

PUBLIC DISCLOSURE

December 9, 2024

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Citizens Bank of Eldon
Certificate Number: 1956

110 North Maple Street
Eldon, Missouri 65026

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.

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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, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Citizens Bank of Eldon's Community Reinvestment Act (CRA) performance under the applicable performance criteria supports the overall rating. The following points summarize the bank's performance.

- The loan-to-deposit ratio is reasonable given the institution's size, financial condition, and assessment area credit needs.
- A majority of home mortgage and small farm loans were made in the assessment area.
- The geographic distribution of home mortgage and small farm loans reflects reasonable dispersion throughout the assessment area.
- The distribution of borrowers reflects reasonable penetration among individuals of different income levels and farms of different revenue sizes.
- The institution did not receive any CRA-related complaints since the previous evaluation performed as of November 27, 2018.

DESCRIPTION OF INSTITUTION

Citizens Bank of Eldon is a full-service financial institution operating from its main location in Eldon, Missouri, and additional branches in Versailles (2) and Eldon, Missouri. The branching structure has not changed since the previous evaluation. Additionally, no merger or acquisition activities have occurred since the previous evaluation. The bank is wholly owned by a one-bank holding company, Citizens Bancshares of Eldon, Missouri, Inc. The institution does not have any lending affiliates or subsidiaries.

The institution received a Satisfactory rating at its previous FDIC Performance Evaluation dated November 27, 2018, which utilized Interagency Small Institution Examination Procedures.

The bank's primary lending focus is agriculture and home mortgage lending; however, the bank also offers commercial and consumer loans. The institution provides a variety of deposit services and accounts including checking, savings, money market, certificates of deposit, and health savings accounts. Alternative banking services include online and mobile banking, debit cards, and ATMs located at each branch.

According to the September 30, 2024, Reports of Condition and Income (Call Report), the institution reported total assets of \$224.0 million, which included total loans of \$170.1 million. Deposits totaled \$190.9 million. These figures represent an increase since the previous evaluation where total assets equaled \$146.8 million, total loans equaled \$114.2 million, and total deposits equaled \$125.1 million. As presented in the following table, home mortgage lending represents the largest portion of the loan portfolio at 35.0 percent, followed by farm and agriculture lending at 31.7 percent. The breakdown of the loan portfolio is consistent with the previous evaluation. Examiners did not identify any financial, legal, or other impediments limiting the institution's ability to meet the credit needs of the assessment area during the evaluation period.

Loan Portfolio Distribution as of 9/30/2024		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	5,294	3.1
Secured by Farmland	45,064	26.5
Secured by 1-4 Family Residential Properties	59,587	35.0
Secured by Multifamily (5 or more) Residential Properties	0	0
Secured by Nonfarm Nonresidential Properties	16,757	9.8
Total Real Estate Loans	126,702	74.4
Commercial and Industrial Loans	15,487	9.1
Agricultural Production and Other Loans to Farmers	8,982	5.2
Consumer Loans	18,703	11.0
Obligations of State and Political Subdivisions in the U.S.	15	0.1
Other Loans	37	0.1
Lease Financing Receivable (net of unearned income)	200	0.1
Less: Unearned Income	0	0
Total Loans	170,126	100.0
<i>Source: Reports of Condition and Income</i>		

DESCRIPTION OF ASSESSMENT AREA

The CRA regulation requires financial institutions to define one or more assessment area within which its CRA performance will be evaluated. Citizens Bank of Eldon has designated one assessment area in nonmetropolitan Missouri consisting of portions of Miller and Morgan counties. Specifically, the assessment area consists of census tracts 9626, 9627.01, 9627.02, 9629.01, and 9629.02 in Miller County and census tracts 4701, 4702, 4703, 4704.01, and 4704.02 in Morgan County. The delineation of the assessment area has not changed since the previous evaluation.

Economic and Demographic Data

The following table illustrates select demographic characteristics of the assessment area.

Demographic Information of the Assessment Area					
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Geographies (Census Tracts)	10	0.0	10.0	70.0	20.0
Population by Geography	28,462	0.0	6.1	72.9	21.0
Housing Units by Geography	17,144	0.0	13.9	63.7	22.4
Owner-Occupied Units by Geography	8,445	0.0	7.4	71.6	21.0
Occupied Rental Units by Geography	2,821	0.0	1.7	79.1	19.2
Vacant Units by Geography	5,878	0.0	29.1	45.0	25.9
Businesses by Geography	3,825	0.0	7.0	71.7	21.3
Farms by Geography	331	0.0	2.4	74.0	23.6
Family Distribution by Income Level	7,583	22.0	16.6	22.0	39.5
Household Distribution by Income Level	11,266	24.9	17.8	15.9	41.5
Median Family Income Non-MSAs - MO		\$56,957	Median Housing Value		\$155,038
Families Below Poverty Level		13.1%	Median Gross Rent		\$576
<i>Source: 2020 U.S. Census and 2023 D&B Data</i>					
<i>Due to rounding, totals may not equal 100.0%</i>					

The FFIEC-updated median family incomes for nonmetropolitan Missouri were used to analyze home mortgage lending performance under the Borrower Profile criterion. The low-, moderate-, middle-, and upper-income categories are presented in the following table.

Nonmetropolitan Missouri Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2023 (\$71,000)	<\$35,500	\$35,500 to <\$56,800	\$56,800 to <\$85,200	≥\$85,200
<i>Source: FFIEC</i>				

Competition

Citizens Bank of Eldon operates in a moderately competitive market for financial services. According to FDIC Deposit Market Share data, as of June 30, 2024, there were 9 financial institutions operating 17 offices in Morgan and Miller counties. Institutions within these counties range from small community banks to large regional financial institutions. Citizens Bank of Eldon ranked 3rd with 21.8 percent of the deposit market share.

Community Contact

Examiners conduct community contact interviews to obtain a profile of the local community, identify credit needs and opportunities, and evaluate local financial institutions' responsiveness to those needs. Examiners reviewed a recent community contact interview that was conducted with an individual from an economic development organization familiar with the bank's assessment area. The contact indicated that the primary challenges in the area are labor issues, with many businesses having difficulty recruiting and retaining employees. Additionally, the contact mentioned that the affordable housing stock is limited. The contact also communicated that financial institutions are actively involved in serving the area and meeting the credit needs of the community.

Credit Needs

Considering information from bank management, the community contact, and demographic and economic data, home mortgage and small farm loans represent primary credit needs in the assessment area.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the previous evaluation dated November 27, 2018, through December 9, 2024. Examiners used FFIEC Interagency Small Institution Examination Procedures to evaluate the bank's CRA performance. Please refer to the Small Bank Performance Criteria section of the Appendix for more information on these procedures.

Activities Reviewed

Examiners considered the institution's business strategy, loan portfolio composition, and the number and dollar volume of loans originated during the evaluation period. As a result, examiners reviewed home mortgage and small farm loans to evaluate CRA performance. Both products received equal weight when drawing overall conclusions since the bank's business strategy emphasizes both products. Commercial lending is not a major product line for the bank and comprises a small portion of the loan portfolio; therefore, small business loans were not reviewed.

The evaluation considered all home mortgage and small farm loans originated in 2023. Management indicated that a review of lending activity from this timeframe would yield a representative analysis of lending performance since the previous evaluation.

For the home mortgage analysis, examiners reviewed the entire universe of 85 loans totaling \$11.9 million for the Assessment Area Concentration analysis. The Geographic Distribution and Borrower Profile analyses focused on all home mortgage loans made within the assessment area. Specifically, the bank originated 63 home mortgage loans totaling \$9.3 million within the assessment area. Examiners compared home mortgage lending performance to 2020 U.S. Census data.

In addition, examiners reviewed the entire universe of 111 small farm loans totaling \$6.9 million for the Assessment Area Concentration Analysis. The Geographic Distribution analysis focused on all small farm loans made within the assessment area. Specifically, the bank originated 80 small farm loans totaling \$4.9 million in the assessment area. The Borrower Profile analysis included a random

sample of 45 small farm loans totaling \$3.4 million made within the assessment area. Examiners compared small farm lending performance to 2023 D&B data.

Examiners analyzed lending performance by both number and dollar volume of loans. However, examiners emphasized the performance by the number of loans for the Geographic Distribution and Borrower Profile analyses, as it is generally a better indicator of the number of individuals and farms served.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Citizens Bank of Eldon demonstrated satisfactory performance under the Lending Test. This conclusion is supported by collective performance under all evaluated criteria.

Loan-to-Deposit Ratio

The loan-to-deposit ratio is reasonable given the institution’s size, financial condition, and assessment area credit needs. Citizens Bank of Eldon’s net loan-to-deposit ratio, calculated from Call Report data, averaged 81.9 percent over 24 calendar quarters from December 31, 2018, to September 30, 2024. The ratio ranged from a low of 70.9 percent, as of September 30, 2021, to a high of 92.5 percent, as of December 31, 2018. The institution’s average net loan-to-deposit ratio has slightly increased since the previous evaluation when it was 79.1 percent.

As shown in the following table, Citizens Bank of Eldon’s average net loan-to-deposit ratio is within a reasonable range of the comparable institutions’ ratios. Examiners identified the comparable institutions based on asset size, lending focus, branching structure, and product offerings.

Loan-to-Deposit (LTD) Ratio Comparison		
Bank	Total Assets as of 9/30/2024 (\$000s)	Average Net LTD Ratio (%)
Citizens Bank of Eldon, Eldon, Missouri	224,048	81.9
The Tipton Latham Bank, Tipton, Missouri	176,030	74.8
Community Point Bank, Russellville, Missouri	192,875	82.2
<i>Source: Reports of Condition and Income 12/31/2018 - 9/30/2024</i>		

Assessment Area Concentration

As illustrated in the following table, Citizens Bank of Eldon originated a majority of home mortgage and small farm loans within the assessment area.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans				Total \$
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$ (000s)	%	\$ (000s)	%	
Home Mortgage	63	74.1	22	25.9	85	9,332	78.0	2,628	22.0	11,960
Small Farm	80	72.1	31	27.9	111	4,906	71.1	1,998	28.9	6,904
<i>Source: 2023 Bank Data</i> <i>Due to rounding, totals may not equal 100.0%</i>										

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area, which is supported by reasonable performance in both loan categories. Examiners focused on the percentage of loans (by number) in the moderate-income census tract. The assessment area does not contain any low-income census tracts.

Home Mortgage

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the bank's assessment area. As reflected in the following table, the level of home mortgage lending in the moderate-income census tract is generally comparable to demographic data.

Geographic Distribution of Home Mortgage Loans					
Tract Income Level	% of Owner-Occupied Housing Units	#	%	\$(000s)	%
Moderate	7.4	2	3.2	127	1.4
Middle	71.6	50	79.4	7,528	80.7
Upper	21.0	11	17.5	1,678	18.0
Total	100.0	63	100.0	9,332	100.0
<i>Source: 2020 U.S. Census, 2023 Bank Data</i> <i>Due to rounding, totals may not equal 100.0%</i>					

Small Farm

The geographic distribution of small farm loans reflects reasonable dispersion throughout the bank's assessment area. As reflected in the following table, the level of small farm lending in the moderate-income census tract is comparable to demographic data.

Geographic Distribution of Small Farm Loans					
Tract Income Level	% of Farms	#	%	\$(000s)	%
Moderate	2.4	2	2.5	115	2.3
Middle	74.0	57	71.3	2,844	58.0
Upper	23.6	21	26.3	1,947	39.7
Totals	100.0	80	100.0	4,906	100.0
<i>Source: 2023 D&B Data; 2023 Bank Data.</i> <i>Due to rounding, totals may not equal 100.0%</i>					

Borrower Profile

The distribution of borrowers reflects reasonable penetration among individuals of different income levels and farms of different revenue sizes. Although home mortgage lending performance is poor, small farm lending performance is excellent. These products are weighted equally; therefore, examiners considered borrower profile to be reasonable overall. Examiners focused on the percentage of home mortgage loans made to low- and moderate-income individuals and the percentage of small farm loans made to entities with gross annual revenues of \$1 million or less.

Home Mortgage

The distribution of borrowers reflects poor penetration among individuals of different income levels, including low- and moderate-income borrowers. As shown in the following table, lending to moderate-income borrowers is comparable to demographic data. However, lending to low-income borrowers is significantly below demographic data. This level of performance reflects a decrease from the prior evaluation when 14.8 percent of home mortgage loans were originated to low-income borrowers in the assessment area. According to 2020 U.S. Census data, 13.1 percent of individuals in the assessment area live at or below the poverty level. These individuals may have difficulty meeting conventional underwriting standards and obtaining the necessary downpayment to purchase a home. However, the percentage of individuals living at or below the poverty level has decreased from 19.5 percent at the prior evaluation, indicating a gradual income growth in the assessment area. Considering these factors, home mortgage lending performance is poor due to the sizable gap in lending to low-income borrowers in comparison to demographic data.

Distribution of Home Mortgage Loans by Borrower Income Level					
Borrower Income Level	% of Families	#	%	\$(000s)	%
Low	22.0	3	4.8	132	1.4
Moderate	16.6	11	17.5	1,177	12.6
Middle	22.0	20	31.7	2,295	24.6
Upper	39.5	29	46.0	5,728	61.4
Total	100.0	63	100.0	9,332	100.0

*Source: 2020 U.S. Census; 2023 Bank Data
Due to rounding, totals may not equal 100.0%*

Small Farm

The distribution of borrowers reflects excellent penetration among farms of different revenue sizes. As noted in the following table, all sampled small farm loans were to farms with gross annual revenues of \$1 million or less.

Distribution of Small Farm Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
<=\$1,000,000	98.8	45	100.0	3,432	100.0
>\$1,000,000	0.9	0	0.0	0	0.0
Revenue Not Available	0.3	0	0.0	0	0.0
Total	100.0	45	100.0	3,432	100.0

*Source: 2023 D&B Data, 2023 Bank Data.
Due to rounding, totals may not equal 100.0%*

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.