loans. Putting more of our assets into quality loans earns a better rate of return for the Bank. Along with this rapid growth of our loan portfolio, credit quality has remained strong as past due loans and net charge-offs continue to be very low.

As interest rates rose throughout the year, secondary market residential mortgage loan originations dropped to their lowest level in nearly 20 years. Despite little secondary market fee income or the Paycheck Protection Program (PPP) loan fee income that we experienced the prior two years, our other fee income remained strong and contributed nicely to the record Net Income.

Citizens Bank has not been immune to the impact of inflation on our expenses. We navigate this continued challenge, while also experiencing intense competition for deposits, a competitive labor market, and the prospects for another slower residential

homebuying season. Despite these factors, my outlook for 2023 remains positive as the steps we have made leave the Bank poised to remain efficient and competitive both now and for the future.

Finally, the Bank has gained considerable experience over the past several years utilizing a workforce that is increasingly mobile and continues to expand. It is important for us to attract and retain the finest and brightest talent in order to best serve the needs of our customers and communities. This will continue to be a point of emphasis for our Senior Management Team moving forward as we focus on assessing our branches and facilities of the future.

Citizens Bank surpassed \$12 million in Net Income for the first time in our history.

There have been tremendous changes in banking since 1892 when staff would have to manually track all daily transactions and all customers had to come in-

person to have their needs met. In 2023, our customers are able to open new accounts, pay their bills, and transfer funds on their mobile phones from wherever they are. The branches of today have become information hubs where appointments can be set with our team members at times and places convenient to our customers. Even with all of the changes, there is a constant that remains the same

across these many decades:

Citizens Bank continues to care deeply for the success of our communities, customers, team members, and shareholders.

Thank you for your continued support of Citizens Bank,

Jeffrey L. Standafer,
President & CEO



BOARD OF DIRECTORS



Douglas R. Bruins
President (retired)
Citizens Bank
• DIRECTOR SINCE 1996 •

M. Scott Connor, DDS, MD
Partner - Oral and
Maxillofacial Surgery
Associates, Ltd.
• DIRECTOR SINCE 2018 •

Warren E. Hansen Jr.
Owner - Farris, Hansen
& Associates, Inc.
• DIRECTOR SINCE 2007 •

John P. Macy
Attorney - Municipal Law
& Litigation Group, S.C.
• DIRECTOR SINCE 2006 •

Charles O. Miller Jr.
CEO & President (retired)
Citizens Bank
• CHAIRMAN SINCE 2019 •
• DIRECTOR SINCE 1994 •

OUR VISION, MISSION AND VALUES

VISION:

The vision of Citizens Bank is to help people, businesses, and communities achieve financial success to build a better future.

MISSION:

The mission of Citizens Bank is to combine the expertise of our team members with the convenience of technology to offer diverse products and services which will allow us to foster strong relationships within our communities, while providing a fair return to our shareholders.

VALUES:

Citizens Bank believes in and aspires to create a culture that supports our team members, customers, communities, and shareholders.

LOYALTY. We will consistently show our dedication to building positive and trusting relationships.

ACCOUNTABILITY. Each team member will take responsibility for their role in the Bank, professional growth, and quality customer service.

COLLABORATION. We will work cooperatively as a team to achieve excellence.

BOARD OF DIRECTORS



Matthew S. Moroney, JD
President & COO -
Wangard Partners, Inc.
• DIRECTOR SINCE 2019 •

Cheryl A. Sment
President - Interstate Sealant
& Concrete, Inc.
• DIRECTOR SINCE 2014 •

Jeffrey L. Standafer
President & CEO -
Citizens Bank
• DIRECTOR SINCE 2019 •

Ann T. Zess
President - Allan Integrated
Control Systems, Inc.
• DIRECTOR SINCE 2012 •

**OUR PEOPLE ARE
COMMITTED TO
DELIVERING EXCELLENCE
IN COMMUNITY BANKING**

SENIOR MANAGEMENT TEAM

Jeffrey L. Standafer
President & Chief Executive Officer

Stefanie Bonesteel
Senior Vice President - Marketing Manager

Brett Engelking
Senior Vice President - Business Banking Manager

Kelley Jensen
Senior Vice President - Mortgage and Consumer Lending Manager

Sarah Oberthaler
Senior Vice President - Chief Administrative Officer

Adam Raychel
Senior Vice President - Chief Financial Officer

FINANCIAL HIGHLIGHTS

2022

2022 / 2021

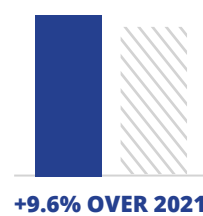
Citizens Bank achieved record net income in 2022, crossing the \$12 million in earnings mark for the first time in its history.



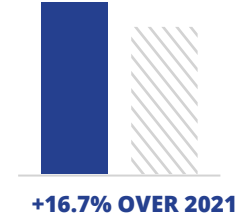
NET INCOME:
\$12,855,156



RETURN ON ASSETS:
1.26%



DIVIDENDS PER SHARE:
\$3.50



YEARS ENDING DECEMBER 31
(Dollars in thousands)

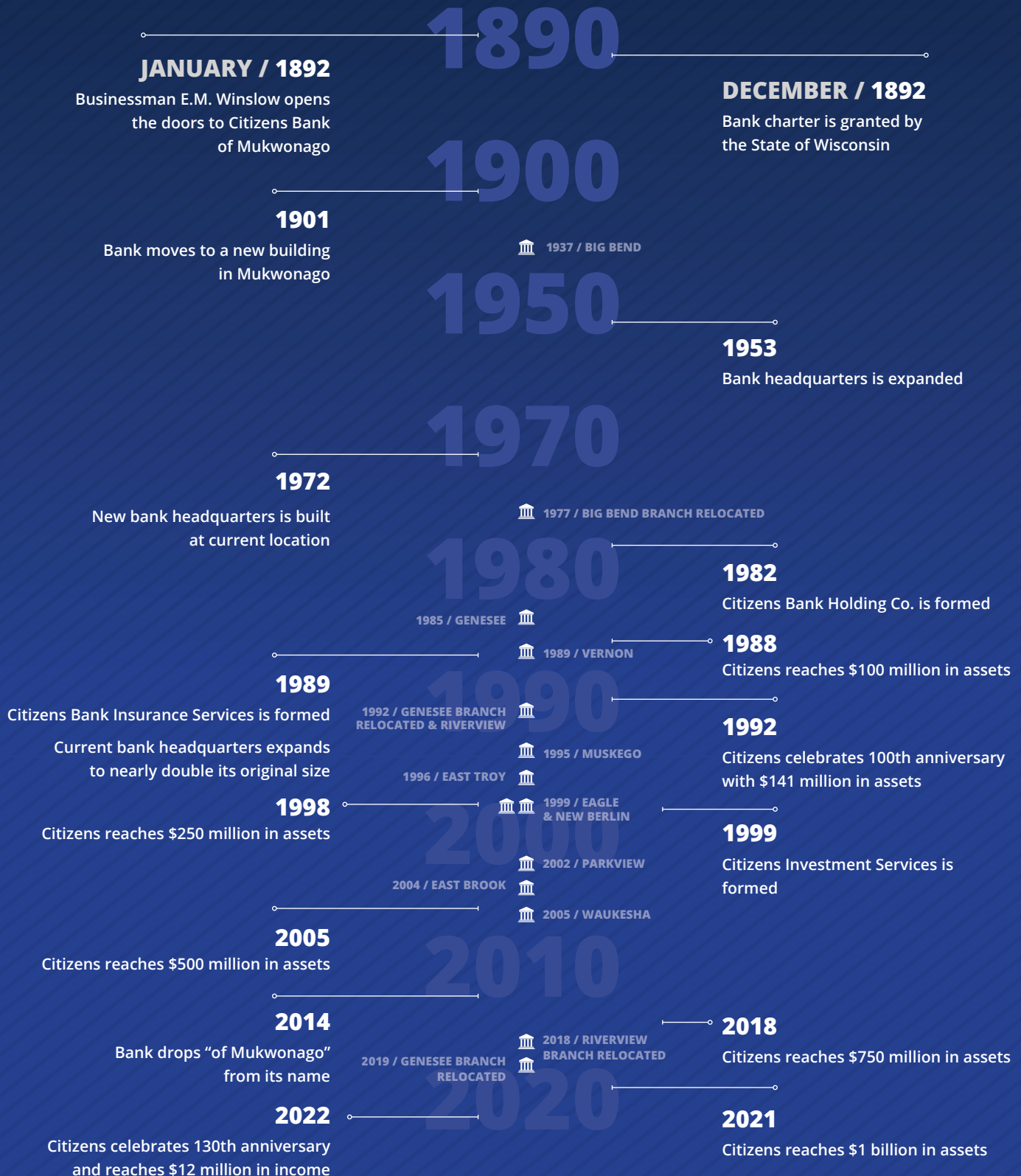
| | 2022 | 2021 |
|-----------------------------|--------------------|--------------------|
| ASSETS | \$1,009,978 | \$1,026,219 |
| GROSS LOANS | \$675,497 | \$608,568 |
| DEPOSITS | \$879,215 | \$896,692 |
| OTHER BORROWINGS | \$15,000 | \$5,000 |
| STOCKHOLDER'S EQUITY | \$114,201 | \$123,542 |
| NET INCOME | \$12,855 | \$11,430 |
| DIVIDENDS | \$2,333 | \$2,001 |

AVERAGE BALANCES (UNAUDITED)

| | 2022 | 2021 |
|-----------------------------|--------------------|------------------|
| ASSETS | \$1,016,650 | \$993,336 |
| GROSS LOANS | \$641,510 | \$610,879 |
| DEPOSITS | \$898,869 | \$866,762 |
| OTHER BORROWINGS | \$3,051 | \$4,567 |
| STOCKHOLDER'S EQUITY | \$113,367 | \$120,370 |

TIMELINE OF BANK HISTORY

BRANCH OPENINGS/RELOCATIONS



CONSOLIDATED BALANCE SHEETS

| Assets | 2022 | 2021 |
|--|-----------------|-----------------|
| Cash and Due from Banks | \$50,745,798 | \$118,328,905 |
| Federal Funds Sold | 84,000 | 49,000 |
| Cash and Cash Equivalents | 50,829,798 | 118,377,905 |
| Investment Securities: | | |
| Available for Sale - At Fair Value | 243,278,675 | 261,560,363 |
| Held to Maturity - (Fair Value \$6,426,261 and \$9,013,412 at 2022 and 2021, respectively) | 6,508,106 | \$8,735,659 |
| Loans Held For Sale | | 3,003,629 |
| Loans, Net | 667,474,819 | 600,530,543 |
| Premises and Equipment, Net | 8,303,353 | 8,577,284 |
| Cash Surrender Value of Bank Owned Life Insurance | 19,118,350 | 18,614,533 |
| Accrued Interest Receivable and Other Assets | 14,464,403 | 6,818,620 |
| Total Assets | \$1,009,977,504 | \$1,026,218,536 |
| Liabilities and Stockholders' Equity | | |
| Liabilities: | | |
| Deposits: | | |
| Noninterest Bearing | \$249,302,153 | \$253,679,073 |
| NOW Accounts | 69,043,209 | 76,953,167 |
| Money Market Accounts | 250,109,468 | 242,877,094 |
| Savings | 203,857,066 | 195,652,639 |
| Time | 106,903,129 | 127,529,555 |
| Total Deposits | 879,215,025 | 896,691,528 |
| Other Borrowings | 15,000,000 | 5,000,000 |
| Accrued Interest Payable and Other Liabilities | 1,561,164 | 984,608 |
| Total Liabilities | 895,776,189 | 902,676,136 |
| Stockholders' Equity | | |
| Common stock, \$1 par value - 1,200,000 shares authorized and 800,000 issued - 667,176 and 666,787 shares outstanding at 2022 and 2021, respectively | 800,000 | 800,000 |
| Surplus | 2,778,557 | 2,655,378 |
| Retained Earnings | 142,180,878 | 131,658,340 |
| Treasury Stock, at cost, 132,824 and 133,213 shares at 2022 and 2021, respectively | (12,474,645) | (12,426,482) |
| Accumulated Other Comprehensive Income (Loss) | (19,083,475) | 855,164 |
| Total Stockholders' Equity | 114,201,315 | 123,542,400 |
| Total Liabilities and Stockholders' Equity | \$1,009,977,504 | \$1,026,218,536 |

CONSOLIDATED STATEMENTS OF INCOME

| Interest and Dividend Income | 2022 | 2021 |
|---|--------------|--------------|
| Loans, Including Fees | \$28,850,485 | \$29,145,138 |
| Investment Securities: | | |
| Taxable | 3,131,402 | 1,865,593 |
| Tax Exempt | 1,597,931 | 1,515,072 |
| Interest Bearing Deposits | 1,011,288 | 189,374 |
| Federal Funds Sold | 8,192 | 810 |
| Total Interest and Dividend Income | 34,599,298 | 32,715,987 |
| Interest Expense | | |
| Deposits | 2,300,716 | 2,129,659 |
| Total Interest Expense | 2,300,716 | 2,129,659 |
| Net Interest and Dividend Income Before Provision for Loan Losses | 32,298,582 | 30,586,328 |
| Provision for Loan Losses | 150,000 | 1,140,000 |
| Net Interest and Dividend Income After Provision for Loan Losses | 32,148,582 | 29,446,328 |
| Noninterest Income | | |
| Service Fees | 4,073,500 | 4,176,834 |
| Gain on Sales of Loans | 389,111 | 3,618,937 |
| Gain on Sales of Securities | 6,675 | - |
| Loan servicing income, net | 346,837 | 87,766 |
| Increase in Cash Surrender Value of Bank Owned Life Insurance | 503,817 | 454,237 |
| Other Income | 146,419 | 88,406 |
| Total Noninterest Income | 5,466,359 | 8,426,180 |
| Noninterest Expense | | |
| Salaries | 10,650,572 | 9,762,108 |
| Employee Benefits | 2,929,235 | 5,235,483 |
| Occupancy Expenses | 950,705 | 940,090 |
| Equipment Expenses | 2,889,932 | 3,011,573 |
| Professional Fees | 356,237 | 446,525 |
| Other Expenses | 2,894,332 | 2,865,930 |
| Total Noninterest Expense | 20,671,013 | 22,261,709 |
| Income Before Income Taxes | 16,943,928 | 15,610,799 |
| Income Tax Expense | 4,088,772 | 4,180,615 |
| Net Income | \$12,855,156 | \$11,430,184 |

STATEMENTS OF STOCKHOLDERS' EQUITY

| | Common Stock | Surplus | Retained Earnings | Treasury Stock | Accumulated Other Comprehensive Income (Loss) | Total Stock- holders' Equity |
|---|------------------|--------------------|----------------------|-----------------------|--|------------------------------------|
| January 1, 2021 | \$800,000 | \$2,556,028 | \$122,229,088 | \$(12,104,003) | \$2,226,388 | \$115,707,501 |
| Net Income - 2021 | - | - | 11,430,184 | - | - | 11,430,184 |
| Other Comprehensive Loss | - | - | - | - | (1,371,224) | (1,371,224) |
| Purchase 2,237 shares of Treasury Stock | - | - | - | (400,564) | - | (400,564) |
| Reissuance of 954 shares of Treasury Stock | - | 99,350 | - | 78,085 | - | 177,435 |
| Dividends - \$3.00 per share | - | - | (2,000,932) | - | - | (2,000,932) |
| December 31, 2021 | 800,000 | 2,655,378 | 131,658,340 | (12,426,482) | 855,164 | 123,542,400 |
| Net Income - 2022 | - | - | 12,855,156 | - | - | 12,855,156 |
| Other Comprehensive Loss | - | - | - | - | (19,938,639) | (19,938,639) |
| Purchase 737 shares of Treasury Stock | - | - | - | (140,326) | - | (140,326) |
| Reissuance of 1,126 shares of Treasury Stock | - | 123,179 | - | 92,163 | - | 215,342 |
| Dividends - \$3.50 per share | - | - | (2,332,618) | - | - | (2,332,618) |
| December 31, 2022 | \$800,000 | \$2,778,557 | \$142,180,878 | \$(12,474,645) | \$(19,083,475) | \$114,201,315 |

SUMMARY OF OPERATIONS

(Unaudited)

(Dollars in thousands except per share data)

Years Ended December 31,

| | 2022 | 2021 | 2020 | 2019 | 2018 |
|--|--------------------|--------------------|------------------|------------------|------------------|
| Summary of Consolidated Income | | | | | |
| Interest Income | \$34,599 | \$32,716 | \$31,781 | \$31,849 | \$27,501 |
| Interest Expense | 2,300 | 2,130 | 4,621 | 6,229 | 4,434 |
| Net Interest Income | 32,299 | 30,586 | 27,160 | 25,620 | 23,067 |
| Provision for Loan Losses | 150 | 1,140 | 1,905 | - | 250 |
| Net Interest Income After Provision for Loan Losses | 32,149 | 29,446 | 25,255 | 25,620 | 22,817 |
| Non-Interest Income | 5,466 | 8,426 | 10,353 | 6,169 | 5,276 |
| | 37,615 | 37,872 | 35,608 | 31,789 | 28,093 |
| Non-Interest Expense | 20,671 | 22,261 | 20,230 | 19,117 | 17,419 |
| Income (Loss) Before Income Taxes | 16,944 | 15,611 | 15,378 | 12,672 | 10,674 |
| Provision (Benefit) for Income Taxes | 4,089 | 4,181 | 3,679 | 3,284 | 2,523 |
| Net Income (Loss) | \$12,855 | \$11,430 | \$11,699 | \$9,388 | \$8,151 |
| Year-End Assets | \$1,009,978 | \$1,026,219 | \$929,869 | \$793,899 | \$751,128 |
| Average Assets | \$1,016,507 | \$993,336 | \$869,335 | \$766,535 | \$729,772 |
| Year-End Equity Capital | \$114,201 | \$123,542 | \$115,708 | \$103,593 | \$93,396 |
| Average Equity Capital | \$113,202 | \$120,370 | \$111,382 | \$100,218 | \$90,646 |
| Return on Average Assets | 1.26% | 1.15% | 1.35% | 1.22% | 1.12% |
| Return on Average Equity | 11.36% | 9.50% | 10.50% | 9.37% | 8.99% |
| Book Value Per Share | \$171.17 | \$185.28 | \$173.20 | \$153.70 | \$137.55 |
| Appraisal Value Per Share | \$194.00 | \$199.75 | \$180.00 | \$173.50 | \$151.00 |
| Earnings (Loss) Per Share | \$19.28 | \$17.12 | \$17.42 | \$13.87 | \$11.98 |
| Weighted Average Shares Outstanding | 666,666 | 667,475 | 671,438 | 676,638 | 680,539 |



The complete, audited Consolidated Financial Statements can be viewed by scanning the QR code or are available upon request.

COMMUNITY INVOLVEMENT

Volunteering keeps our team members connected to the community and brings us closer to one another. We have a passion for helping others and find many ways to support our neighbors throughout the year. Here are some of the volunteer activities we participated in during 2022:



The complete list of organizations we supported in 2022 can be viewed by scanning the QR code



ADOPT A HIGHWAY In 2019, we adopted a stretch of Highway 83 between Wales and Genesee Depot. At least three times each year, a group of bank volunteers goes out to clean up the roadside.

ERAS SENIOR NETWORK Several times a year, we assemble a group of team members to help senior citizens served by ERAs, including helping with household and yard chores for seniors still living independently.



THE WOMEN'S CENTER Many of our Citizens team members teamed up to help at The Women's Center in Waukesha, gathering and donating wish list items. This is a great cause, and we fully support their mission to provide safety, shelter and support to empower all impacted by domestic abuse, sexual violence, child abuse and trafficking.



CASH RESCUE FAIR

In 2017, Citizens Bank launched a savings program for kids called the Ca\$h Savings Club that features a Golden Retriever mascot, Ca\$h. In 2021, the bank hosted its first Ca\$h the Dog Rescue Fair to help our four-legged friends find their fur-ever homes with local families. The inaugural event was such a success we brought the rescue fair back in 2022.

2022

RESCUE FAIR / BY THE NUMBERS

45

BANK VOLUNTEERS
(INCLUDES FAMILY MEMBERS)

10

SMALL, LOCAL RESCUES

24+

ADOPTABLE DOGS

10

DOGGO-RELATED VENDORS

5

OTHER GROUPS
(SERVICE AND POLICE, ETC.)

100s

FAMILIES IN ATTENDANCE



MILESTONE ANNIVERSARY LUNCHEON

Each year, Citizens Bank recognizes team members celebrating milestone bank anniversaries with a special luncheon.



2022 MILESTONE ANNIVERSARIES

BACK ROW, standing L to R: Lisa Wiegert (10), Cindy Murdock (35), Sarah Oberthaler (15), Pat Woods (30), Jonathan Lloyd (30), Tom Haase (25), Kristie Whiteaker (25), April Berres (10), Barb Sutton (20), Lori Szolwinski (10)

FRONT ROW, seated L to r: Gail Sawicki (20), Jeff Standafer (host), DeAnne Conrad (35), Beth Keizer (15), Lowell Nuesse (20)

NOT PICTURED: Barb Kopp (20), Linda Milbrath (15), Jen Christensen (10), Heidi Bilgo (10)

CUSTOMER SUCCESS STORIES



WORKING TOGETHER, We make our community a better place

**A GREAT EXAMPLE OF CITIZENS
BANK SUPPORTING CUSTOMERS
WITH GOALS OF MAKING OUR
COMMUNITY STRONGER, AND
JUST A BETTER PLACE TO LIVE.**



**Watch the
testimonial here**

UPI MANUFACTURING

Chief and Jeff Dretzka Jr. are a father and son of indigenous roots with a strong passion to make America stronger. Their company, UPI Manufacturing, started out as an underground contractor doing sewer and water work in and around the Milwaukee area. After the attacks of 9/11, they decided to pivot and work toward getting the American war fighter what they need. This Native American owned business, employing 70 people, outgrew its 24,000 square foot outfit and needed to expand.

When Citizens Bank entered the picture, we helped UPI secure a commercial mortgage refinance and a capital expenditures line of credit. The line of credit has allowed the business to reinvest in itself. "It changed the way we look at buying equipment," Chief says. "We buy equipment that we need when we need it, instead of when we can afford it. Citizens Bank made that possible for us."

130 YEARS
Serving the Community

Citizens Bank Holding, Inc.

262-363-6500 | WWW.CITIZENBANK.BANK



Scan the QR code for shareholder
inquiries and additional investor
relations information