



Earnings Release Supplement

Second Quarter 2024

Citizens Community Bancorp, Inc.

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Cautionary Notes and Additional Disclosures

DATES AND PERIODS PRESENTED

In this earnings release financial supplement, unless otherwise noted, “20YY” refers to either the corresponding fiscal year-end date or the corresponding 12-months (i.e. fiscal year) then ended. “MMM-YY” refers to either the corresponding quarter-end date, or the corresponding three-month period then ended.

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

This earnings release financial supplement may contain certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, and Section 21E of the Securities Exchange Act of 1934. These statements include, but are not limited to, descriptions of the financial condition, results of operations, asset and credit quality trends, profitability, projected earnings, future plans, strategies and expectations of Citizens Community Bancorp, Inc. (“CZWI” or the “Company”) and its subsidiary, Citizens Community Federal, National Association (“CCFBank”). The Company intends such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995 and is including this statement for purposes of complying with those safe harbor provisions. Forward-looking statements, which are based on certain assumptions of the Company, are generally identifiable by use of the words “believe,” “expect,” “estimates,” “intend,” “anticipate,” “estimate,” “project,” “on pace,” “seek,” “target,” “potential,” “focus,” “may,” “preliminary,” “could,” “should” or similar expressions. These forward-looking statements express management’s current expectations or forecasts of future events, and by their nature, are subject to risks and uncertainties. Therefore, there are a number of factors that might cause actual results to differ materially from those in such statements.

These uncertainties include: conditions in the financial markets and economic conditions generally; the impact of inflation on our business and our customers; geopolitical tensions, including current or anticipated impact of military conflicts; higher lending risks associated with our commercial and agricultural banking activities; future pandemics (including new variants of COVID-19); cybersecurity risks; adverse impacts on the regional banking industry and the business environment in which it operates; interest rate risk; lending risk; changes in the fair value or ratings downgrades of our securities; the sufficiency of allowance for credit losses; competitive pressures among depository and other financial institutions; disintermediation risk; our ability to maintain our reputation; our ability to maintain or increase our market share; our ability to realize the benefits of net deferred tax assets; our inability to obtain needed liquidity; our ability to raise capital needed to fund growth or meet regulatory requirements; our ability to attract and retain key personnel; our ability to keep pace with technological change; prevalence of fraud and other financial crimes; the possibility that our internal controls and procedures could fail or be circumvented; our ability to successfully execute our acquisition growth strategy; risks posed by acquisitions and other expansion opportunities, including difficulties and delays in integrating the acquired business operations or fully realizing the cost savings and other benefits; restrictions on our ability to pay dividends; the potential volatility of our stock price; accounting standards for credit losses; legislative or regulatory changes or actions, or significant litigation, adversely affecting the Company or Bank; public company reporting obligations; changes in federal or state tax laws; and changes in accounting principles, policies or guidelines and their impact on financial performance.

Stockholders, potential investors and other readers are urged to consider these factors carefully in evaluating the forward-looking statements and are cautioned not to place undue reliance on such forward-looking statements. Such uncertainties and other risks that may affect the Company's performance are discussed further in Part I, Item 1A, “Risk Factors,” in the Company’s Form 10-K, for the year ended December 31, 2023, filed with the Securities and Exchange Commission (“SEC”) on March 5, 2024, and the Company's subsequent filings with the SEC. The Company undertakes no obligation to make any revisions to the forward-looking statements contained herein or to update them to reflect events or circumstances occurring after the date hereof.

NON-GAAP FINANCIAL MEASURES

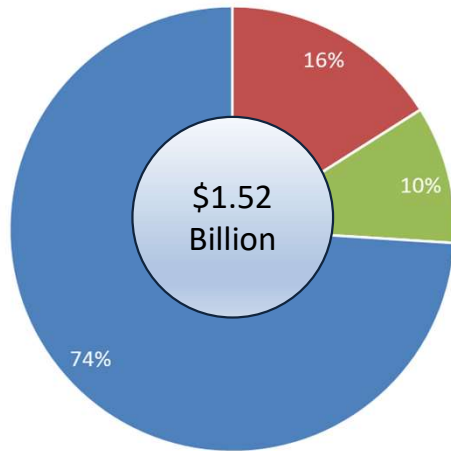
This earnings release financial supplement contains non-GAAP financial measures. For purposes of Regulation G, a non-GAAP financial measure is a numerical measure of the registrant's historical or future financial performance, financial position or cash flows that excludes amounts, or is subject to adjustments that have the effect of excluding amounts, that are included in the most directly comparable measure calculated and presented in accordance with GAAP in the statement of income, balance sheet or statement of cash flows (or equivalent statements) of the issuer; or includes amounts, or is subject to adjustments that have the effect of including amounts, that are excluded from the most directly comparable measure so calculated and presented. In this regard, GAAP refers to generally accepted accounting principles in the United States.

Non-GAAP financial measures referred to herein include net income as adjusted, return on average equity as adjusted, and return on average assets as adjusted. Reconciliations of all non-GAAP financial measures used herein to the comparable GAAP financial measures in the appendix at the end of this presentation.

Deposit Composition

June 30, 2024

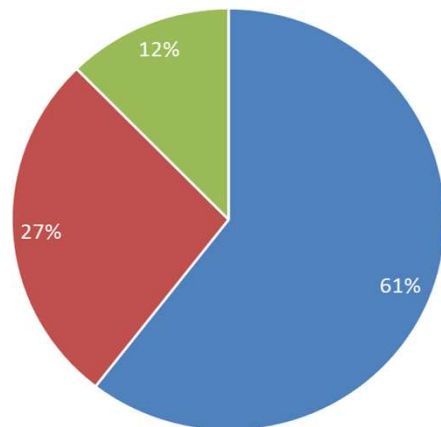
Insured and Collateralized Deposits



84% of deposits insured or collateralized

■ Uninsured or Uncollateralized ■ Preferred Public Deposits Collateralized ■ Insured Deposits

Deposit Composition



■ Consumer deposits ■ Commercial deposits ■ Public deposits

Average Account Size (In Thousands)

Type	Amount
Retail	\$14
Commercial	\$76
Public	\$396

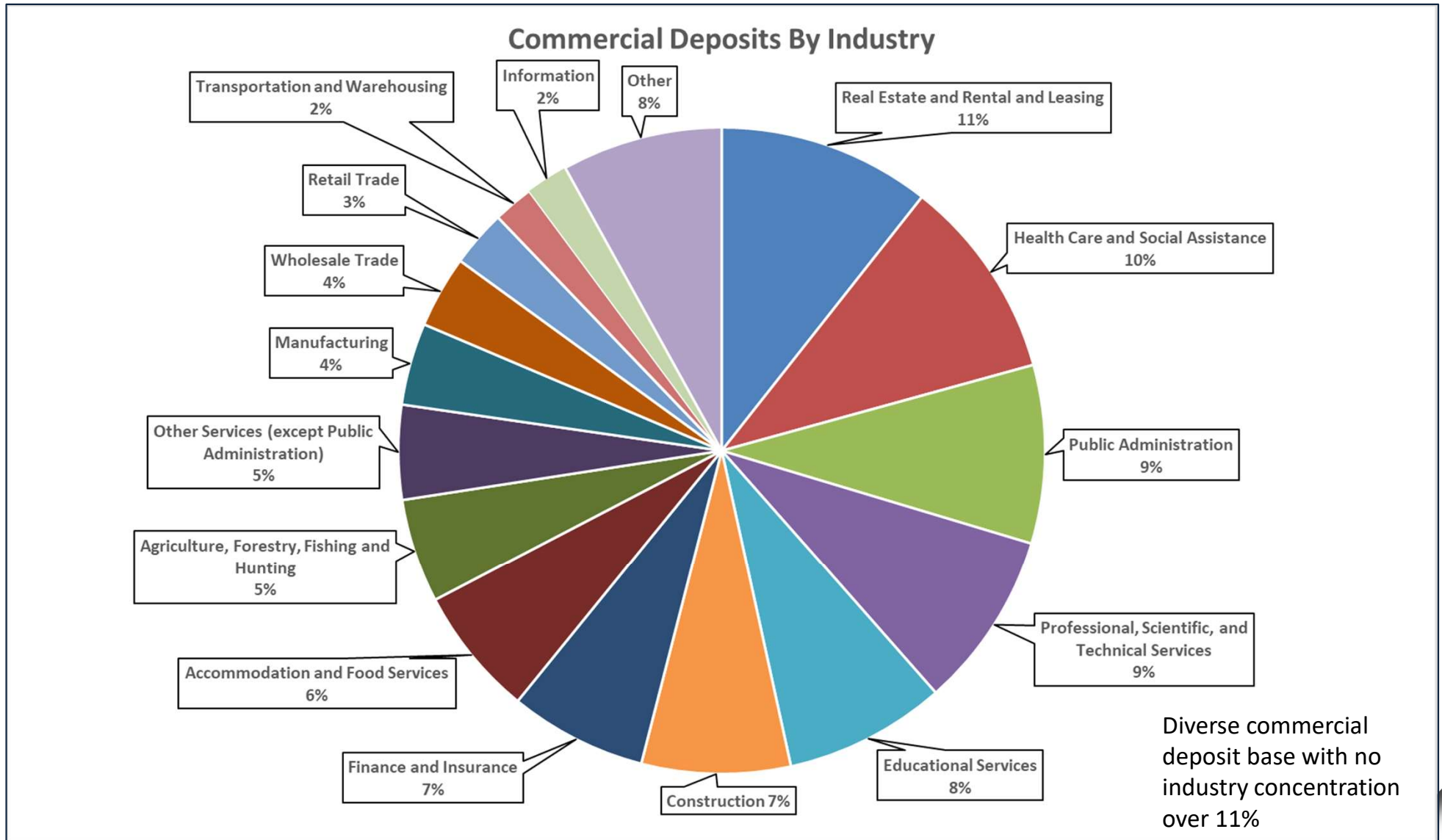
Top 10 Depositors

Rank	% of Deposits	Industry	Coverage Beyond FDIC ⁽¹⁾
1	2.1%	Health Care	ICS
2	2.0%	Public Administration	ICS
3	2.0%	Educational Services	ICS
4	1.4%	Public Administration	Collateralized
5	1.2%	Public Administration	Collateralized
6	1.0%	Public Administration	Collateralized
7	0.8%	Professional, Scientific, and Technical Services	None
8	0.7%	Public Administration	Collateralized
9	0.7%	Educational Services	ICS & Collateralized
10	0.6%	Manufacturing	ICS

(1) Coverage by ICS and private insurance may not cover entire balance

Commercial Deposit Concentrations

June 30, 2024

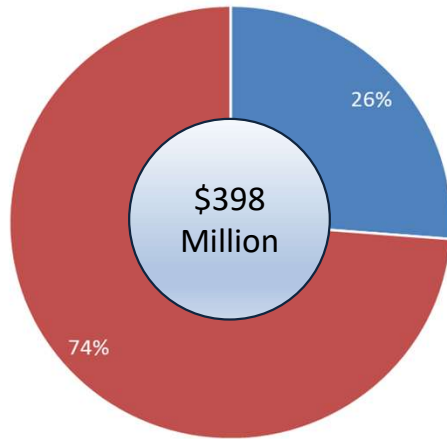


Source: Internal Company Documents

Top 100 Depositors

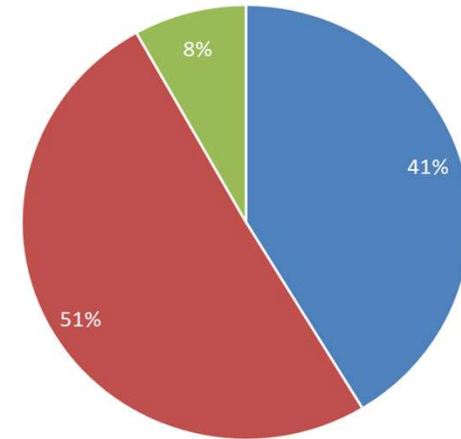
June 30, 2024

Composition



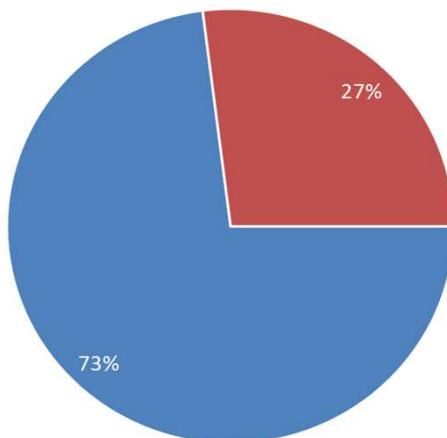
■ Top 100 Depositors ■ Remaining Depositors

Customer Type



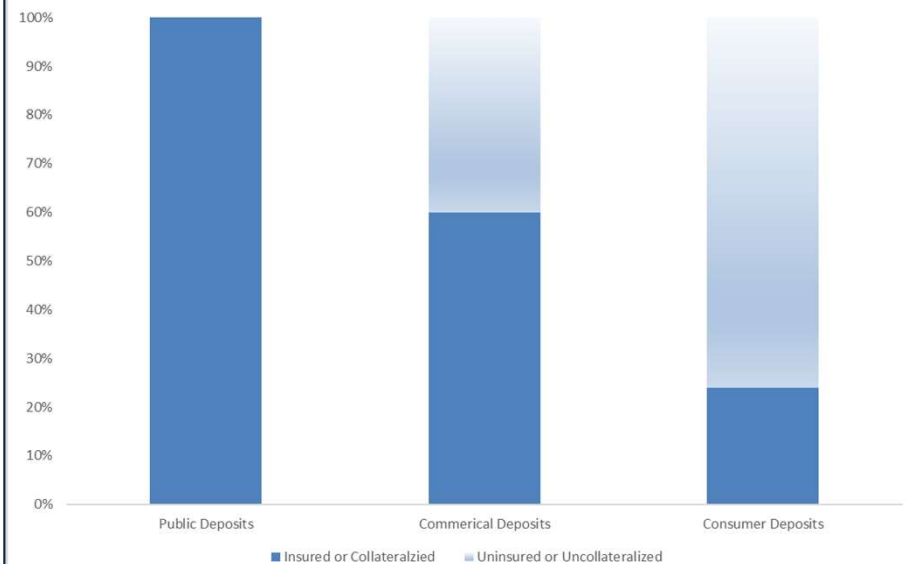
■ Public Deposits ■ Commercial Deposits ■ Consumer Deposits

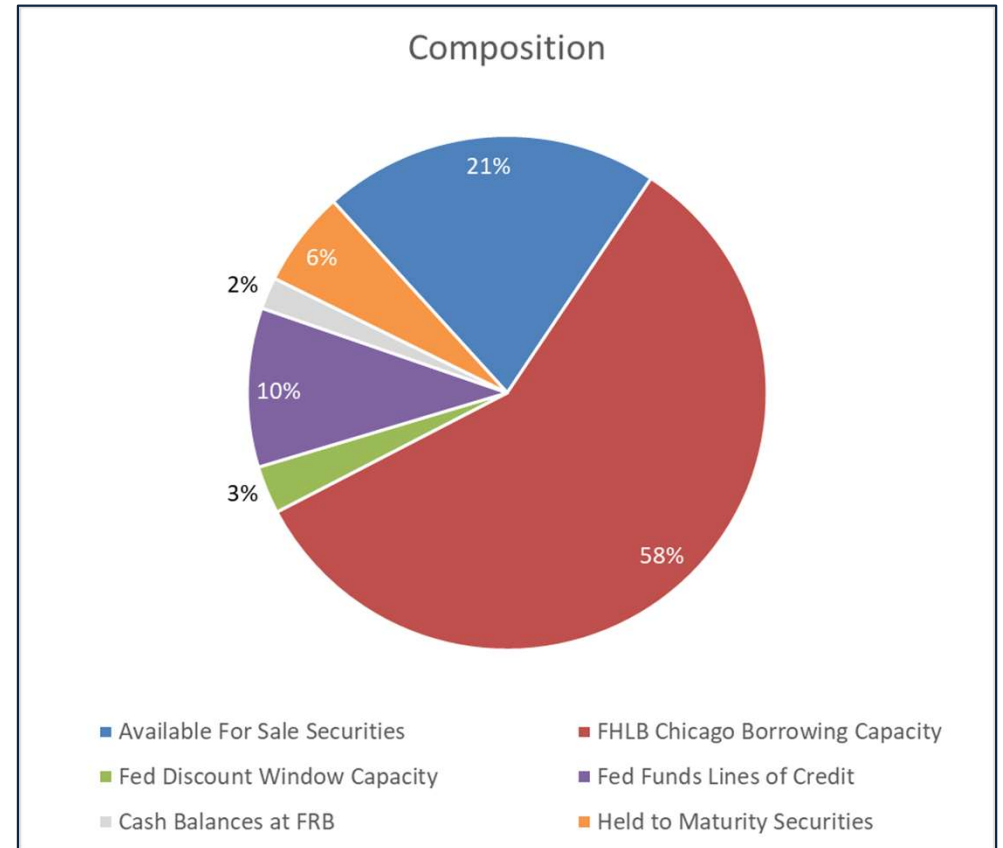
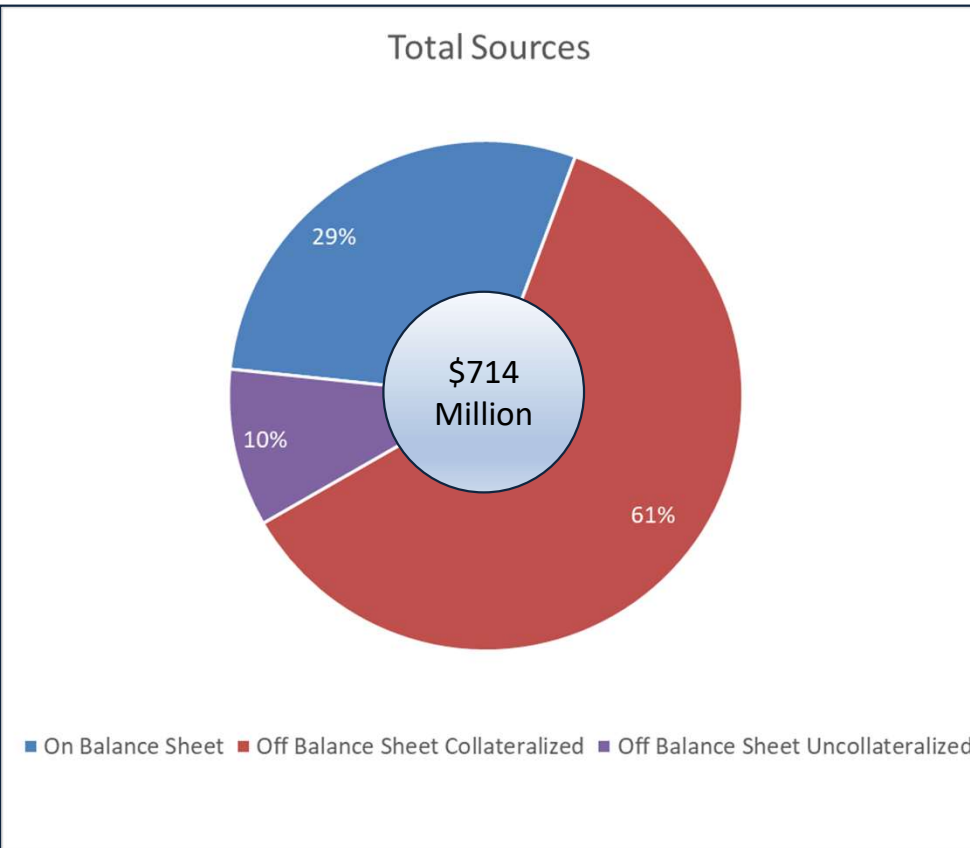
Insured or Collateralized



■ Insured or Collateralized ■ Uninsured or Uncollateralized

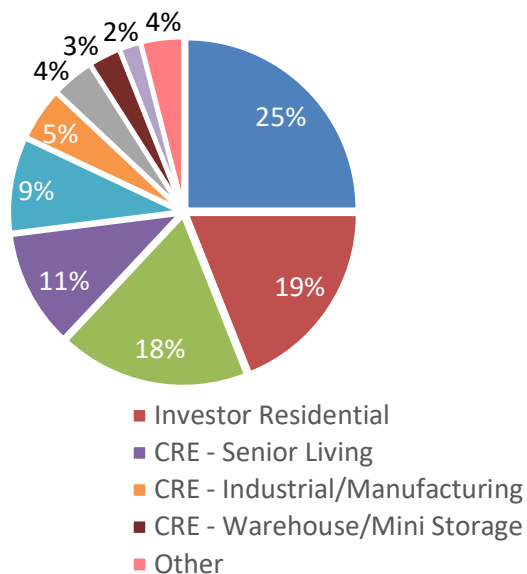
Insured or Collateralized by Customer Type





Non – Owner Occupied CRE

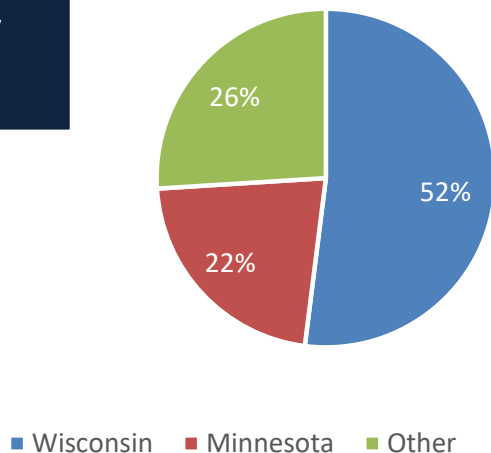
Non – Owner Occupied CRE As of 6/30/24



Portfolio Characteristics - Non-Owner Occupied CRE

As of	6/30/2024	3/31/2024
Loan Balance Outstanding In Millions	\$492	\$515
Number of Loans	759	775
Average Loan Size In Thousands	\$648	\$664
Approximate Weighted Average LTV	53%	55%
Weighted Average Seasoning In Months	40	38
Trailing 12 Month Net Charge-Offs	0.00%	0.00%
Criticized Loans Millions	\$9.0	\$13.0
Criticized Loans as a Percent of Total	1.9%	2.7%

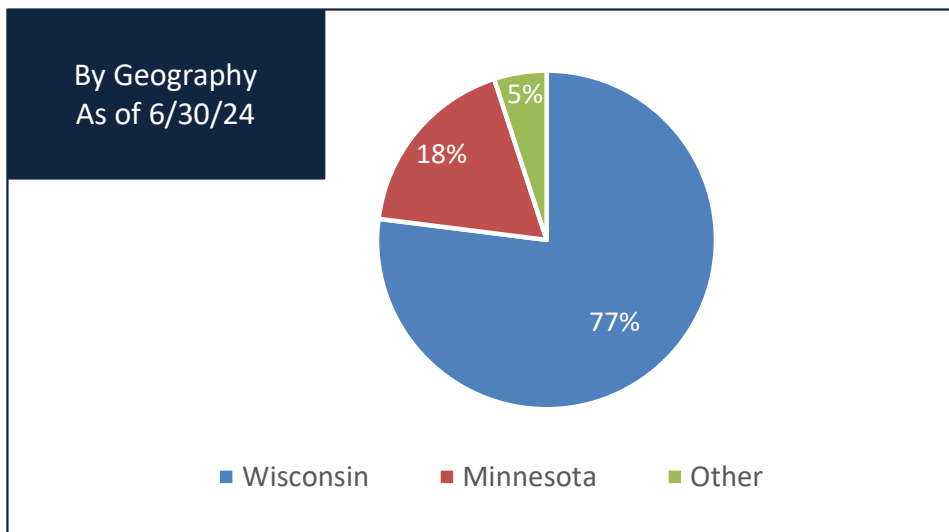
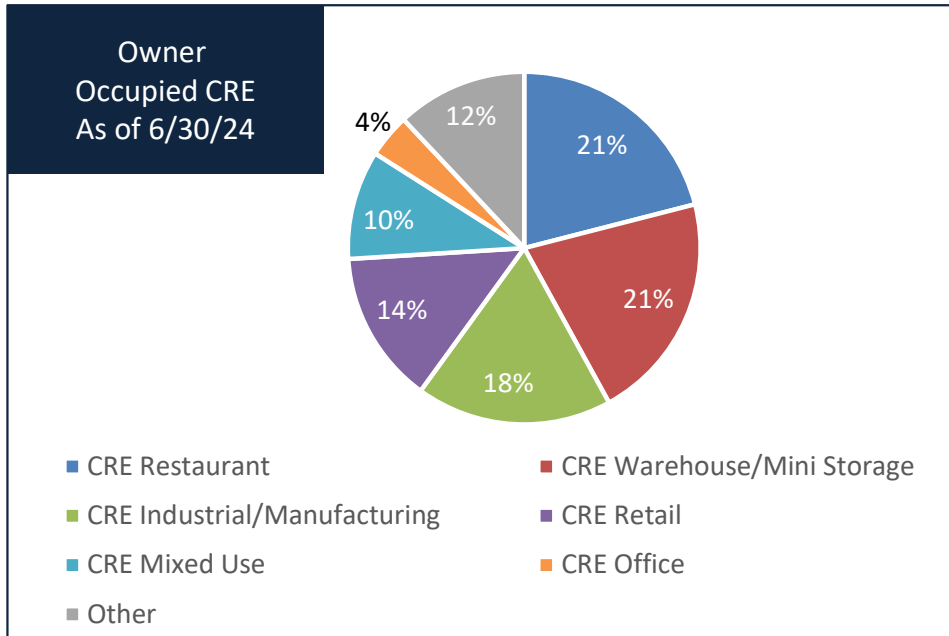
By Geography As of 6/30/24



Portfolio Fundamentals

- Typically, well seasoned investors with multiple projects, track record of success and personal financial strength (Net Worth/Liquidity)
- Maximum LTV =<80% with recourse to owners with >20% interest
- Term of 5-10 years with 20 to 25-year amortizations depending on property type, markets and strength and liquidity of sponsors
- Minimum DSC and/or Global DSC covenant required to monitor performance ranging from 1.15x-1.25x
- Conservative underwriting approach emphasizing actual results or market data
- Appropriate use of SBA 504/7a for lower cash injection or special use projects

Owner Occupied CRE

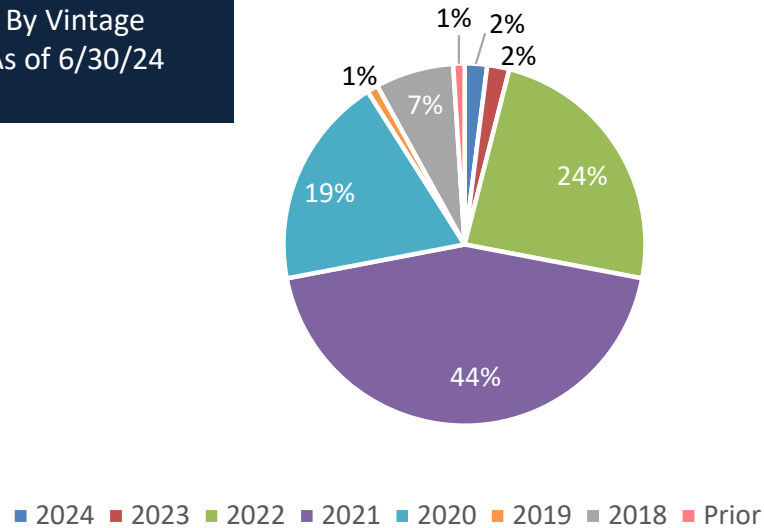


Portfolio Characteristics - Owner Occupied CRE

As of	6/30/2024	3/31/2024
Loan Balance Outstanding In Millions	\$238	\$231
Number of Loans	378	375
Average Loan Size In Thousands	\$628	\$617
Approximate Weighted Average LTV	51%	51%
Weighted Average Seasoning In Months	38	36
Trailing 12 Month Net Charge-Offs (Recoveries)	(0.01%)	(0.01%)
Criticized Loans In Millions	\$1.0	\$1.0
Criticized Loans as a Percent of Total	0.5%	0.4%

- Portfolio Fundamentals**
- Underwritten to <80% LTV based on appraised value (<75% for Restaurant)
 - Term of 5-10 years with 20-year amortization
 - Recourse to owners with greater than 20% interest
 - DSC covenant of 1.25x on project and/or Global DSC of 1.15x
 - Appropriate use of SBA 504/7a for lower cash injection or special use projects
 - By Geography "Other" segment includes borrowers with warm climates, no income tax states

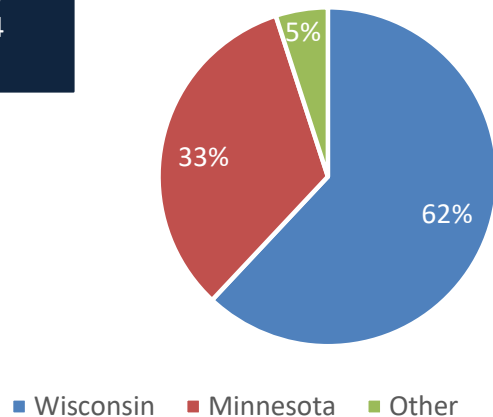
By Vintage
As of 6/30/24



Portfolio Characteristics - Multi-family

As of	6/30/2024	3/31/2024
Loan Balance Outstanding In Millions	\$235	\$235
Number of Loans	129	130
Average Loan Size In Millions	\$1.82	\$1.81
Approximate Weighted Average LTV	61%	61%
Weighted Average Seasoning In Months	36	34
Trailing 12 Month Net Charge-Offs	0%	0%
Criticized Loans in Millions	\$0.0	\$0.0
Criticized Loans as a Percent of Total	0.0%	0.0%

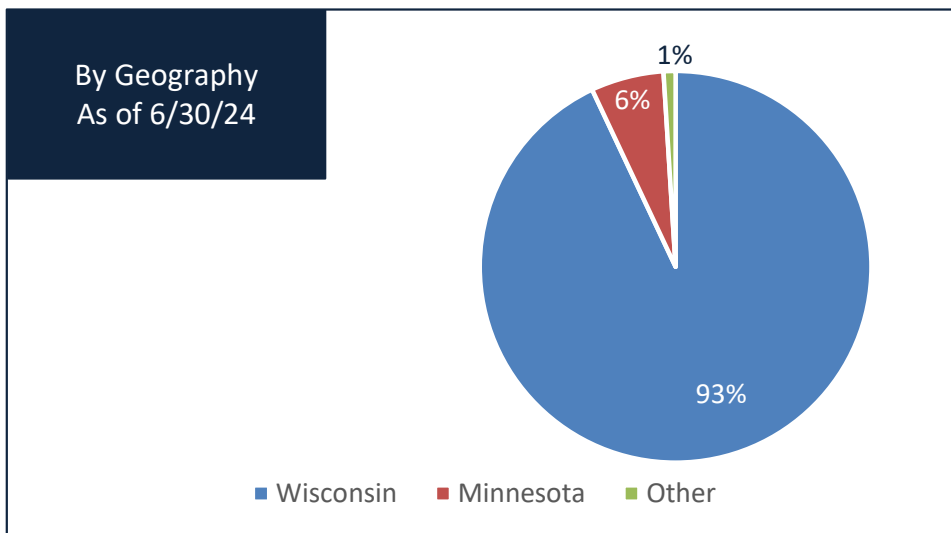
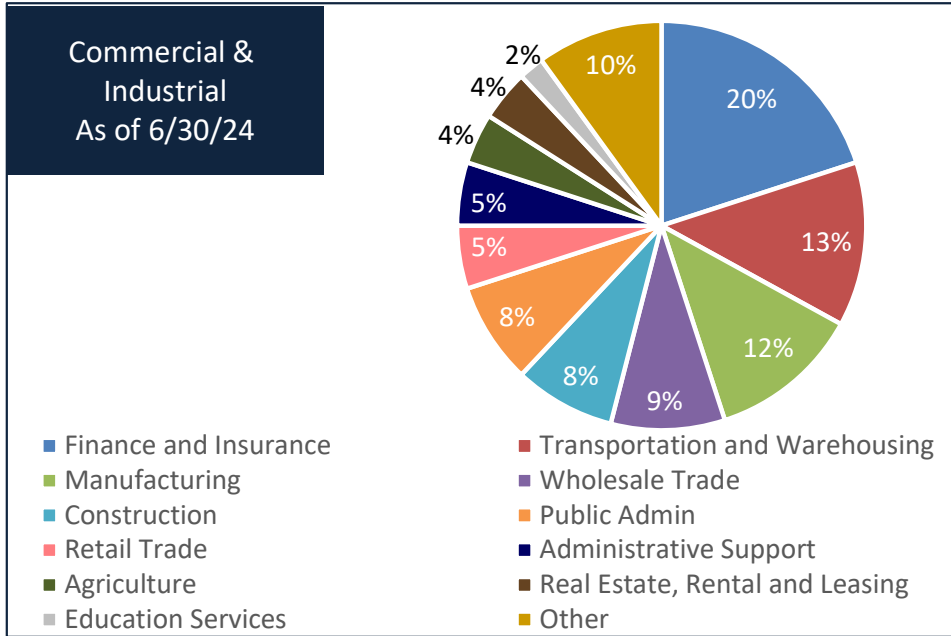
By Geography
As of 6/30/24



Portfolio Fundamentals

- Robust housing markets in Eau Claire and Mankato markets supported by student populations at state universities, technical colleges, and growing population and job markets
- Multi-family sponsors experienced owners with multi-project portfolios
- Typically underwritten to 75% LTV based on appraised value with recourse; metro markets and/or strong sponsors may warrant up to 80% LTV
- Generally, term of 5-10 years with 20 to 25-year amortization (varies by new versus existing, size of market and sponsor strength)
- Covenant for minimum DSC/Global DSC

Commercial & Industrial Loans

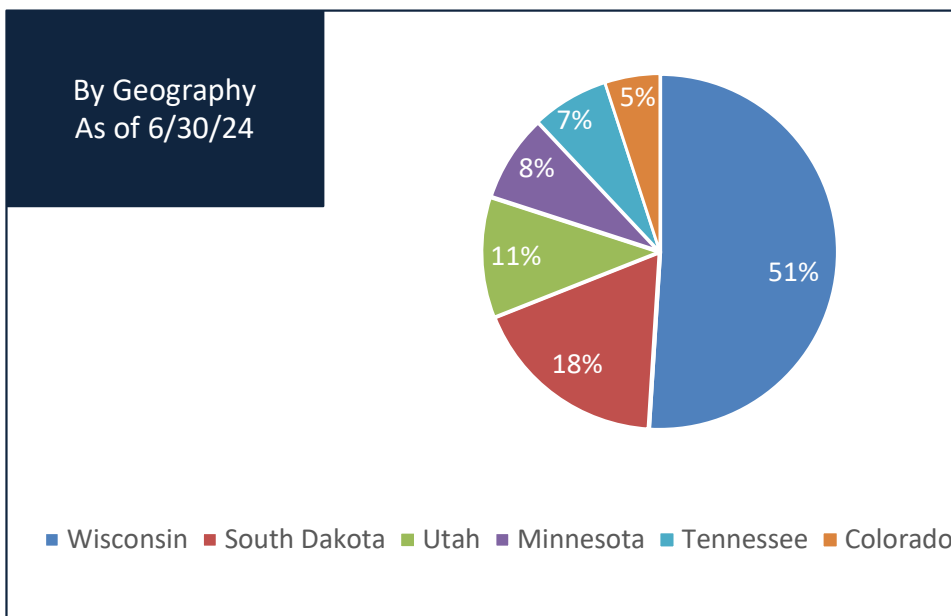
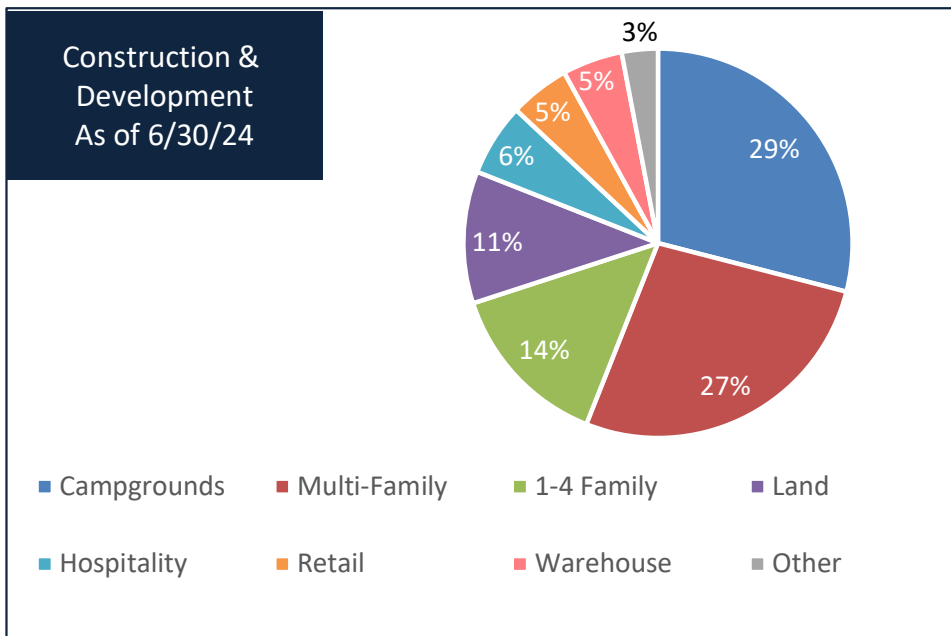


Portfolio Characteristics - Commercial & Industrial

As of	6/30/2024	3/31/2024
Loan Balance In Millions	\$127	\$129
Number of Loans	645	649
Average Loan Size In Thousands	\$197	\$198
Weighted Average Seasoning In Months	30	32
Trailing 12 Month Net Charge-Offs (Recoveries)	(0.01%)	(0.01%)
Committed Line, if collateral In Millions	\$54	\$53
Criticized Loans In Millions	\$3.0	\$3.0
Criticized Loans as a Percent of Total	2.2%	2.7%

- Portfolio Fundamentals**
- Highly diversified, secured loan portfolio underwritten with recourse
 - Lines of credit reviewed annually and may have borrowing base certificates governing line usage
 - Fixed asset LTV's based on age and type of equipment; <5-year amortization
 - Use of SBA Guaranty Program (Preferred Lender or General Processing) as appropriate
 - "Retail Trade" segment consists of Farm Supply, Franchised Hardware, Franchised Auto Parts, Franchised and Non-franchised Auto Dealers and Repair Shops, Convenience Stores/Gas Stations

Construction & Development Loans



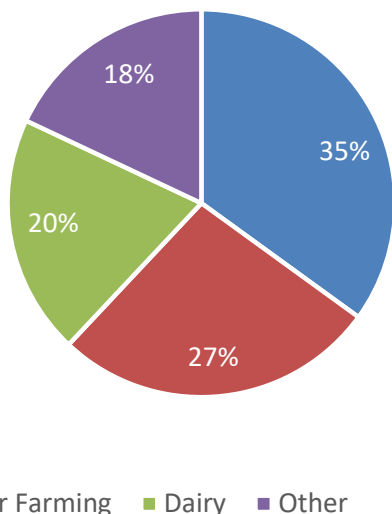
Portfolio Characteristics - Construction & Development

As of	6/30/2024	3/31/2024
Loan Balance Outstanding In Millions	\$88	\$94
Number of Loans	109	111
Average Loan Size In Millions	\$1.0	\$1.0
Approximate Weighted Average LTV	67%	68%
Trailing 12 Month Net Charge-Offs	0.00%	0.00%
Percent Utilized of Commitments	73%	71%
Criticized Loans in Millions	\$0.1	\$0.3
Criticized Loans as a Percent of Total	0.1%	0.3%

- Portfolio Fundamentals**
- Underwritten to 75-80% LTV based on lesser of cost or appraised value with full recourse
 - Interest only typically up to 18 months (depending on project complexity and seasonal timing) followed by amortization of 15-25 years (terms vary by property type)
 - Borrower equity contribution of cash/land value =>15% injected at the beginning of project (cash/land contribution)
 - Construction loans require 3rd party inspections and title company draws after balancing to sworn construction statement
 - 1-4 residential construction centered in eastern Twin Cities and Northwest Wisconsin. Generally, 80% LTC /60%-80% of AV. Spec building capped. Progress reporting monthly by individual home

Agricultural Real Estate & Operating Loans

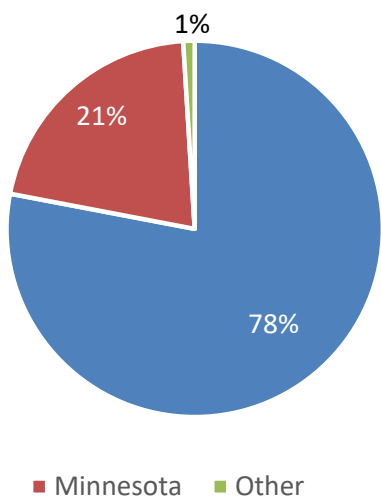
Agricultural
As of 6/30/24



Portfolio Characteristics - Agricultural

As of	6/30/2024	3/31/2024
Loan Balance Outstanding In Millions	\$106	\$107
Number of Loans	489	485
Average Loan Size In Thousands	\$216	\$220
Weighted Average Seasoning In Months	39	38
Trailing 12 Month Net Charge-Offs (Recoveries)	(0.47%)	(0.43%)
Criticized Loans in Millions	\$7.5	\$7.7
Criticized Loans as a Percent of Total	7.1%	7.2%

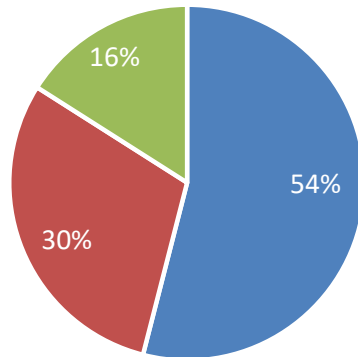
By Geography
As of 6/30/24



Portfolio Fundamentals

- Producers required to have marketing plans to mitigate volatility of commodities
- Appropriate crop/revenue insurance and/or dairy margin protection required
- Maximum ag RE LTV of less than 65%; equipment LTV of less than 75%
- Appropriate structuring to separate crop production cycles and to match length of loan with asset financed
- Use of Farmer Mac, FSA, SBA or USDA programs to address DSC, collateral margins or working capital
- Operating and ag loan relationships are typically cross collateralized

Hotels As of 6/30/24

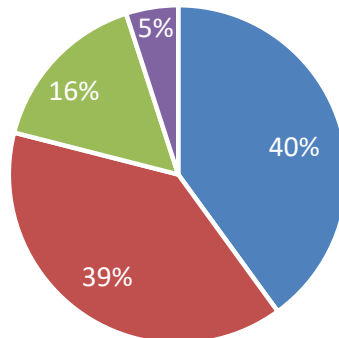


■ Limited Service ■ Full Service ■ Other

Portfolio Characteristics - Hotels

As of	6/30/2024	3/31/2024
Loan Balance Outstanding In Millions	\$92	\$95
Number of Loans	20	21
Average Loan Size In Millions	\$4.6	\$4.5
Approximate Weighted Average LTV	51%	54%
Trailing 12 Month Net Charge Offs (Recoveries)	(0.04%)	(0.04%)
Criticized Loans in Millions	\$4.5	\$4.6
Criticized Loans as a Percent of Total	4.9%	4.8%

By Geography As of 6/30/24



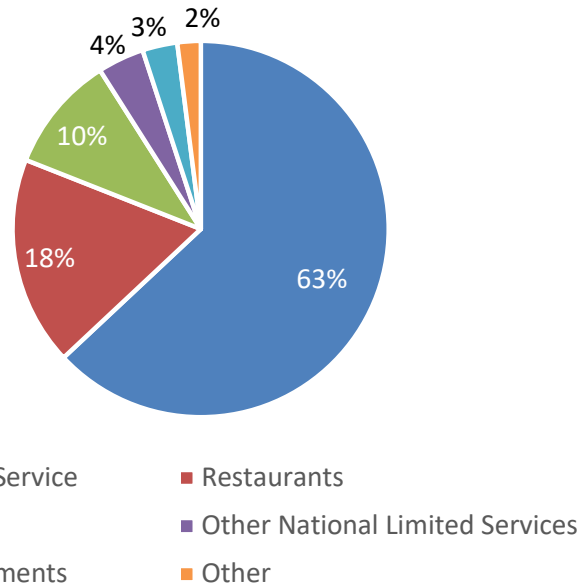
■ Minnesota ■ Wisconsin ■ Illinois ■ Colorado

Portfolio Fundamentals

- Mainly experienced multi project hoteliers and guarantors with strong personal financial statements (net worth and liquidity)
- Mainly flagged/franchised limited stay properties
- Underwriting consistent with management's conservative approach to Investor CRE, emphasizing actual results in underwriting

Restaurant Loans

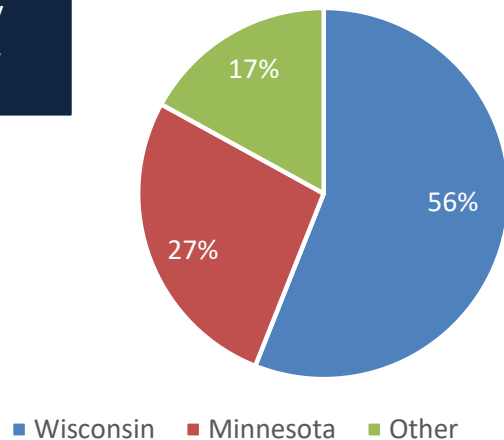
Restaurants
As of 6/30/24



Portfolio Characteristics - Restaurants

As of	6/30/2024	3/31/2024
Loan Balance Outstanding In Millions	\$58	\$57
Number of Loans	71	71
Average Loan Size In Thousands	\$816	\$801
Approximate Weighted Average LTV	46%	44%
Trailing 12 Month Net Charge-Offs	0.00%	0.00%
Criticized Loans In Millions	\$0.05	\$0.00
Criticized Loans as a Percent of Total	0.1%	0.0%

By Geography
As of 6/30/24

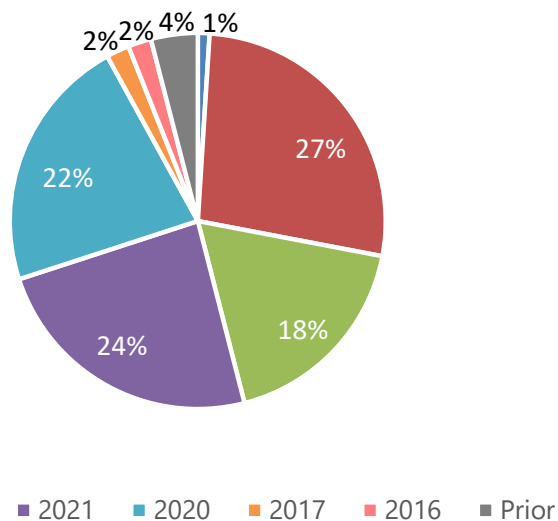


Portfolio Fundamentals

- Experienced developers/operators of national Limited /Quick Service brands (Culver's, Subway, Dairy Queen, McDonalds, Jimmy John's, A&W)
- Underwritten to =<80% LTV with full recourse (depending on sponsor history); 20-year amortization with 5 to 10-year terms
- Use of SBA Guaranty Program (Preferred Lender or General Processing) as appropriate
- Drinking establishments may have other collateral pledged and tend to be in smaller communities in our footprint
- Lessors of RE include investor and owner-occupied structure

Campground Loans

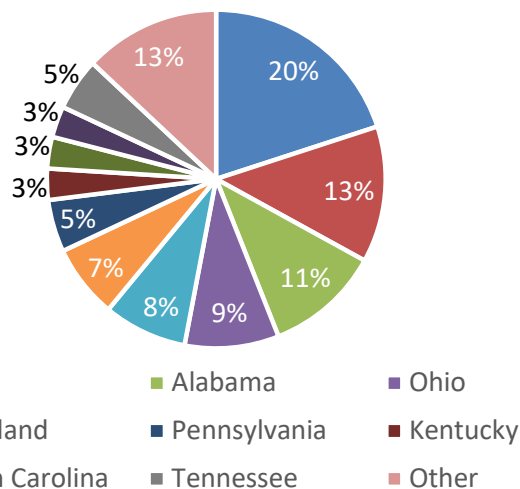
By Vintage
As 6/30/24



Portfolio Characteristics - Campgrounds

As of	6/30/2024	3/31/2024
Loan Balance Outstanding In Millions	\$135	\$134
Number of Loans	59	58
Average Loan Size In Millions	\$2.3	\$2.3
Approximate Weighted Average LTV	49%	49%
Weighted Average Seasoning in Months	33	31
Trailing 12 Month Net Charge-Offs	0.00%	0.00%
Criticized Loans in Millions	\$0.0	\$0.0
Criticized Loans as a Percent of Total	0.0%	0.0%

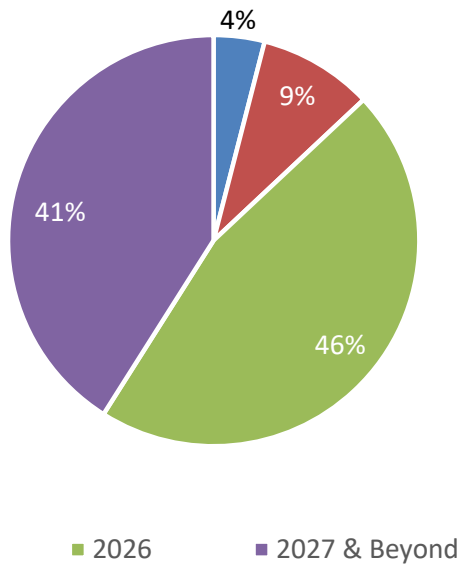
By Geography
As of 6/30/24



Portfolio Fundamentals

- Experienced multi-unit operators and owner-occupied franchised campgrounds (typically Jellystone Park)
- Grounds offer a mix of camping, RV and cabin options with recreational amenities
- Park locations within reasonable proximity of metropolitan areas and/or near national and state parks
- Underwritten with recourse generally with 5-10 year terms and 20 year amortization
- Use of SBA 7a and 504, or other government guaranteed loan programs as appropriate
- 20+ years of history through CCF acquisition with no charge-off history

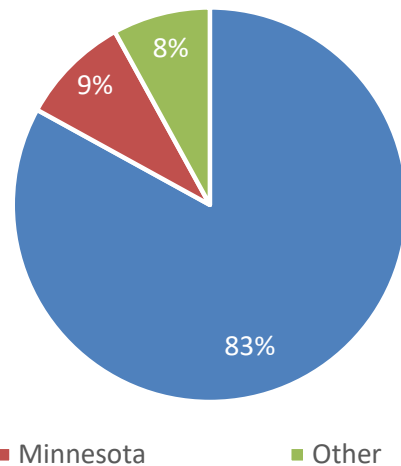
Maturity or Next Repricing Date As of 6/30/24



Portfolio Characteristics - Office

As of	6/30/2024	3/31/2024
Loan Balance Outstanding In Millions	\$29	\$40
Number of Loans	69	68
Average Loan Size In Thousands	\$421	\$581
Approximate Weighted Average LTV	59%	64%
Weighted Average Seasoning in Months	44.2	41
Trailing 12 Month Net Charge-Offs	0.00%	0.00%
Criticized Loans in Millions	\$0.2	\$0.0
Criticized Loans as a Percent of Total	0.6%	0.0%

By Geography As of 6/30/24



Portfolio Fundamentals

- Properties financed are generally in Wisconsin and Minnesota and 98% of properties are located outside of large cities
- Projects underwritten with 5-10 year term, up to 20 year amortization, and less than 80% LTV
- Loans are with recourse to the sponsor/owner(s)
- Buildings are mostly single level buildings and no more than three floors high
- Tenants centered in medical, insurance, professional services and government



Citizens Community Bancorp Inc.

Credit Quality/Risk Ratings: Management utilizes a numeric risk rating system to identify and quantify the Bank's risk of loss within its loan portfolio. Ratings are initially assigned prior to funding the loan, and may be changed at any time as circumstances warrant.

Ratings range from the highest to lowest quality based on factors that include measurements of ability to pay, collateral type and value, borrower stability and management experience. The Bank's loan portfolio is presented below in accordance with the risk rating framework that has been commonly adopted by the federal banking agencies. The definitions of the various risk rating categories are as follows:

1 through 4 - Pass. A "Pass" loan means that the condition of the borrower and the performance of the loan is satisfactory or better.

5 - Watch. A "Watch" loan has clearly identifiable developing weaknesses that deserve additional attention from management. Weaknesses that are not corrected or mitigated, may jeopardize the ability of the borrower to repay the loan in the future.

6 - Special Mention. A "Special Mention" loan has one or more potential weakness that deserve management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the loan or in the institution's credit position in the future.

7 - Substandard. A "Substandard" loan is inadequately protected by the current net worth and paying capacity of the obligor or the collateral pledged, if any. Assets classified as substandard must have a well-defined weakness, or weaknesses, that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the Bank will sustain some loss if the deficiencies are not corrected.

8 - Doubtful. A "Doubtful" loan has all the weaknesses inherent in a Substandard loan with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, conditions and values, highly questionable and improbable.

9 - Loss. Loans classified as "Loss" are considered uncollectible, and their continuance as bankable assets is not warranted. This classification does not mean that the loan has absolutely no recovery or salvage value, and a partial recovery may occur in the future.

As of June 30, 2024, and December 31, 2023, there were no loans classified as doubtful with a risk rating of 8 and no loans classified as loss with a risk rating of 9.

Residential and consumer loans are typically not rated until they are past due 90 days at month-end which is why they are classified as pass graded 1-5 and once past due or have a history of delinquencies, get assigned a grade 7.

Below is a breakdown of loans by risk rating as of June 30, 2024:
(in thousands)

	1 to 5	6	7	TOTAL
Total Loans:				
Commercial/Agricultural real estate:				
Commercial real estate	\$ 719,510	\$ 214	\$ 9,512	\$ 729,236
Agricultural real estate	71,768	6,099	381	78,248
Multi-family real estate	234,758	—	—	234,758
Construction and land development	87,790	108	—	87,898
C&I/Agricultural operating:				
Commercial and industrial	124,521	2,427	438	127,386
Agricultural operating	26,393	—	1,016	27,409
Residential mortgage:				
Residential mortgage	130,615	—	2,888	133,503
Purchased HELOC loans	2,798	—	117	2,915
Consumer installment:				
Originated indirect paper	5,049	—	61	5,110
Other consumer	5,853	—	7	5,860
Gross loans	<u>\$ 1,409,055</u>	<u>\$ 8,848</u>	<u>\$ 14,420</u>	\$ 1,432,323
Less:				
Unearned net deferred fees and costs and loans in process				(2,733)
Unamortized discount on acquired loans				(1,002)
Allowance for credit losses				(21,178)
Loans receivable, net				<u>\$ 1,407,410</u>

Below is a breakdown of loans by risk rating as of March 31, 2024:
(in thousands)

	1 to 5	6	7	TOTAL
Total Loans:				
Commercial/Agricultural real estate:				
Commercial real estate	\$ 731,757	\$ 4,418	\$ 9,545	\$ 745,720
Agricultural real estate	73,898	6,172	381	80,451
Multi-family real estate	235,450	—	—	235,450
Construction and land development	93,302	109	149	93,560
C&I/Agricultural operating:				
Commercial and industrial	124,939	3,038	457	128,434
Agricultural operating	25,133	—	1,104	26,237
Residential mortgage:				
Residential mortgage	126,624	—	3,041	129,665
Purchased HELOC loans	2,895	—	—	2,895
Consumer installment:				
Originated indirect paper	5,805	—	46	5,851
Other consumer	5,740	—	10	5,750
Gross loans	<u>\$ 1,425,543</u>	<u>\$ 13,737</u>	<u>\$ 14,733</u>	\$ 1,454,013
Less:				
Unearned net deferred fees and costs and loans in process				(2,757)
Unamortized discount on acquired loans				(1,097)
Allowance for credit losses				(22,436)
Loans receivable, net				<u>\$ 1,427,723</u>

Below is a breakdown of loans by risk rating as of December 31, 2023:
(in thousands)

	1 to 5	6	7	TOTAL
Total Loans:				
Commercial/Agricultural real estate:				
Commercial real estate	\$ 726,075	\$ 9,832	\$ 14,624	\$ 750,531
Agricultural real estate	76,715	6,245	390	83,350
Multi-family real estate	228,095	—	—	228,095
Construction and land development	110,628	110	203	110,941
C&I/Agricultural operating:				
Commercial and industrial	119,442	2,205	19	121,666
Agricultural operating	24,512	—	1,179	25,691
Residential mortgage:				
Residential mortgage	125,913	—	3,108	129,021
Purchased HELOC loans	2,880	—	—	2,880
Consumer installment:				
Originated indirect paper	6,491	—	44	6,535
Other consumer	6,158	—	29	6,187
Gross loans	<u>\$ 1,426,909</u>	<u>\$ 18,392</u>	<u>\$ 19,596</u>	<u>\$ 1,464,897</u>
Less:				
Unearned net deferred fees and costs and loans in process				(2,900)
Unamortized discount on acquired loans				(1,205)
Allowance for loan losses				(22,908)
Loans receivable, net				<u>\$ 1,437,884</u>

Below is a breakdown of loans by risk rating as of June 30, 2023:
(in thousands)

	1 to 5	6	7	TOTAL
Total Loans:				
Commercial/Agricultural real estate:				
Commercial real estate	\$ 720,169	\$ 398	\$ 11,868	\$ 732,435
Agricultural real estate	78,173	6,761	2,264	87,198
Multi-family real estate	208,211	—	—	208,211
Construction and land development	105,418	113	94	105,625
C&I/Agricultural operating:				
Commercial and industrial	130,881	2,870	12	133,763
Agricultural operating	21,575	1,052	1,731	24,358
Residential mortgage:				
Residential mortgage	116,541	—	3,183	119,724
Purchased HELOC loans	3,216	—	—	3,216
Consumer installment:				
Originated indirect paper	8,148	—	41	8,189
Other consumer	6,477	—	10	6,487
Gross loans	<u>\$ 1,398,809</u>	<u>\$ 11,194</u>	<u>\$ 19,203</u>	<u>\$ 1,429,206</u>
Less:				
Unearned net deferred fees and costs and loans in process				(2,827)
Unamortized discount on acquired loans				(1,391)
Allowance for loan losses				(23,164)
Loans receivable, net				<u>\$ 1,401,824</u>

Allowance for Credit Losses - Loans

(in thousand, except ratios)

	June 30, 2024 and Three Months Ended	March 31, 2024 and Three Months Ended	December 31, 2023 and Three Months Ended	June 30, 2023 and Three Months Ended
Allowance for Credit Losses (“ACL”)				
ACL - Loans, at beginning of period	\$ 22,436	\$ 22,908	\$ 22,973	\$ 22,679
Loans charged off:				
Commercial/Agricultural real estate	—	—	—	(14)
C&I/Agricultural operating	—	—	—	—
Residential mortgage	—	—	—	(10)
Consumer installment	(12)	(5)	(6)	(16)
Total loans charged off	(12)	(5)	(6)	(40)
Recoveries of loans previously charged off:				
Commercial/Agricultural real estate	2	39	253	27
C&I/Agricultural operating	10	15	6	16
Residential mortgage	2	1	2	36
Consumer installment	2	3	9	10
Total recoveries of loans previously charged off:	16	58	270	89
Net loan recoveries/(charge-offs) (“NCOs”)	4	53	264	49
(Reductions) additions to ACL - Loans via provision for credit losses charged to operations	(1,262)	(525)	(329)	436
ACL - Loans, at end of period	\$ 21,178	\$ 22,436	\$ 22,908	\$ 23,164
Average outstanding loan balance	\$ 1,439,535	\$ 1,456,586	\$ 1,458,558	\$ 1,414,925
Ratios:				
NCOs (annualized) to average loans	— %	(0.01)%	(0.07)%	(0.01)%

Allowance for Credit Losses - Unfunded Commitments:

(in thousands)

In addition to the ACL - Loans, the Company has established an ACL - Unfunded Commitments of \$0.712 million at June 30, 2024, \$0.975 million at March 31, 2024, and \$1.250 million at December 31, 2023, classified in other liabilities on the consolidated balance sheets.

	June 30, 2024 and Three Months Ended	March 31, 2024 and Three Months Ended	December 31, 2023 and Three Months Ended	June 30, 2023 and Three Months Ended
ACL - Unfunded commitments - beginning of period	\$ 975	\$ 1,250	\$ 1,571	\$ 1,530
Additions (reductions) to ACL - Unfunded commitments via provision for credit losses charged to operations	(263)	(275)	(321)	14
ACL - Unfunded commitments - End of period	\$ 712	\$ 975	\$ 1,250	\$ 1,544

Delinquency Detail

Loan balances at amortized cost

(in thousands)

	30-59 Days Past Due	60-89 Days Past Due	Greater Than 89 Days Past Due	Total Past Due	Current	Total Loans
June 30, 2024						
Commercial/Agricultural real estate:						
Commercial real estate	\$ 103	\$ 111	\$ 533	\$ 747	\$ 726,423	\$ 727,170
Agricultural real estate	—	—	354	354	77,428	77,782
Multi-family real estate	—	—	—	—	234,624	234,624
Construction and land development	—	—	—	—	87,379	87,379
C&I/Agricultural operating:						
Commercial and industrial	277	—	421	698	126,610	127,308
Agricultural operating	—	—	1,017	1,017	26,405	27,422
Residential mortgage:						
Residential mortgage	3,025	692	814	4,531	128,487	133,018
Purchased HELOC loans	—	117	—	117	2,798	2,915
Consumer installment:						
Originated indirect paper	2	9	25	36	5,074	5,110
Other consumer	41	3	2	46	5,814	5,860
Total	\$ 3,448	\$ 932	\$ 3,166	\$ 7,546	\$1,421,042	\$1,428,588
March 31, 2024						
Commercial/Agricultural real estate:						
Commercial real estate	\$ —	\$ 50	\$ 491	\$ 541	\$ 743,089	\$ 743,630
Agricultural real estate	87	—	354	441	79,826	80,267
Multi-family real estate	—	—	—	—	235,318	235,318
Construction and land development	—	—	—	—	93,055	93,055
C&I/Agricultural operating:						
Commercial and industrial	373	—	437	810	127,201	128,011
Agricultural operating	71	15	1,106	1,192	25,052	26,244
Residential mortgage:						
Residential mortgage	1,741	365	757	2,863	126,276	129,139
Purchased HELOC loans	—	117	—	117	2,778	2,895
Consumer installment:						
Originated indirect paper	35	—	12	47	5,804	5,851
Other consumer	19	—	3	22	5,727	5,749
Total	\$ 2,326	\$ 547	\$ 3,160	\$ 6,033	\$1,444,126	\$1,450,159

Delinquency Detail (Continued)

Loan balances at amortized cost

(in thousands)

	30-59 Days Past Due	60-89 Days Past Due	Greater Than 89 Days Past Due	Total Past Due	Current	Total Loans
December 31, 2023						
Commercial/Agricultural real estate:						
Commercial real estate	\$ 50	\$ 308	\$ 5,579	\$ 5,937	\$ 742,510	\$ 748,447
Agricultural real estate	30	—	361	391	82,766	83,157
Multi-family real estate	—	—	—	—	228,004	228,004
Construction and land development	—	—	54	54	110,164	110,218
C&I/Agricultural operating:						
Commercial and industrial	248	—	—	248	120,942	121,190
Agricultural operating	—	—	1,179	1,179	24,516	25,695
Residential mortgage:						
Residential mortgage	856	583	1,023	2,462	126,017	128,479
Purchased HELOC loans	117	—	—	117	2,763	2,880
Consumer installment:						
Originated indirect paper	66	—	12	78	6,457	6,535
Other consumer	38	—	20	58	6,129	6,187
Total	\$ 1,405	\$ 891	\$ 8,228	\$ 10,524	\$1,450,268	\$1,460,792
June 30, 2023						
Commercial/Agricultural real estate:						
Commercial real estate	\$ 127	\$ 194	\$ 5,483	\$ 5,804	\$ 724,587	\$ 730,391
Agricultural real estate	—	69	405	474	86,485	86,959
Multi-family real estate	—	—	—	—	208,109	208,109
Construction and land development	—	—	94	94	104,797	104,891
C&I/Agricultural operating:						
Commercial and industrial	—	—	—	—	133,248	133,248
Agricultural operating	316	—	1,002	1,318	23,062	24,380
Residential mortgage:						
Residential mortgage	993	853	1,093	2,939	116,180	119,119
Purchased HELOC loans	456	—	—	456	2,760	3,216
Consumer installment:						
Originated indirect paper	17	—	12	29	8,160	8,189
Other consumer	20	6	2	28	6,458	6,486
Total	\$ 1,929	\$ 1,122	\$ 8,091	\$ 11,142	\$1,413,846	\$1,424,988

Nonaccrual Loans Roll forward

Loan balances at amortized cost
(in thousands)

	Quarter Ended				
	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023
Balance, beginning of period	\$ 8,413	\$ 13,184	\$ 13,456	\$ 15,663	\$ 10,410
Additions	352	961	538	33	7,826
Charge offs	—	—	—	(53)	(23)
Transfers to OREO	—	—	(23)	—	(110)
Return to accrual status	—	—	—	(190)	—
Payments received	(411)	(5,767)	(781)	(1,994)	(2,429)
Other, net	(2)	35	(6)	(3)	(11)
Balance, end of period	<u>\$ 8,352</u>	<u>\$ 8,413</u>	<u>\$ 13,184</u>	<u>\$ 13,456</u>	<u>\$ 15,663</u>

Other Real Estate Owned Roll forward

(in thousands)

	Quarter Ended				
	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023
Balance, beginning of period	\$ 1,845	\$ 1,795	\$ 1,046	\$ 1,199	\$ 1,113
Loans transferred in	—	73	23	—	110
Real estate transferred in from fixed assets	—	—	724	—	—
Real estate transferred in from fixed assets value reduction	—	(27)	—	—	—
Branch properties sales	—	—	—	—	—
Sales	(183)	—	—	(25)	(33)
Write-downs	—	—	—	(128)	—
Other, net	—	4	2	—	9
Balance, end of period	<u>\$ 1,662</u>	<u>\$ 1,845</u>	<u>\$ 1,795</u>	<u>\$ 1,046</u>	<u>\$ 1,199</u>

The amortized cost, estimated fair value and related unrealized gains and losses on securities available for sale and held to maturity as of June 30, 2024 and December 31, 2023, respectively, were as follows:

Available for sale securities	(in thousands)			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
<u>June 30, 2024</u>				
U.S. government agency obligations	\$ 15,180	\$ 72	\$ 154	\$ 15,098
Mortgage-backed securities	88,199	—	19,115	69,084
Corporate debt securities	44,919	1	4,788	40,132
Asset-backed securities	22,196	45	117	22,124
Total available for sale securities	<u>\$ 170,494</u>	<u>\$ 118</u>	<u>\$ 24,174</u>	<u>\$ 146,438</u>
<u>December 31, 2023</u>				
U.S. government agency obligations	\$ 16,655	\$ 77	\$ 156	\$ 16,576
Mortgage-backed securities	91,091	—	17,611	73,480
Corporate debt securities	47,158	6	5,990	41,174
Asset-backed securities	24,840	12	339	24,513
Total available for sale securities	<u>\$ 179,744</u>	<u>\$ 95</u>	<u>\$ 24,096</u>	<u>\$ 155,743</u>

Held to maturity securities	(in thousands)			
	Amortized Cost	Gross Unrecognized Gains	Gross Unrecognized Losses	Estimated Fair Value
<u>June 30, 2024</u>				
Obligations of states and political subdivisions	\$ 500	\$ —	\$ 31	\$ 469
Mortgage-backed securities	88,105	4	19,551	68,558
Total held to maturity securities	<u>\$ 88,605</u>	<u>\$ 4</u>	<u>\$ 19,582</u>	<u>\$ 69,027</u>
<u>December 31, 2023</u>				
Obligations of states and political subdivisions	\$ 600	\$ —	\$ 35	\$ 565
Mortgage-backed securities	90,629	6	17,938	72,697
Total held to maturity securities	<u>\$ 91,229</u>	<u>\$ 6</u>	<u>\$ 17,973</u>	<u>\$ 73,262</u>

The composition of our available for sale portfolios by credit rating as of the dates indicated below was as follows:

Available for sale securities	(in thousands)			
	June 30, 2024		December 31, 2023	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
U.S. government agency	\$ 95,379	\$ 76,252	\$ 98,977	\$ 81,351
AAA	11,570	11,486	9,695	9,508
AA	18,626	18,568	23,913	23,709
A	5,950	5,453	8,200	7,292
BBB	38,969	34,679	38,959	33,883
Non-rated	—	—	—	—
Total available for sale securities	<u>\$ 170,494</u>	<u>\$ 146,438</u>	<u>\$ 179,744</u>	<u>\$ 155,743</u>

The composition of our held to maturity portfolio by credit rating as of the dates indicated was as follows:

Held to maturity securities	(in thousands)			
	June 30, 2024		December 31, 2023	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
U.S. government agency	\$ 88,105	\$ 68,558	\$ 90,629	\$ 72,697
AAA	—	—	—	—
AA	—	—	—	—
A	500	469	600	565
Total	\$ 88,605	\$ 69,027	\$ 91,229	\$ 73,262

On July 23, 2021, the Board of Directors adopted a share repurchase program, pursuant to which Citizens Community Bancorp, Inc. is authorized to repurchase 532,962 shares of its common stock, or approximately 5% of the outstanding shares on that date. As of the beginning of the quarter ended June 30, 2024, 152 thousand shares were available for purchase under the share repurchase program. During the quarter ended June 30, 2024, 109 thousand shares were repurchased under the program. As of June 30, 2024, an additional 43 thousand shares remain available for repurchase under the program.

Earnings Per Share

(Amounts in thousands, except per share data)

	Three Months Ended			Six Months Ended	
	June 30, 2024	March 31, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Basic					
Net income attributable to common shareholders	\$ 3,675	\$ 4,088	\$ 3,206	\$ 7,763	\$ 6,868
Weighted average common shares outstanding	10,370	10,439	10,478	10,405	10,475
Basic earnings per share	\$ 0.35	\$ 0.39	\$ 0.31	\$ 0.75	\$ 0.66
Diluted					
Net income attributable to common shareholders	\$ 3,675	\$ 4,088	\$ 3,206	\$ 7,763	\$ 6,868
Weighted average common shares outstanding	10,370	10,439	10,478	10,405	10,475
Add: Dilutive stock options outstanding	3	4	—	3	2
Average shares and dilutive potential common shares	10,373	10,443	10,478	10,408	10,477
Diluted earnings per share	\$ 0.35	\$ 0.39	\$ 0.31	\$ 0.75	\$ 0.66
Common stock issued and outstanding	10,297	10,407	10,470	10,297	10,470

Economic Value of Equity

Change in Interest Rates in Basis Points (“bp”) Rate Shock in Rates (1)	Percent Change in Economic Value of Equity (EVE)	
	At June 30, 2024	At December 31, 2023
+300 bp	1 %	0 %
+200 bp	0 %	0 %
+100 bp	0 %	0 %
-100 bp	0 %	0 %
-200 bp	(1)%	(2)%

Net Interest Income Over One Year Horizon

Change in Interest Rates in Basis Points (“bp”) Rate Shock in Rates (1)	Percent Change in Net Interest Income Over One Year Horizon	
	At June 30, 2024	At December 31, 2023
+300 bp	(10)%	(13)%
+200 bp	(7)%	(8)%
+100 bp	(4)%	(4)%
-100 bp	4 %	4 %
-200 bp	7 %	7 %

**CITIZENS COMMUNITY FEDERAL N.A.
Selected Capital Composition Highlights**

	June 30, 2024 (unaudited)	March 31, 2024 (unaudited)	December 31, 2023 (audited)	June 30, 2023 (unaudited)	To Be Well Capitalized Under Prompt Corrective Action Provisions
Tier 1 leverage ratio (to adjusted total assets)	11.7%	11.7%	11.5%	11.7%	5.0%
Tier 1 capital (to risk weighted assets)	13.7%	13.7%	13.4%	13.5%	8.0%
Common equity tier 1 capital (to risk weighted assets)	13.7%	13.7%	13.4%	13.5%	6.5%
Total capital (to risk weighted assets)	15.0%	14.9%	14.6%	14.7%	10.0%

**CITIZENS COMMUNITY BANCORP, INC.
Selected Capital Composition Highlights**

	June 30, 2024 (unaudited)	March 31, 2024 (unaudited)	December 31, 2023 (audited)	June 30, 2023 (unaudited)	For Capital Adequacy Purposes
Tier 1 leverage ratio (to adjusted total assets)	9.1%	8.9%	8.9%	8.6%	4.0%
Tier 1 capital (to risk weighted assets)	10.7%	10.4%	10.3%	9.9%	6.0%
Common equity tier 1 capital (to risk weighted assets)	10.7%	10.4%	10.3%	9.9%	4.5%
Total capital (to risk weighted assets)	15.2%	14.9%	14.7%	14.3%	8.0%

Fair Value Accounting

ASC Topic 820-10, “Fair Value Measurements and Disclosures” establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The topic describes three levels of inputs that may be used to measure fair value:

Level 1- Quoted prices (unadjusted) for identical assets or liabilities in active markets that the Company has the ability to access as of the measurement date.

Level 2- Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3- Significant unobservable inputs that reflect the Company’s assumptions about the factors that market participants would use in pricing an asset or liability.

A financial instrument’s categorization within the valuation hierarchy is based upon the lowest level of input within the valuation hierarchy that is significant to the fair value measurement.

The fair value of securities available for sale is determined by obtaining market price quotes from independent third parties wherever such quotes are available (Level 1 inputs); or matrix pricing, which is a mathematical technique widely used in the industry to value debt securities without relying exclusively on quoted prices for the specific securities but rather by relying on the securities’ relationship to other benchmark quoted securities (Level 2 inputs). Where such quotes are not available, we utilize independent third party valuation analysis to support our own estimates and judgments in determining fair value (Level 3 inputs).

Fair Value Table

The table below represents what we would receive to sell an asset or what we would have to pay to transfer a liability in an orderly transaction between market participants at the measurement date. The carrying amount and estimated fair value of the Company’s financial instruments as of the dates indicated below were as follows:

	Valuation Method Used	June 30, 2024	
		Carrying Amount	Estimated Fair Value
Financial assets:			
Cash and cash equivalents	(Level I)	\$ 36,886	\$ 36,886
Securities available for sale “AFS”	(Level II)	146,438	146,438
Securities held to maturity “HTM”	(Level II)	88,605	69,027
Farmer Mac equity securities (1)	(Level I)	515	N/A
Preferred equity	(Level III)	1,812	1,812
Equity investments valued at NAV(2)	N/A	2,696	N/A
Other investments	(Level II)	13,878	13,878
Loans receivable, net	(Level III)	1,407,410	1,344,304
Loans held for sale - Residential mortgage	(Level I)	275	275
Mortgage servicing rights	(Level III)	3,731	5,425
Accrued interest receivable	(Level I)	6,289	6,289
Financial liabilities:			
Deposits	(Level III)	\$ 1,519,544	\$ 1,518,379
FHLB advances	(Level II)	31,500	31,269
Other borrowings	(Level II)	61,498	57,198
Accrued interest payable	(Level I)	5,984	5,984

(1) The fair value is not applicable due to restrictions placed on transferability.

(2) Investments valued at NAV are excluded from being reported under the fair value hierarchy but are presented to permit reconciliation with the balance sheet in accordance with ASC 820-10-35-54B.