

REFINITIV

# DELTA REPORT

## 10-Q

CZWI - CITIZENS COMMUNITY BANCOR  
10-Q - JUNE 30, 2024 COMPARED TO 10-Q - MARCH 31, 2024

The following comparison report has been automatically generated

TOTAL DELTAS	1089
CHANGES	360
DELETIONS	380
ADDITIONS	349

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **March 31, 2024** **June 30, 2024**

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 001-33003

**CITIZENS COMMUNITY BANCORP, INC.**

(Exact name of registrant as specified in its charter)

Maryland

(State or other jurisdiction of  
incorporation or organization)

20-5120010

(IRS Employer  
Identification Number)

2174 EastRidge Center  
Eau Claire, WI 54701

(Address and Zip Code of principal executive offices)

715-836-9994

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$.01 par value per share	CZWI	NASDAQ Global Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer", "accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

#### APPLICABLE ONLY TO CORPORATE ISSUERS

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

At **May 8, 2024** **August 6, 2024** there were **10,406,341** **10,297,341** shares of the registrant's common stock, par value \$0.01 per share, outstanding.

#### CITIZENS COMMUNITY BANCORP, INC.

#### FORM 10-Q

**March 31, June 30, 2024**

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#### PART 1 – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CITIZENS COMMUNITY BANCORP, INC.  
Consolidated Balance Sheets  
March 31, June 30, 2024 (unaudited) and December 31, 2023  
(derived from audited financial statements)  
(in thousands, except share and per share data)

	March 31, 2024	December 31, 2023
	June 30, 2024	December 31, 2023
Assets		
Cash and cash equivalents		
Cash and cash equivalents		
Cash and cash equivalents		
Other interest bearing deposits		
Available for sale ("AFS") securities, at fair value (amortized cost of \$176,564, net of allowance for credit losses of \$0 at March 31, 2024 and amortized cost of \$179,744, net of allowance for credit losses of \$0 at December 31, 2023)		
Held to maturity ("HTM") securities, at amortized cost (fair value of \$70,270, net of allowance for credit losses of \$0 at March 31, 2024 and fair value of \$73,262, net of allowance for credit losses of \$0 at December 31, 2023)		
Available for sale ("AFS") securities, at fair value (amortized cost of \$170,494, net of allowance for credit losses of \$0 at June 30, 2024 and amortized cost of \$179,744, net of allowance for credit losses of \$0 at December 31, 2023)		
Available for sale ("AFS") securities, at fair value (amortized cost of \$170,494, net of allowance for credit losses of \$0 at June 30, 2024 and amortized cost of \$179,744, net of allowance for credit losses of \$0 at December 31, 2023)		
Available for sale ("AFS") securities, at fair value (amortized cost of \$170,494, net of allowance for credit losses of \$0 at June 30, 2024 and amortized cost of \$179,744, net of allowance for credit losses of \$0 at December 31, 2023)		
Held to maturity ("HTM") securities, at amortized cost (fair value of \$69,027, net of allowance for credit losses of \$0 at June 30, 2024 and fair value of \$73,262, net of allowance for credit losses of \$0 at December 31, 2023)		
Equity investments		
Other investments		
Loans receivable		
Allowance for credit losses		
Loans receivable, net		
Loans held for sale		
Mortgage servicing rights, net		
Office properties and equipment, net		
Accrued interest receivable		
Intangible assets		
Goodwill		
Foreclosed and repossessed assets, net		
Bank owned life insurance ("BOLI")		
Other assets		
Other assets		
Other assets		
TOTAL ASSETS		
Liabilities and Stockholders' Equity		
Liabilities and Stockholders' Equity		
Liabilities and Stockholders' Equity		
Liabilities:		
Liabilities:		
Liabilities:		
Deposits		
Deposits		
Deposits		
Federal Home Loan Bank ("FHLB") advances		

Other borrowings
Other liabilities
Total liabilities
Stockholders' Equity:
Stockholders' Equity:
Stockholders' Equity:
Common stock—\$0.01 par value, authorized 30,000,000; 10,406,880 and 10,440,591 shares issued and outstanding, respectively
Common stock—\$0.01 par value, authorized 30,000,000; 10,297,341 and 10,440,591 shares issued and outstanding, respectively
Common stock—\$0.01 par value, authorized 30,000,000; 10,406,880 and 10,440,591 shares issued and outstanding, respectively
Common stock—\$0.01 par value, authorized 30,000,000; 10,297,341 and 10,440,591 shares issued and outstanding, respectively
Common stock—\$0.01 par value, authorized 30,000,000; 10,406,880 and 10,440,591 shares issued and outstanding, respectively
Common stock—\$0.01 par value, authorized 30,000,000; 10,297,341 and 10,440,591 shares issued and outstanding, respectively
Additional paid-in capital
Retained earnings
Accumulated other comprehensive loss
Accumulated other comprehensive loss
Accumulated other comprehensive loss
Total stockholders' equity
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY

See accompanying condensed notes to unaudited consolidated financial statements.

CITIZENS COMMUNITY BANCORP, INC. Consolidated Statements of Operations (unaudited) Three and Six Months Ended <b>March 31, 2024</b> <b>June 30, 2024</b> and 2023 (in thousands, except per share data)				
	Three Months Ended		Six Months Ended	
	March 31, 2024			
	March 31, 2024			
	March 31, 2024			
Interest and dividend income:				
Interest and dividend income:				
		June 30, 2024	June 30, 2023	June 30, 2024
Interest and dividend income:				June 30, 2023
Interest and fees on loans				
Interest and fees on loans				
Interest and fees on loans				
Interest on investments				
Interest on investments				
Interest on investments				
Total interest and dividend income				
Total interest and dividend income				
Total interest and dividend income				
Interest expense:				
Interest expense:				
Interest expense:				
Interest on deposits				
Interest on deposits				
Interest on deposits				
Interest on FHLB and FRB borrowed funds				
Interest on FHLB and FRB borrowed funds				
Interest on FHLB and FRB borrowed funds				
Interest on other borrowed funds				
Interest on other borrowed funds				

Interest on other borrowed funds
Total interest expense
Total interest expense
Total interest expense
Net interest income before provision for credit losses
Net interest income before provision for credit losses
Net interest income before provision for credit losses
Provision for credit losses
Provision for credit losses
Provision for credit losses
(Negative) provision for credit losses
Net interest income after provision for credit losses
Net interest income after provision for credit losses
Net interest income after provision for credit losses
Non-interest income:
Non-interest income:
Non-interest income:
Service charges on deposit accounts
Service charges on deposit accounts
Service charges on deposit accounts
Interchange income
Interchange income
Interchange income
Loan servicing income
Loan servicing income
Loan servicing income
Gain on sale of loans
Gain on sale of loans
Gain on sale of loans
Loan fees and service charges
Loan fees and service charges
Loan fees and service charges
Net gains on investment and equity securities
Net gains on investment and equity securities
Net gains on investment and equity securities
Net realized gains on debt securities
Net realized gains on debt securities
Net realized gains on debt securities
Net losses (gains) on equity securities
Other
Net losses (gains) on equity securities
Other
Net losses (gains) on equity securities
Bank Owned Life Insurance (BOLI) death benefit
Other
Total non-interest income
Total non-interest income
Total non-interest income
Non-interest expense:
Non-interest expense:
Non-interest expense:

Compensation and related benefits
Compensation and related benefits
Compensation and related benefits
Occupancy
Occupancy
Occupancy
Data processing
Data processing
Data processing
Amortization of intangible assets
Amortization of intangible assets
Amortization of intangible assets
Mortgage servicing rights expense, net
Mortgage servicing rights expense, net
Mortgage servicing rights expense, net
Advertising, marketing and public relations
Advertising, marketing and public relations
Advertising, marketing and public relations
FDIC premium assessment
FDIC premium assessment
FDIC premium assessment
Professional services
Professional services
Professional services
Losses (gains) on repossessed assets, net
Losses (gains) on repossessed assets, net
Losses (gains) on repossessed assets, net
Gains on repossessed assets, net
Other
Other
Other
Total non-interest expense
Total non-interest expense
Total non-interest expense
Income before provision for income taxes
Income before provision for income taxes
Income before provision for income taxes
Provision for income taxes
Provision for income taxes
Provision for income taxes
Net income attributable to common stockholders
Net income attributable to common stockholders
Net income attributable to common stockholders
Per share information:
Per share information:
Per share information:
Basic earnings
Basic earnings
Basic earnings
Diluted earnings
Diluted earnings



Diluted earnings
Cash dividends paid
Cash dividends paid
Cash dividends paid

See accompanying condensed notes to unaudited consolidated financial statements.

CITIZENS COMMUNITY BANCORP, INC.  
Consolidated Statements of Comprehensive Income (Loss) (unaudited)  
Three and Six months ended March 31, 2024 June 30, 2024 and 2023  
(in thousands)

	Three Months Ended		Six Months Ended
	June 30, 2024	June 30, 2023	June 30, 2024 June 30, 2023
Net income attributable to common stockholders			
Net income attributable to common stockholders			
Net income attributable to common stockholders			
Other comprehensive (loss) income, net of tax:			
Other comprehensive (loss) income, net of tax:			
Other comprehensive (loss) income, net of tax:			
Other comprehensive income (loss), net of tax:			
Securities available for sale			
Securities available for sale			
Securities available for sale			
Net unrealized (losses) gains arising during period, net of tax			
Net unrealized (losses) gains arising during period, net of tax			
Net unrealized (losses) gains arising during period, net of tax			
Other comprehensive (loss) income, net of tax			
Other comprehensive (loss) income, net of tax			
Other comprehensive (loss) income, net of tax			
Net unrealized gains (losses) arising during period, net of tax			
Net unrealized gains (losses) arising during period, net of tax			
Net unrealized gains (losses) arising during period, net of tax			
Reclassification adjustment for net gains included in net income, net of tax			
Reclassification for net loss on exchanged security, included in net income, net of tax			
Other comprehensive income (loss), net of tax			
Comprehensive income			
Comprehensive income			
Comprehensive income			

See accompanying condensed notes to unaudited consolidated financial statements.

CITIZENS COMMUNITY BANCORP, INC.  
Consolidated Statement of Changes in Stockholders' Equity (unaudited)  
Three Six Months Ended March 31, 2024 June 30, 2024  
(in thousands, except shares and per share data)

	Additional Paid-In Capital	Additional Paid-In Capital	Additional Paid-In Capital
Balance, December 31, 2023			
Balance, December 31, 2023			
Balance, December 31, 2023			
Net income			
Net income			
Net income			
Other comprehensive income, net of tax			

Other comprehensive income, net of tax
Other comprehensive income, net of tax
Other comprehensive loss, net of tax
Other comprehensive loss, net of tax
Other comprehensive loss, net of tax
Surrender of restricted shares of common stock
Surrender of restricted shares of common stock
Surrender of restricted shares of common stock
Restricted common stock awarded under the equity incentive plan
Restricted common stock awarded under the equity incentive plan
Restricted common stock awarded under the equity incentive plan
Restricted common stock issued upon achievement of the 2021 performance criteria
Restricted common stock issued upon achievement of the 2021 performance criteria
Restricted common stock issued upon achievement of the 2021 performance criteria
Common stock repurchased
Common stock repurchased
Common stock repurchased
Amortization of restricted stock
Amortization of restricted stock
Amortization of restricted stock
Cash dividends (\$0.32 per share)
Cash dividends (\$0.32 per share)
Cash dividends (\$0.32 per share)
<b>Balance at March 31, 2024</b>
<b>Balance at March 31, 2024</b>
<b>Balance at March 31, 2024</b>
Net income
Net income
Net income
Other comprehensive income, net of tax
Other comprehensive income, net of tax
Other comprehensive income, net of tax
Surrender of restricted shares of common stock
Surrender of restricted shares of common stock
Surrender of restricted shares of common stock
Common stock repurchased
Common stock repurchased
Common stock repurchased
Amortization of restricted stock
Amortization of restricted stock
Amortization of restricted stock
<b>Balance at June 30, 2024</b>
<b>Balance at June 30, 2024</b>
<b>Balance at June 30, 2024</b>

See accompanying condensed notes to unaudited consolidated financial statements.

CITIZENS COMMUNITY BANCORP, INC.

Consolidated Statement of Changes in Stockholders' Equity (unaudited)

Twelve Months Ended December 31, 2023

(in thousands, except shares and per share data)

Additional Paid-In Capital	Additional Paid-In Capital	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
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Balance, January 1, 2023
Balance, January 1, 2023
Balance, January 1, 2023
Balance, December 31, 2022
Balance, December 31, 2022
Balance, December 31, 2022
Net income
Other comprehensive loss, net of tax
Forfeiture of unvested shares
Surrender of restricted shares of common stock
Restricted common stock awarded under the equity incentive plan
Restricted stock issued upon achievement of the 2020 performance criteria
Amortization of restricted stock
Amortization of restricted stock
Amortization of restricted stock
Cumulative change in accounting principle for adoption of ASU 2016-13
Cumulative change in accounting principle for adoption of ASU 2023-02
Cash dividends (\$0.29 per share)
Balance at March 31, 2023
Net income
Other comprehensive loss, net of tax
Forfeiture of unvested shares
Common stock options exercised
Common stock options exercised
Common stock options exercised
Common stock repurchased
Amortization of restricted stock
Amortization of restricted stock
Amortization of restricted stock
Balance at June 30, 2023
Balance at June 30, 2023
Balance at June 30, 2023
Net income
Other comprehensive loss, net of tax
Forfeiture of unvested shares
Amortization of restricted stock
Amortization of restricted stock
Amortization of restricted stock
Balance, September 30, 2023
Balance, September 30, 2023
Balance, September 30, 2023
Net income
Other comprehensive loss, net of tax
Common stock repurchased
Common stock repurchased
Common stock repurchased
Amortization of restricted stock

Amortization of restricted stock

Amortization of restricted stock

Balance, December 31, 2023

See accompanying condensed notes to unaudited consolidated financial statements.

CITIZENS COMMUNITY BANCORP, INC.  
Consolidated Statements of Cash Flows (unaudited)  
Three Six Months Ended March 31, 2024 June 30, 2024 and 2023  
(in thousands)

	Three Months Ended	
	March 31, 2024	March 31, 2023
	Six Months Ended	
	June 30, 2024	June 30, 2023
Cash flows from operating activities:		
Net income attributable to common stockholders		
Net income attributable to common stockholders		
Net income attributable to common stockholders		
Adjustments to reconcile net income to net cash provided by operating activities:		
Investment securities net discount accretion		
Investment securities net discount accretion		
Investment securities net discount accretion		
Net accretion on debt securities		
Net accretion on debt securities		
Net accretion on debt securities		
Depreciation expense		
(Negative provision) provision for credit losses		
Net realized gain on equity securities		
Net loss (gain) on equity securities		
Net realized gain on sale of debt securities		
Increase in mortgage servicing rights resulting from transfers of financial assets		
Increase in mortgage servicing rights resulting from transfers of financial assets		
Increase in mortgage servicing rights resulting from transfers of financial assets		
Mortgage servicing rights amortization and impairment, net		
Amortization of intangible assets		
Amortization of restricted stock		
Loss on sale of office properties and equipment		
Loss on sale of office properties and equipment		
Loss on sale of office properties and equipment		
Decrease in deferred income taxes		
Decrease in deferred income taxes		
Decrease in deferred income taxes		
Increase in cash surrender value of life insurance		
Net loss (gain) from disposals of foreclosed and repossessed assets		
Net gain from disposals of foreclosed and repossessed assets		
Gain on sale of loans held for sale, net		
Gain on sale of loans held for sale, net		
Gain on sale of loans held for sale, net		
Proceeds from sale of loans held for sale		
Originations of loans held for sale		
Proceeds from insurance claim on foreclosed and repossessed assets		
Net change in:		
Net change in:		

Net change in:

Accrued interest receivable and other assets  
Accrued interest receivable and other assets  
Accrued interest receivable and other assets

Other liabilities

Total adjustments

Net cash provided by operating activities

Cash flows from investing activities:

Purchase of available for sale securities  
Purchase of available for sale securities

Proceeds from Bank Owned Life Insurance (BOLI) death benefit  
Proceeds from Bank Owned Life Insurance (BOLI) death benefit  
Proceeds from Bank Owned Life Insurance (BOLI) death benefit  
Net decrease in other interest bearing deposits

Purchase of available for sale securities

Proceeds from principal payments of available for sale securities

Proceeds from sales of available for sale securities

Proceeds from principal payments and maturities of held to maturity securities  
Proceeds from principal payments and maturities of held to maturity securities  
Proceeds from principal payments and maturities of held to maturity securities

Equity investment capital distribution  
Equity investment capital distribution  
Equity investment capital distribution

Purchase of equity investments

Net sales (purchases) of other investments

Proceeds from sales of foreclosed and repossessed assets

Proceeds from insurance claim on foreclosed and repossessed assets

Net decrease (increase) in loans

Net capital expenditures

Proceeds from disposal of office properties and equipment  
Proceeds from disposal of office properties and equipment  
Proceeds from disposal of office properties and equipment

Net cash provided by (used in) investing activities

Net cash provided by (used in) investing activities

Net cash provided by (used in) investing activities

Cash flows from financing activities:

Change in short term Federal Home Loan Bank advances, net  
Change in short term Federal Home Loan Bank advances, net  
Change in short term Federal Home Loan Bank advances, net

Federal Home Loan Bank advance repayment due to FHLB call  
Federal Home Loan Bank advance repayment due to FHLB call  
Federal Home Loan Bank advance repayment due to FHLB call

Federal Home Loan Bank advance long-term maturities  
Federal Home Loan Bank advance long-term maturities  
Federal Home Loan Bank advance long-term maturities

Amortization of debt issuance costs

Other borrowings principal reductions  
Other borrowings principal reductions  
Other borrowings principal reductions

Net increase in deposits

Common stock restricted shares

Restricted common stock awarded under the equity incentive plan
Repurchase shares of common stock
Repurchase shares of common stock
Repurchase shares of common stock
Surrender of restricted shares of common stock
Cash dividends paid
Cash dividends paid
Common stock options exercised
Cash dividends paid
Net cash (used in) provided by financing activities
Net (decrease) increase in cash and cash equivalents
Cash and cash equivalents at beginning of period
Cash and cash equivalents at end of period

Supplemental cash flow information:

Cash paid during the period for:

Cash paid during the period for:

Cash paid during the period for:

Interest on deposits
Interest on deposits
Interest on deposits
Interest on borrowings
Income taxes

Supplemental noncash disclosure:

Transfers from loans receivable to other real estate owned ("OREO")

Transfers from loans receivable to other real estate owned ("OREO")

Transfers from loans receivable to other real estate owned ("OREO")

See accompanying condensed notes to unaudited consolidated financial statements.

CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Dollars in thousands, except share and per share data)

(UNAUDITED)

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of Citizens Community Federal N.A. (the "Bank") included herein have been included by its parent company, Citizens Community Bancorp, Inc. (the "Company") pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC") for interim financial statements. As used in this quarterly report, the terms "we", "us", "our", and "Citizens Community Bancorp, Inc." mean the Company and its wholly owned subsidiary, the Bank, unless the context indicates other meaning.

The Bank is a national banking association (a "National Bank") and operates under the title of Citizens Community Federal National Association ("Citizens Community Federal N.A." or "Bank" or "CCFBank"). The Company is a bank holding company, supervised by the Federal Reserve Bank of Minneapolis (the "FRB"), and operates under the title of Citizens Community Bancorp, Inc. The Office of the Comptroller of the Currency (the "OCC"), is the primary federal regulator for the Bank.

The consolidated income of the Company is principally derived from the income of the Bank, the Company's wholly owned subsidiary, serving customers primarily in Wisconsin and Minnesota through 23 22 branch locations. Its primary markets include the Chippewa Valley Region in Wisconsin, the Mankato and Twin Cities markets in Minnesota, and various rural communities around these areas. The Bank offers traditional community banking services to businesses, agricultural operators and consumers, including one-to-four family residential mortgages.

The Bank is subject to competition from other financial institutions and non-financial institutions providing financial products. Additionally, the Bank is subject to the regulations of certain regulatory agencies and undergoes periodic examination by those regulatory agencies.

In preparing these consolidated financial statements, we evaluated the events and transactions that occurred subsequent to the balance sheet date of March 31, 2024 June 30, 2024, through the date on which the consolidated financial statements were available to be issued on May 8, 2024 August 6, 2024, for items that should potentially be recognized or disclosed in these consolidated financial statements.

The accompanying consolidated interim financial statements are unaudited. However, in the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included.

Unless otherwise stated herein, and except for shares and per share amounts, all amounts are in thousands.

**Principles of Consolidation** – The accompanying consolidated financial statements include the accounts of the Company and the Bank. All significant intercompany accounts and transactions have been eliminated.

**Use of Estimates** –Preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying disclosures. These estimates are based on management's best knowledge of current events and actions the Company may undertake in the future. Estimates are used in accounting for, among other items, fair value of financial instruments, the allowance for credit losses, mortgage servicing rights, foreclosed and repossessed assets, valuation of intangible assets arising from acquisitions, useful lives for depreciation and amortization, valuation of goodwill and long-lived assets, stock based compensation, deferred tax assets, uncertain income tax positions and contingencies. Management does not anticipate any material changes to estimates made herein in the near term. Factors that may cause sensitivity to the aforementioned estimates include but are not limited to: those items described under the caption "Risk Factors" in Item 1A of the annual report on Form 10-K for the year ended December 31, 2023, filed with the SEC on March 5, 2024; the matters described in "Risk Factors" in Item 1A of the quarterly reports on Form 10-Q for the quarter ended March 31, 2024, filed with the SEC on May 8, 2024; the matters described in "Risk Factors" in Item 1A of this Form 10-Q; and external market factors such as market interest rates and unemployment rates; changes to operating policies and procedures, and changes in applicable banking regulations. Actual results may ultimately differ from estimates, although management does not generally believe such differences would materially affect the consolidated financial statements in any individual reporting period.

**Cash and Cash Equivalents**—For purposes of reporting cash flows in the consolidated financial statements, cash and cash equivalents include cash, due from banks, and interest bearing deposits with original maturities of three months or less.

**Investment Securities; Available for Sale and Held to Maturity** – Management determines the appropriate classification of investment securities at the time of purchase and reevaluates such designation as of the date of each balance sheet. Securities

are classified as held to maturity when the Company has the positive intent and ability to hold the securities to maturity. Held to maturity securities are stated at amortized cost. Investment securities not classified as held to maturity are classified as available for sale. Available for sale securities are stated at fair value, with unrealized holding gains and losses being reported in other comprehensive income (loss), net of tax. Realized gains or losses on sales of available for sale securities are calculated with the specific identification method and are included in the consolidated statements of operations under net gains on investment securities. Interest income includes amortization of purchase premium or accretion of purchase discount. Amortization of premiums and accretion of discounts are recognized in interest income using the interest method over the estimated lives of the securities.

**Allowance for Credit Losses – Available for Sale Securities** - The Company measures the allowance for credit losses on available for sale debt securities by evaluating securities in an unrealized loss position using a two-step process. First, the Company assesses whether it intends to sell, or it is more likely than not that it will be required to sell the security before recovery of its amortized cost. If it is determined that the Company intends or will be required to sell the security, it is written down to its fair value as net gains or losses on investment securities in our consolidated statement of operations. For agency mortgage-backed and asset-backed securities that do not meet the criteria in step one, there are no expected credit losses as they are guaranteed by the U.S. government, are highly rated by major rating agencies, and have a long history of no credit losses. For other debt securities that do not meet the criteria in step one, the Company evaluates whether the decline in fair value has resulted from credit losses or other factors. In making this assessment management considers the extent to which fair value is less than amortized cost, any changes to the rating of the security by a rating agency, and adverse conditions specifically related to the security, among other factors. If this assessment indicates that a credit loss exists, the present value of cash flows expected to be collected from the security are compared to the amortized cost of the security. If the present value of cash flows expected to be collected is less than the amortized cost basis, a credit loss exists and the allowance for credit losses on available for sale investments is recorded for the credit loss, limited by the amount that the fair value is less than the amortized cost basis. Any impairment that has not been recorded through an allowance for credit losses is recognized in other comprehensive income.

**Allowance for Credit Losses – Held to Maturity Securities** -The Company measures expected credit losses on held to maturity debt securities on a collective basis by major security type. For agency mortgage-backed securities there are no expected credit losses as they are guaranteed by the U.S. government, are highly rated by major rating agencies, and have a long history of no credit losses. For other securities, the estimate of expected credit losses considers historical credit loss information that is adjusted for current conditions and reasonable and supportable forecasts.

The Company has elected to not measure an ACL on accrued interest on available for sale and held to maturity securities, as it would write off accrued interest in a timely manner if the related security was determined to have a credit loss. The Company has no available for sale securities or held to maturity securities which it deems to have a credit loss at March 31, 2024 June 30, 2024.

**Equity investments** - The Company is required to maintain an investment in Federal Agricultural Mortgage Corporation ("Farmer Mac") equity securities. Farmer Mac equity securities are carried at their fair market value, which is readily determinable. Changes in fair value are recognized as net gains or losses on investment securities in our consolidated statement of operations.

Included in equity investments are preferred shares of a community development financial institution, which are carried at their fair market value. As no ready market exists for this investment, the Company utilizes significant unobservable inputs (Level 3 inputs) to determine fair value. We record the unrealized gains and losses resulting from changes in the fair value of this investment as net gains or losses on investment securities in our consolidated statements of operations.

Also included in equity investments are the Company's investments in a Volker Rule-compliant Small Business Investment Company ("SBIC") and an investment fund. The SBIC and investment fund meet the definition of investment companies, as defined in ASC 946, Financial Services - Investment Companies. These investments seek returns by investing in various small businesses and do not have redemption rights. Distributions from the investments will be received as the underlying investments, which generally have a life of 10 years, are liquidated. We elected the practical expedient available in Topic 820, Fair Value Measurements, which permits the use of net asset value ("NAV") per share or equivalent to value investments in entities that are or are similar to investment companies. SBICs and investment funds report their investments at estimated fair value. We record the unrealized gains and losses resulting from changes in the fair value of these investments as net gains or losses on investment securities in our consolidated statements of operations. The carrying value of these investments is equal to the capital account as provided by the investee and adjusted as necessary.

**Other Investments** - As a member of the Federal Reserve Bank ("FRB") System and the Federal Home Loan Bank ("FHLB") System, the Bank is required to maintain an investment in the capital stock of these entities. These securities are "restricted" in that they can only be sold back to the respective institutions or another member institution at par. Therefore, they are less liquid than other exchange traded equity securities. As no ready market exists for these stocks, and they have no quoted market value, these investments are carried at cost and periodically evaluated for impairment based on the ultimate recovery of par value. Cash dividends are reported as other income in our consolidated statements of operations.

Also included in other investments is stock of our correspondent bank, Bankers' Bank, without readily determinable fair value. This stock is carried at cost plus or minus changes resulting from observable price changes in orderly transactions for this stock, less other-than-temporary impairment charges, if any.

Management's evaluation for impairment of these other investments, includes consideration of the financial condition and other available relevant information of the issuer. Based on management's quarterly evaluation, no impairment has been recorded on these securities. Other investments totaling \$13,022 \$13,878 at March 31, 2024 June 30, 2024 consisted of \$4,595 \$5,447 of FHLB stock, \$5,703 \$5,707 of Federal Reserve Bank stock and \$2,724 of Bankers' Bank stock. Other investments totaling \$15,725 at December 31, 2023 consisted of \$7,302 of FHLB stock and \$5,699 of Federal Reserve Bank stock and \$2,724 of Bankers' Bank stock.

**Loans Receivable** - Loans that management has the intent and ability to hold for the foreseeable future or until maturity or payoff are reported at the principal balance outstanding, net of deferred loan fees and costs, accretible yield on acquired loans, and non-accretible discount on purchased credit deteriorated (PCD) loans. Interest income is accrued on the unpaid principal balance of these loans and is presented as a separate line item on the consolidated balance sheets. Loan origination fees, net of certain direct origination costs, are deferred and recognized in interest income using the interest method over the contractual life of the loan with no prepayments assumed. If the loan is prepaid, any unamortized net fee is recognized at this time. Late charge fees are recognized into income when collected.

Interest income on commercial, mortgage and consumer loans is discontinued according to the following schedules:

- Commercial/agricultural real estate loans past due 90 days or more;
- Commercial and industrial/agricultural operating loans past due 90 days or more;
- Closed end consumer installment loans past due 120 days or more; and
- Residential mortgage loans and open ended consumer installment loans past due 180 days or more.

Past due status is based on the contractual terms of the loan. In all cases, loans are placed on nonaccrual status or charged off at an earlier date if collection of principal or interest is considered doubtful. All interest accrued but not received for a loan placed on nonaccrual status is reversed against interest income. Interest received on such loans is accounted for on the cash basis or cost recovery method until qualifying for return to accrual status. Loans are returned to accrual status when payments are made that bring the loan account current with the contractual term of the loan and a six month payment history has been established.

Residential mortgage loans and open ended consumer installment loans are charged off to estimated net realizable value less estimated selling costs at the earlier of when (a) the loan is deemed by management to be uncollectible, or (b) the loan becomes past due 180 days or more. Closed ended consumer installment loans are charged off to net realizable value at the earlier of when (a) the loan is deemed by management to be uncollectible, or (b) the loan becomes past due 120 days or more. Commercial/agricultural real estate, commercial and industrial and agricultural operating loans are charged off to net realizable value at the earlier of when (a) the loan is deemed by management to be uncollectible, or (b) the loan becomes past due 90 days or more.

**Allowance for Credit Losses - Loans** The allowance for credit losses ("ACL") on loans is a valuation allowance for current expected credit losses in the Company's loan portfolio. Prior to January 1, 2023, the valuation allowance was established for probable and inherent credit losses. Loan losses are charged against the ACL when management believes that the collectability of a loan balance is unlikely. Subsequent recoveries, if any, are credited to the ACL. In determining the allowance, the company estimates credit losses over the loan's entire contractual term, adjusted for expected prepayments when appropriate. The allowance estimate considers relevant available information from internal and external sources relating to historical loss experience; known and inherent risks in our portfolio; information about specific borrowers' ability to repay; estimated collateral values; current economic conditions; reasonable and supportable forecasts for future conditions; and other relevant factors determined by management. To ensure that the ACL is maintained at an adequate level, a detailed analysis is performed on a quarterly basis and an appropriate provision is made to adjust the allowance. The entire ACL balance is available for any loan that, in management's judgment, should be charged off.

The determination of the ACL requires significant judgement to estimate credit losses. The ACL on loans is measured collectively on a pooled basis when similar risk characteristics exist, and on an individual basis when management determines that the loan does not share similar risk characteristics with other loans. The ACL on loans collectively evaluated is measured using the loss rate model. The Company categorizes its loan portfolio into four segments based on similar risk characteristics. Loans within each segment are pooled based on individual loan characteristics. Aggregated risk drivers are then calculated at a pool level. Risk drivers are identified attributes that have proven to be predictive of loan loss rates and vary based on loan segment and type. A loss rate is calculated and applied to the pool utilizing a model that combines the pool's risk drivers, historical loss experience, and reasonable and supportable future economic forecasts to project lifetime losses. For commercial/agricultural real estate loans, the loss rate is then combined with the loans balance and contractual maturity, adjusted for expected prepayments, to determine expected future losses. Future and supportable economic forecasts are based on national economic conditions and their reversion to the mean is implicit in the model and generally occurs over a period of two years. For commercial and industrial/agricultural operating, residential, and consumer loans, the loss rate is then combined with the loans balance and contractual maturity, to determine expected future losses.

Qualitative adjustments are made to the allowance calculated on collectively evaluated loans to incorporate factors not included in the model. Qualitative factors include but are not limited to, lending policies and procedures, the experience and ability of lending and other staff, the volume and severity of problem credits, quality of the loan review system, and other external factors.

Loans that exhibit different risk characteristics from the pool are individually evaluated. Loans can be identified for individual evaluation for a variety of reasons including delinquency, nonaccrual status, risk rating and loan modification. Accruing loans that exhibit different risk characteristics from their pool may also be within scope. On these loans, an allowance may be established so that the loan is reported, net, at the lower of (a) its amortized cost; (b) the present value of the loan's estimated future cash flows using the loan's existing rate; or (c) at the fair value of any loan collateral, less estimated disposal costs, if the loan is collateral dependent. Collateral dependency is determined using the practical expedient when: 1) the borrower is experiencing financial difficulty; and 2) repayment is expected to be provided substantially through the sale or operation of the collateral.

The Company has elected to not measure an ACL on accrued interest as it writes off accrued interest in a timely manner.

**Allowance for Credit Losses - Unfunded Commitments** - The ACL on unfunded commitments is a liability for credit losses on commitments to originate or fund loans, and standby letters of credit. It is included in "Other liabilities" on the consolidated balance sheets. Expected credit losses are estimated over the contractual period in which the Company is exposed to credit risk via a commitment that cannot be unconditionally canceled, adjusted for projected prepayments when appropriate. In addition, the estimate of the liability considers the likelihood that funding will occur. The ACL on unfunded commitments is adjusted through provision for credit losses on consolidated statements of operations. Because the business processes and risks associated with unfunded commitments are essentially the same as loans, the Company uses the same process to estimate the liability.

**Loans Held for Sale** — Loans held for sale are those loans the Company has the intent to sell in the foreseeable future. They are carried at the lower of aggregate cost or fair value. Gains and losses on sales of loans are recognized at settlement dates, and are determined by the difference between the sales proceeds and the carrying value of the loans after allocating costs to servicing rights retained. Such gains and losses are included as non-interest income in the consolidated statements of operations. All sales are made without recourse. Interest rate lock commitments on mortgage loans to be funded and sold are valued at fair value, and are included in other assets or liabilities, if material.

**Transfers of financial assets**—Transfers of financial assets are accounted for as sales when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when (1) the assets have been isolated from the entity, (2) the transferee obtains the right, free of conditions that constrain it from taking advantage of that right, to pledge or exchange the transferred assets, and (3) the entity does not maintain effective control over the transferred assets through an agreement to repurchase them before maturity.

**Mortgage Servicing Rights**—Mortgage servicing rights ("MSR") assets result as the Company sells loans to investors in the secondary market and retains the rights to service mortgage loans sold to others. MSR assets are initially measured at fair value; assessed for impairment at least annually; and carried at the lower of the initial capitalized amount, net of accumulated amortization, or estimated fair value. MSR assets are amortized in proportion to and over the period of estimated net servicing income, with the amortization recorded as "Mortgage servicing rights expense, net" in non-interest expense in the consolidated statements of operations.

The valuation of MSRs and related amortization, included in mortgage servicing rights expense in the consolidated statements of operations, thereon are based on numerous factors, assumptions and judgments, such as those for: changes in the mix of loans, interest rates, prepayment speeds, and default rates. Changes in these factors, assumptions and judgments may have a material effect on the valuation and amortization of MSRs. Although management believes that the assumptions used to evaluate the MSRs for impairment are reasonable, future adjustment may be necessary if future economic conditions differ substantially from the economic assumptions used to determine the value of MSRs.

Servicing fee income, which is reported on the consolidated statements of operations in non-interest income as loan servicing income, is recorded for fees earned for servicing loans. The fees are based on a contractual percentage of outstanding principal; or a fixed amount per loan and are recorded as income when earned.

**Office Properties and Equipment**—Premises and equipment are stated at cost less accumulated depreciation. Land is carried at cost. Maintenance and repair costs are charged to expense as incurred. Gains or losses on disposition of office properties and equipment are reflected in income. Buildings and related components are depreciated using the straight-line method with useful lives ranging from 10 to 40 years. Furniture, fixtures and equipment are depreciated using the straight-line (or accelerated) method with useful lives ranging from 3 to 10 years. Leasehold improvements are depreciated using the straight-line (or accelerated) method with useful lives based on the lesser of (a) the estimated life of the lease, or (b) the estimated useful life of the leasehold improvement. Depreciation expense is included in non-interest expense on the consolidated statements of operations.

**Goodwill and other intangible assets**—The Company accounts for goodwill and other intangible assets in accordance with ASC Topic 350, "Intangibles - Goodwill and Other." The Company records the excess of the cost of acquired entities over the fair value of identifiable tangible and intangible assets acquired, less liabilities assumed, as goodwill. The Company amortizes acquired intangible assets, primarily Core Deposit Intangibles (CDI) with definite useful economic lives over their useful economic lives originally ranging from 72 to 111 months utilizing the straight-line method. On a periodic basis, management assesses whether events or changes in circumstances indicate that the carrying amounts of the intangible assets may be impaired. Goodwill is not amortized but, instead, is subject to impairment tests on at least an annual basis, and more frequently if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. A reporting unit is defined as any distinct, separately identifiable component of the Company's one operating segment for which complete, discrete financial information is available and reviewed regularly by the segment's management. The Company has one reporting unit as of March 31, 2024 June 30, 2024, which is related to its banking activities. The impairment testing process is conducted by assigning net assets and goodwill to the Company's reporting unit. An initial qualitative evaluation is made to assess the likelihood of impairment and determine whether further quantitative testing to calculate the fair value is necessary. When the qualitative evaluation indicates that impairment is more likely than not, quantitative testing is required whereby the fair value of the Company's reporting unit is calculated and compared to the recorded book value, "step one." If the calculated fair value of the Company's reporting unit exceeds its carrying value, goodwill is not considered impaired and "step two" is not considered necessary. If the carrying value of the Company's reporting unit exceeds its calculated fair value, the impairment test continues ("step two") by comparing the carrying value of the Company's reporting unit's goodwill to the implied fair value of goodwill. An impairment charge is recognized if the carrying value of goodwill exceeds the implied fair value of goodwill. The Company has performed the required goodwill impairment test and has determined that goodwill was not impaired as of December 31, 2023. The Company has monitored events and conditions since December 31, 2023, and has determined that no triggering event has occurred that would require goodwill to be tested for impairment.

**Foreclosed and Repossessed Assets, net** – Assets acquired through foreclosure or repossession are initially recorded at fair value, less estimated costs to sell, which establishes a new cost basis. If the fair value declines subsequent to foreclosure or repossession, a write-down is recorded through expense. Costs incurred after acquisition are expensed and are included in non-interest expense, other in the consolidated statements of operations.

**Bank Owned Life Insurance (BOLI)**—The Bank invests in bank-owned life insurance (BOLI) as a source of funding for employee benefit expenses. BOLI involves the purchasing of life insurance by the Bank on a select group of employees. The Bank is the owner and beneficiary of the policies. Income from the increase in cash surrender value of the policies as well as the receipt of death benefits is included in non-interest income on the consolidated statements of operations.

**New Markets Tax Credits** - As a part of its commitment to the communities it serves, in the first quarter of 2022, the Company made an investment in an LLC that is sponsoring a community development project that has been awarded a New Markets Tax Credit ("NMTC") through the U.S. Department of the Treasury's Community Development Financial Institutions Fund. This investment is Community Reinvestment Act eligible and is designed to generate a return primarily through the realization of the tax credit. This LLC is considered a Variable Interest Entity (VIE) as the Company represents the holder of the equity investment at risk. However, the Company does not have the ability to direct the activities that most significantly affect the performance of the LLC. As such, the Company is not the primary beneficiary of the VIE and the LLC has not been consolidated. With the adoption of ASU 2023-02 on January 1, 2023 discussed in *Recent Accounting Pronouncements* -

Adopted below, the investment is accounted for using the proportional amortization method, which requires amortizing the investment in the period of and in proportion to the recognition of the related tax credit. Amortization of the investment is included in provision for income taxes and the utilization of the tax credit is recorded as a reduction in provision for income taxes. Prior to the adoption of ASU 2023-02 the investment was accounted for using the equity method of accounting and was amortized through non-interest expense

As of **March 31, 2024** **June 30, 2024**, the carrying amount of this investment, which is included in other assets in the consolidated balance sheets, was **\$2,753**, **\$2,608**. The risk of loss with this investment is limited to its carrying value and is tied to its ability to operate in compliance with the rules and regulations necessary for the qualification of the tax credit generated by the investment. As of **March 31, 2024** **June 30, 2024**, there were no known instances of noncompliance associated with the investment.

**Leases** - We determine if an arrangement is a lease at inception. All of our existing leases have been determined to be operating leases under ASC 842. Right-of-use ("ROU") assets are included in other assets in our consolidated balance sheets. Operating lease liabilities are included in other liabilities in our consolidated balance sheets. Lease expense is included in non-interest expense, "Occupancy" in the consolidated statements of operations.

ROU assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date, based on the present value of lease payments over the lease term. As none of our existing leases provide an implicit rate, we use our incremental borrowing rate, based on information available at commencement date, in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. Our lease terms may include options to extend or terminate the lease, when it is reasonably certain that we will exercise that option. Lease expense is recognized based on the total contractually required lease payments, over the term of the lease, on a straight-line basis. Some of the Bank's leases require it to make variable payments for the Bank's share of property taxes, insurance, common area maintenance and other costs. These variable costs are recognized when incurred and are also included in lease expense.

**Federal Hold Loan Bank ("FHLB") advances** - The Bank holds both **\$9,500** **\$16,500** and \$44,000 short-term and **\$30,000** **\$15,000** and \$35,530 long-term FHLB advances as of **March 31, 2024** **June 30, 2024** and December 31, 2023, respectively. For cash flow purposes the short-term FHLB advances are disclosed net with original maturities of three months or less.

**Debt and equity issuance costs**—Debt issuance costs, which consist primarily of fees paid to note lenders, are deferred and included in other borrowings in the consolidated balance sheets. Debt issuance costs that originated in 2020 and thereafter, are amortized through the first Company call option date of the corresponding debt, as a component of interest expense on other borrowed funds in the consolidated statements of operations. Senior note debt issuance costs, are amortized over the contractual term of the corresponding debt, as a component of interest expense on other borrowed funds in the consolidated statements of operations. Specific costs associated with the issuance of shares of the Company's common or preferred stock are netted against proceeds and recorded in stockholders' equity, as additional paid in capital, on the consolidated balance sheets, in the period of the share issuance.

**Share-Based Compensation**—The Company may grant restricted stock awards and other stock-based awards to plan participants, subject to forfeiture upon the occurrence of certain events until the dates specified in the participant's award agreement. The Company accounts for forfeitures as they occur. **Forfeited restricted shares are canceled and returned to authorized and unissued shares.** While time based restricted shares are subject to forfeiture, time based restricted stock award participants may exercise full voting rights and will receive all dividends and other distributions paid with respect to the restricted shares. The time based restricted shares granted under the 2018 Equity Incentive Plan (the "Plan") are subject to a three-year vesting period. Compensation expense for time based restricted stock is recognized over the requisite service period of three years for the entire award on a straight-line basis. Performance based restricted shares are earned over a three-year period based on Board approved performance metrics and expense is recorded based on expected shares vesting. The performance based restricted stock award participants do not have voting rights and do not receive dividends or other distributions paid with respect to the performance based restricted shares. Upon vesting of restricted stock, the benefit of tax deductions in excess of recognized compensation expense is reflected as an income tax benefit in the Consolidated Statements of Operations.

**Advertising, Marketing and Public Relations Expense**—The Company expenses all advertising, marketing and public relations costs as they are incurred.

**Income Taxes** - The Company accounts for income taxes in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification ("ASC") Topic 740, "Income Taxes." Under this guidance, deferred taxes are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of

existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted tax rates that will apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized as income or expense in the period that includes the enactment date.

The Company regularly reviews the carrying amount of its net deferred tax assets to determine if the establishment of a valuation allowance is necessary. If based on the available evidence, it is more likely than not that all or a portion of the

Company's net deferred tax assets will not be realized in future periods, a deferred tax valuation allowance would be established. Consideration is given to various positive and negative factors that could affect the realization of the deferred tax assets. In evaluating this available evidence, management considers, among other things, historical performance, expectations of future earnings, the ability to carry back losses to recoup taxes previously paid, the length of statutory carry forward periods, any experience with utilization of operating loss and tax credit carry forwards not expiring, tax planning strategies and timing of reversals of temporary differences. Significant judgment is required in assessing future earnings trends and the timing of reversals of temporary differences. Accordingly, the Company's evaluation is based on current tax laws as well as management's expectations of future performance.

The Company's effective tax rates were 21.3% for the three months ended March 31, 2024, 22.1% and 25.5% for the three months ended March 31, 2023, June 30, 2024 and June 30, 2023, and 21.6% and 25.5% for the six months ended June 30, 2024 and June 30, 2023. The Wisconsin state budget, signed July 5, 2023, effective January 1, 2023, made originated loans in Wisconsin for business purposes up to \$5,000 non-taxable. This change lowers lowered the Company's income tax rate rates for the three-months three and six-month periods ended March 31, 2024, June 30, 2024, and lowered the Company's income tax rate for the twelve-month period ended December 31, 2023, before related valuation allowance. Income tax expense in 2023, was lower due to the retroactive, effect of this change. This reduction of income tax expense was offset by a one-time tax expense of \$1,828 in the period three and nine-month periods ended September 30, 2023, as the impact of the resulting lower incremental tax rate decreased the estimated future realization of an existing deferred tax asset resulting in a valuation allowance.

**Revenue Recognition** - The Company's primary source of revenue is interest income from interest earning assets, which is recognized on the accrual basis of accounting using the effective interest method. The recognition of revenues from interest earning assets is based upon formulas from underlying loan agreements, securities contracts or other similar contracts.

The Company accounts for revenue from contracts with customers in accordance with ASC Topic 606, "Revenue from Contracts with Customers." Topic 606 provides that revenue from contracts with customers be recognized when performance obligations under the terms of a contract are satisfied. Revenue is measured as the amount of consideration the Company expects to receive in exchange for transferring goods or providing service. The Company does not have any materially significant payment terms as payment is received shortly after the satisfaction of the performance obligation. The non-interest income line items recognized under the scope of Topic 606 are as follows:

**Service charges on deposit accounts** - Service charges on accounts consist of monthly service fees, transaction-based fees, overdraft fees and other deposit account related fees. The Company's performance obligation for monthly services fees is generally satisfied over the period in which the service is provided. Revenue for these monthly fees is recognized during the service period. Other deposit account related fees are largely transactional based, and therefore, the Company's performance obligation is satisfied at the time the service is provided. Payment for service charges on deposit accounts are primarily received immediately or in the following month through a direct charge to a customer's account.

**Interchange income** - The Company earns interchange fees when cardholder debit card transaction are processed through card association networks. The interchange rates are generally set by the card association based upon purchase volumes and other factors. Interchange fees represent a percentage of the underlying transaction value. The Company has a continuous contract, based on customary business practices, with the card association networks to make funds available for settlement of card transactions. The Company's performance obligation is satisfied over time as it makes funds available, and the related income is recognized when received.

**Gain (loss) on repossessed assets** - The Company records a gain or loss from the sale of repossessed assets, when control of the property or asset transfers to the buyer, which generally occurs at the time of an executed deed or sales agreement. When the Company finances the sale of repossessed assets to a buyer, the Company assesses whether the buyer is committed to perform their obligations under the contract and whether collectability of the transaction price is probable. Once these criteria are met, the repossessed asset is derecognized and the gain or loss on sale is recorded upon transfer of control of the property to the buyer. In determining the gain on sale or loss on the sale, the Company adjust the transaction price and related gain or loss on sale if a significant financing component is present.

Non-interest income outside of the scope of Revenue from Contracts with Customers, Topic 606 is recognized on the accrual basis of accounting as services are provided or as transactions occur. Non-interest income outside of the scope of Topic 606 includes mortgage banking activities, loan fees and service charges, net gains (losses) on investment securities, and other, which is primarily made up of BOLI related income.

**Earnings Per Share** - Basic earnings per common share is net income or loss divided by the weighted average number of common shares outstanding during the period. Diluted earnings per common share includes the dilutive effect of additional potential common shares issuable during the period, consisting of stock options outstanding under the Company's stock incentive plans that have an exercise price that is less than the Company's stock price on the reporting date.

**Loss Contingencies**—Loss contingencies, including claims and legal actions arising in the normal course of business, are recorded as liabilities when the likelihood of loss is probable and an amount of loss can be reasonably estimated.

**Off-Balance-Sheet Financial Instruments**—In the ordinary course of business, the Bank has entered into off-balance sheet financial instruments consisting of commitments to extend credit and commitments under lines of credit arrangements, issued to meet customer financial needs. Such financial instruments are recorded in the financial statements when they become payable.

**Derivatives--Rate-lock Commitments and Forward Sale Agreements** —The Company enters into commitments to originate loans, whereby the interest rate on the loan is determined prior to funding (rate-lock commitment). Rate-lock commitments on mortgage loans held for sale are derivative instruments. If material, derivative instruments are carried on the consolidated balance sheets at fair value, and changes in the fair value thereof are recognized in the consolidated statements of operations. The Company originates single-family residential loans for sale, pursuant to programs primarily with the Federal Home Loan Mortgage Corporation ("FHLMC") and other similar third parties. In connection with these programs, at the time the Company initially issues a loan commitment, it does not lock in a specific interest rate. At the time the interest rate is locked in by the borrower, the Company concurrently enters into a forward loan sale agreement with the prospective loan purchaser, at a specific price, in order to manage the interest rate risk inherent to the rate-lock commitment. The forward sale agreement also meets the definition of a derivative instrument. Any change in the fair value of the loan commitment after the borrower locks in the interest rate is substantially offset by the corresponding change in the fair value of the forward loan sale agreement related to such loan. The period from the time the borrower

locks in the interest rate, to the time the Company funds the loan and sells the loan to a third party varies, and could be up to 90 days. The fair value of each instrument will rise and fall in response to changes in market interest rates, subsequent to the dates the interest rate locks and forward sale agreements are entered into. In the event that interest rates rise after the Company enters into an interest rate lock, the fair value of the loan commitment will decline. However, the fair value of the forward loan sale agreement related to such loan commitment should increase by substantially the same amount, effectively eliminating the Company's interest rate and price risks.

At **March 31, 2024** **June 30, 2024**, the Company had **\$2,437** **\$4,174** of loan commitments outstanding related to loans being originated for sale, all of which were subject to interest rate lock commitments and corresponding forward loan sale agreements, as described above. The net fair values of outstanding interest rate-lock commitments and forward sale agreements were considered immaterial to the Company's consolidated financial statements as of **March 31, 2024** **June 30, 2024**.

**Common Stock Repurchased**—The Company is incorporated in Maryland. Under Maryland Law, repurchased shares of the Company's common stock must be returned. Shares repurchased are canceled and returned to authorized and unissued shares and recorded as a reduction of each of the applicable captions within stockholders' equity on the consolidated balance sheets and consolidated statement of changes in stockholders' equity.

**Other Comprehensive Income**—Accumulated and other comprehensive income or loss is comprised of the unrealized and realized gains and losses on securities available for sale, net of tax, and is shown on the accompanying consolidated statements of comprehensive income.

**Operating Segments**—While our executive officers monitor the revenue streams of the various banking products and services, operations are managed and financial performance is evaluated on a Company-wide basis. Accordingly, all of the Company's banking operations are considered by management to be aggregated in one reportable operating segment.

**Reclassifications** – Certain items previously reported were reclassified for consistency with the current presentation.

**Recent Accounting Pronouncements**—The Financial Accounting Standards Board (FASB) issues Accounting Standards Updates (ASUs) to the FASB Accounting Standards Codification (ASC). This section provides a summary description of recent ASUs that have potentially significant implications (elected or required) within the consolidated financial statements, or that management expects may have a significant impact on financial statements issued in the near future.

**Recent Accounting Pronouncements—Adopted**

**ASU 2020-04 and ASU 2021-01, Reference Rate Reform (Topic 848) - Facilitation of the Effects of Reference Rate Reform on Financial Reporting**—These ASUs provide optional and temporary relief, in the form of optional expedients and exceptions, for applying GAAP to modifications of contracts, hedging relationships and other transactions affected by reference rate (e.g. LIBOR) reforms. ASU 2020-04 and ASU 2021-01 was effective immediately upon issuance and will remain in effect through December 31, 2024. The Company utilizes LIBOR, among other indexes, as a reference rate for underwriting variable rate loans. Reference rate reform has not had, nor does the Company expect it to have, a material effect on the Company's consolidated balance sheet, operations or cash flows.

**Recently Issued, But Not Yet Effective Accounting Pronouncements**

**ASU 2023-07, Segment Reporting (Topic 820): Improvements to Reportable Segment Disclosures**—This ASU, issued in November 2023, is intended to improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. This update is effective for fiscal years beginning after December 15, 2023, and interim

periods with fiscal years beginning after December 15, 2024. The Company is currently evaluating the impact and applicability of these new disclosure requirements. **As all new requirements are disclosure-related only, adoption will have no material impact on the Company's financial condition or results of operations.**

**ASU 2023-09, Income Taxes** – Improvements to Income Tax Disclosures – This ASU, issued in December 2023, is effective for fiscal years beginning after December 15, 2024 and interim periods therein, with early adoption permitted. This ASU requires expanded income tax-related note disclosures. The Company is currently evaluating the impact of these new disclosure requirements. **As all requirements are disclosure-related only, adoption will have no material impact on the Company's financial condition or results of operations.**

**NOTE 2 – INVESTMENT SECURITIES**

The amortized cost and fair value of securities available for sale and the corresponding amounts of gross unrealized gains and losses recognized in accumulated other comprehensive income as of **March 31, 2024** **June 30, 2024** and December 31, 2023, respectively, were as follows:

		Amortized	Gross	Gross			Amortized	Gross	Gross	
		Cost	Unrealized	Unrealized	Estimated		Cost	Unrealized	Unrealized	Estimated
Available for sale securities	Available for sale securities	Cost	Gains	Losses	Fair Value	Available for sale securities	Cost	Gains	Losses	Fair Value
March 31, 2024										
June 30, 2024										
U.S. government agency obligations										
U.S. government agency obligations										
U.S. government agency obligations										
Mortgage-backed securities										
Mortgage-backed securities										
Mortgage-backed securities										

Corporate debt securities  
Corporate debt securities  
Corporate debt securities  
Asset-backed securities  
Total available for sale securities  
Total available for sale securities  
Total available for sale securities

December 31, 2023  
December 31, 2023  
December 31, 2023

U.S. government agency obligations  
U.S. government agency obligations  
U.S. government agency obligations  
Mortgage-backed securities  
Mortgage-backed securities  
Mortgage-backed securities  
Corporate debt securities  
Corporate debt securities  
Corporate debt securities  
Asset-backed securities  
Total available for sale securities  
Total available for sale securities  
Total available for sale securities

The amortized cost and fair value of securities held to maturity and the corresponding amounts of gross unrecognized gains and losses as of March 31, 2024 June 30, 2024 and December 31, 2023, respectively, were as follows:

	Held to maturity securities	Amortized Cost	Gross Unrecognized Gains	Gross Unrecognized Losses	Estimated Fair Value	Held to maturity securities	Amortized Cost	Gross Unrecognized Gains	Gross Unrecognized Losses	Estimated Fair Value
Held to maturity securities										
March 31, 2024										
June 30, 2024										
Obligations of states and political subdivisions										
Obligations of states and political subdivisions										
Obligations of states and political subdivisions										
Mortgage-backed securities										
Total held to maturity securities										
December 31, 2023										
December 31, 2023										
December 31, 2023										
Obligations of states and political subdivisions										
Obligations of states and political subdivisions										
Obligations of states and political subdivisions										
Mortgage-backed securities										
Total held to maturity securities										

At March 31, 2024 June 30, 2024, the Bank has pledged certain of its mortgage-backed securities with a carrying value of \$28,865 \$28,454 as collateral to secure a line of credit with the Federal Reserve Bank. As of March 31, 2024 June 30, 2024, there were no borrowings outstanding on this Federal Reserve Bank line of credit. As of March 31, 2024 June 30, 2024, the Bank has pledged certain of its U.S. Government Agency securities with a carrying value of \$442 \$383 and mortgage-backed securities with a carrying value of \$1,863 \$1,802 as collateral against specific municipal deposits. As of March 31, 2024 June 30, 2024, the Bank also has mortgage-backed securities with a carrying value of \$151 \$125 and U.S. Government Agencies with a carrying value of \$396 \$449 pledged as collateral to the Federal Home Loan Bank of Des Moines.

At December 31, 2023, the Bank had pledged certain of its mortgage-backed securities with a carrying value of \$29,191 as collateral to secure a line of credit with the Federal Reserve Bank. As of December 31, 2023, there were no borrowings outstanding on this Federal Reserve Bank line of credit. As of December 31, 2023, the Bank had pledged certain of its U.S. Government Agency securities with a carrying value of \$516 and mortgage-backed securities with a carrying value of \$1,928 as collateral against specific

municipal deposits. As of December 31, 2023, the Bank also had mortgage-backed securities with a carrying value of \$179 and U.S. Government Agencies with a carrying value of \$415 pledged as collateral to the Federal Home Loan Bank of Des Moines.

For the three and six month periods ended March 31, 2024, and March 31, 2023 June 30, 2024, there were no sales of available for sale securities. In June 2024, senior debt of a community development financial institution, classified as available-for-sale securities with a carrying value of \$2,082, was exchanged for preferred equity of the financial institution's operating subsidiary. The exchange resulted in \$168 of unrealized losses on available-for-sale securities, previously included in other comprehensive income, being recognized on the June 30, 2024, consolidated statement of operations as loss on investment securities. For the three and six month periods ended June 30, 2023, gross sales of available for sale securities were \$5,105, gross gains on the sale of available for sale securities were \$12, and gross loss on the sale of available for sale securities were \$0.

The estimated fair value of securities at March 31, 2024 June 30, 2024 and December 31, 2023, by contractual maturity, is shown below. Expected maturities will differ from contractual maturities on mortgage-backed securities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

				March 31, 2024		December 31, 2023					
				June 30, 2024		December 31, 2023					
Available for sale securities	Available for sale securities	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value	Available for sale securities	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value	
Due in one year or less											
Due after one year through five years											
Due after five years through ten years											
Due after ten years											
Total securities with contractual maturities											
Mortgage-backed securities											
Total available for sale securities											
Total available for sale securities											
Total available for sale securities											

				March 31, 2024		December 31, 2023					
				June 30, 2024		December 31, 2023					
Held to maturity securities	Held to maturity securities	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value	Held to maturity securities	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value	
Due in one year or less											
Due after one year through five years											
Due after five years through ten years											
Total securities with contractual maturities											
Total securities with contractual maturities											
Total securities with contractual maturities											
Mortgage-backed securities											
Total held to maturity securities											

Securities with unrealized losses at March 31, 2024 June 30, 2024 and December 31, 2023, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, were as follows:

Available for sale securities	Available for sale securities	Less than 12 Months		12 Months or More		Total		Less than 12 Months		12 Months or More		Total		
		Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Available for sale securities	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
March 31, 2024														
June 30, 2024														
U.S. government agency obligations														
U.S. government agency obligations														

U.S. government agency obligations
Mortgage-backed securities
Mortgage-backed securities
Mortgage-backed securities
Corporate debt securities
Corporate debt securities
Corporate debt securities
Asset-backed securities
Total
Total
Total

December 31, 2023

U.S. government agency obligations
U.S. government agency obligations
U.S. government agency obligations
Mortgage-backed securities
Mortgage-backed securities
Mortgage-backed securities
Corporate debt securities
Corporate debt securities
Corporate debt securities
Asset-backed securities
Total
Total
Total

At **March 31, 2024 June 30, 2024** no ACL was established for available for sale or held to maturity securities. Substantially all the held to maturity portfolio is made up of agency backed mortgage securities. These securities are guaranteed by the U.S. government, are highly rated by major rating agencies, and have a long history of no credit losses. At **March 31, 2024 June 30, 2024**, there were no past due held to maturity **securities.Accordingly, securities. Accordingly**, the Company does not expect to incur credit losses on these securities. Unrealized losses on available-for-sale investment securities have not been recognized into income because the issuers' bonds are agency backed securities or other securities that all principal and interest is expected to be received on a timely basis. Furthermore, the Company does not intend to sell, and it is likely that management will not be required to sell, the securities prior to their anticipated recovery, and the decline in fair value is largely due to changes in interest rates. The issuers continue to make timely principal and interest payments on their bonds.

The composition

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

Available for sale securities	March 31, 2024		December 31, 2023	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
U.S. government agency	\$ 97,305	\$ 78,026	\$ 98,977	\$ 81,351
AAA	12,386	12,256	9,695	9,508
AA	19,709	19,613	23,913	23,709
A	8,200	7,465	8,200	7,292
BBB	38,964	34,312	38,959	33,883
Non-rated	—	—	—	—
Total available for sale securities	\$ 176,564	\$ 151,672	\$ 179,744	\$ 155,743

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

--

	March 31, 2024		December 31, 2023	
Held to maturity securities	Amortized Cost	Fair Value	Amortized Cost	Fair Value
U.S. government agency	\$ 89,442	\$ 69,804	\$ 90,629	\$ 72,697
AAA	—	—	—	—
AA	—	—	—	—
A	500	466	600	565
Total	\$ 89,942	\$ 70,270	\$ 91,229	\$ 73,262

**NOTE 3 – LOANS AND ALLOWANCE FOR CREDIT LOSSES**

Commercial and agricultural real estate loans are underwritten after evaluating and understanding the borrower's ability to operate profitably and prudently expand its business. Management examines current and projected cash flows to determine the ability of the borrower to repay its obligations as agreed. These loans are viewed primarily as cash flow loans and secondarily as loans secured by real estate. Commercial real estate lending typically involves higher loan principal amounts and the repayment of these loans is generally largely dependent on the successful operation of the property or the business conducted on the property securing the loan. Commercial real estate loans may be more adversely affected by conditions in the real estate markets or in the general economy. The level of owner-occupied property versus non-owner-occupied property are tracked and monitored on a regular basis. Agricultural real estate loans are primarily comprised of loans for the purchase of farmland. Loan-to-value ratios on loans secured by farmland generally do not exceed 75%.

Commercial and industrial ("C&I") loans are primarily underwritten based on the identified cash flows of the borrower and secondarily on the underlying collateral provided by the borrower. These cash flows, however, may not be as expected and the value of collateral securing the loans may fluctuate. Most commercial loans are secured by the assets being financed or other business assets such as accounts receivable or inventory and may incorporate a personal guarantee. Agricultural operating loans are generally comprised of term loans to fund the purchase of equipment, livestock and seasonal operating lines. Operating lines are typically written for one year and secured by the crop and other farm assets or other business assets, as considered necessary. Agricultural loans carry significant credit risks as they may involve larger balances concentrated with single borrowers or groups of related borrowers. In addition, repayment of such loans depends on the successful operation or management of the farm property securing the loan or for which an operating loan is utilized. Farming operations may be affected by adverse weather conditions such as drought, hail or floods that can severely limit crop yields.

Residential mortgage loans are collateralized by primary and secondary positions on real estate and are underwritten primarily based on borrower's documented income, credit scores, and collateral values. Under consumer home equity loan guidelines, the borrower will be approved for a loan based on a percentage of their home's appraised value less the balance owed on the existing first mortgage. Credit risk is minimized within the residential mortgage portfolio due to relatively small loan account balances spread across many individual borrowers. Management evaluates trends in past due loans and current economic factors such as the housing price index on a regular basis.

Consumer installment loans are comprised of originated indirect paper loans secured primarily by boats and recreational vehicles and other consumer loans secured primarily by automobiles and other personal assets. Consumer loan underwriting terms often depend on the collateral type, debt to income ratio and the borrower's creditworthiness as evidenced by their credit score. In the event of a consumer installment loan default, collateral value alone may not provide an adequate source of repayment of the outstanding loan balance. This shortage is a result of the greater likelihood of damage, loss and depreciation for consumer based collateral.

Loans are stated at the principal amount outstanding net of unearned net deferred fees and costs and loans in process, unearned discounts on acquired loans, and allowance for credit losses ("ACL"). Unearned net deferred fees and costs includes deferred loan origination fees reduced by loan origination costs and is amortized to interest income over the life of the related loan using methods that approximated the effective interest rate method. Interest on substantially all loans is credited to income based on the principal amount outstanding. A summary of loans at March 31, 2024, June 30, 2024, and December 31, 2023, follows:

		March 31, 2024				December 31, 2023						
		June 30, 2024				December 31, 2023						
		Amortized Cost			Amortized Cost	% of Total		Amortized Cost		% of Total		
Commercial/Agricultural real estate:												
Commercial real estate												
Commercial real estate												
Commercial real estate			\$ 743,630	51.3		51.3 %		\$ 748,447	51.2	51.2 %	\$727,170	50.9
Agricultural real estate	Agricultural real estate		80,267	5.6		5.6 %		83,157	5.7	5.7 %		77,782
Multi-family real estate	Multi-family real estate		235,318	16.2		16.2 %		228,004	15.6	15.6 %		234,624
Construction and land development	Construction and land development		93,055	6.4		6.4 %		110,218	7.5	7.5 %		87,379

Commercial real estate

Commercial real estate

Commercial real estate

### Agricultural real estate

Multi-family real estate

## Construction and land

development



Below is a summary of the amortized cost of loans summarized by class, credit quality risk rating and year of origination as of **March 31, 2024** **June 30, 2024**, and gross charge-offs for the **three** six months ended **March 31, 2024** **June 30, 2024**:

Amortized Cost Basis by Origination Year																
2024																
2024																
2024	2023	2022	2021	2020	Prior	Revolving	Revolving to Term	Total	2023	2022	2021	2020	Prior	Revolving	Revolving to Term	Total
<b>Commercial/Agricultural real estate:</b>																
Commercial real estate																
Commercial real estate																
Commercial real estate																
Risk rating 1 to 5																
Risk rating 1 to 5																
Risk rating 1 to 5																
Risk rating 6																
Risk rating 7																
Total																
Total																
Total																
Current period gross charge-offs																
Agricultural real estate																
Risk rating 1 to 5																
Risk rating 1 to 5																
Risk rating 1 to 5																
Risk rating 6																
Risk rating 7																
Total																
Total																
Total																
Current period gross charge-offs																
Multi-family real estate																
Risk rating 1 to 5																
Risk rating 1 to 5																
Risk rating 1 to 5																
Risk rating 6																
Risk rating 7																
Total																
Total																
Total																
Current period gross charge-offs																
Construction and land development																
Risk rating 1 to 5																
Risk rating 1 to 5																
Risk rating 1 to 5																
Risk rating 6																
Risk rating 7																
Total																
Total																
Total																
Current period gross charge-offs																
<b>Commercial/Agricultural operating:</b>																
Commercial and industrial																



**Consumer installment:**

Originated indirect paper
Originated indirect paper
Originated indirect paper
Risk rating 1 to 5
Risk rating 1 to 5
Risk rating 1 to 5
Risk rating 7
Risk rating 7
Risk rating 7
Total
Total
Total
Current period gross charge-offs
Other consumer
Risk rating 1 to 5
Risk rating 1 to 5
Risk rating 1 to 5
Risk rating 7
Risk rating 7
Risk rating 7
Total
Total
Total
Current period gross charge-offs
<b>Total loans receivable</b>
<b>Total current period gross charge-offs</b>

Below is a summary of the amortized cost of loans summarized by class, credit quality risk rating and year of origination as of December 31, 2023, and gross charge-offs for the twelve months ended December 31, 2023:

	Amortized Cost Basis by Origination Year									
	2023	2022	2021	2020	2019	Prior	Revolving	Revolving to Term	Total	
Commercial/Agricultural real estate:										
Commercial real estate										
Risk rating 1 to 5	\$ 73,564	\$ 133,583	\$ 236,774	\$ 90,881	\$ 71,104	\$ 107,999	\$ 10,204	\$ —	\$ 724,109	
Risk rating 6	309	—	9,510	—	—	—	—	—	9,819	
Risk rating 7	25	696	3,213	4,548	183	5,854	—	—	14,519	
Total	\$ 73,898	\$ 134,279	\$ 249,497	\$ 95,429	\$ 71,287	\$ 113,853	\$ 10,204	\$ —	\$ 748,447	
Current period gross charge-offs	\$ —	\$ —	\$ 10	\$ —	\$ —	\$ 4	\$ —	\$ —	14	
Agricultural real estate										
Risk rating 1 to 5	\$ 16,335	\$ 19,026	\$ 11,582	\$ 7,719	\$ 5,463	\$ 15,418	\$ 1,009	\$ —	\$ 76,552	
Risk rating 6	—	171	5,409	—	152	482	—	—	6,214	
Risk rating 7	—	360	—	—	31	—	—	—	391	
Total	\$ 16,335	\$ 19,557	\$ 16,991	\$ 7,719	\$ 5,646	\$ 15,900	\$ 1,009	\$ —	\$ 83,157	
Current period gross charge-offs	\$ —	\$ —	\$ —	\$ 32	\$ —	\$ —	\$ —	\$ —	32	
Multi-family real estate										
Risk rating 1 to 5	\$ 5,016	\$ 50,617	\$ 95,686	\$ 45,685	\$ 8,591	\$ 22,364	\$ 45	\$ —	\$ 228,004	
Risk rating 6	—	—	—	—	—	—	—	—	—	
Risk rating 7	—	—	—	—	—	—	—	—	—	
Total	\$ 5,016	\$ 50,617	\$ 95,686	\$ 45,685	\$ 8,591	\$ 22,364	\$ 45	\$ —	\$ 228,004	
Current period gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —		

## Construction and land development

Risk rating 1 to 5	\$	42,639	\$	37,783	\$	18,912	\$	8,014	\$	119	\$	1,124	\$	1,314	\$	—	\$	109,905
Risk rating 6		—		—		—		—		—		110		—		—		110
Risk rating 7		—		—		—		—		—		54		149		—		203
Total	\$	42,639	\$	37,783	\$	18,912	\$	8,014	\$	119	\$	1,288	\$	1,463	\$	—	\$	110,218
Current period gross charge-offs	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—

## Commercial/Agricultural operating:

Commercial and industrial																		
Risk rating 1 to 5	\$	16,758	\$	31,915	\$	28,059	\$	11,406	\$	4,746	\$	2,023	\$	24,059	\$	—	\$	118,966
Risk rating 6		—		—		—		—		5		—		2,200		—		2,205
Risk rating 7		—		—		—		—		—		2		—		17		19
Total	\$	16,758	\$	31,915	\$	28,059	\$	11,406	\$	4,751	\$	2,025	\$	26,259	\$	17	\$	121,190
Current period gross charge-offs	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—
Agricultural operating																		
Risk rating 1 to 5	\$	4,734	\$	3,908	\$	856	\$	746	\$	295	\$	2,144	\$	11,831	\$	—	\$	24,514
Risk rating 6		—		—		—		—		—		—		—		—		—
Risk rating 7		—		476		704		—		—		1		—		—		1,181
Total	\$	4,734	\$	4,384	\$	1,560	\$	746	\$	295	\$	2,145	\$	11,831	\$	—	\$	25,695
Current period gross charge-offs	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—

## Continued

## Amortized Cost Basis by Origination Year

	2023	2022	2021	2020	2019	Prior	Revolving	Revolving to Term	Total
Residential mortgage:									
Residential mortgage									
Risk rating 1 to 5	\$ 28,808	\$ 33,660	\$ 8,743	\$ 2,610	\$ 2,292	\$ 33,744	\$ 15,544	—	125,401
Risk rating 7	—	141	—	—	14	2,875	—	48	3,078
Total	\$ 28,808	\$ 33,801	\$ 8,743	\$ 2,610	\$ 2,306	\$ 36,619	\$ 15,544	\$ 48	128,479
Current period gross charge-offs	\$ —	\$ —	\$ 10	\$ —	\$ —	\$ 68	\$ —	\$ —	78
Purchased HELOC loans									
Risk rating 1 to 5	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 2,880	\$ —	2,880
Risk rating 7	—	—	—	—	—	—	—	—	—
Total	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 2,880	\$ —	2,880
Current period gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	—
Consumer installment:									
Originated indirect paper									
Risk rating 1 to 5	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 6,491	\$ —	\$ —	6,491
Risk rating 7	—	—	—	—	—	44	—	—	44
Total	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 6,535	\$ —	\$ —	6,535
Current period gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 13	\$ —	\$ —	13
Other consumer									
Risk rating 1 to 5	\$ 2,104	\$ 1,525	\$ 763	\$ 559	\$ 402	\$ 274	\$ 530	\$ 1	6,158
Risk rating 7	9	2	—	—	16	1	1	—	29

Total	\$	2,113	\$	1,527	\$	763	\$	559	\$	418	\$	275	\$	531	\$	1	\$	6,187
Current period gross charge-offs	\$	—	\$	2	\$	1	\$	11	\$	3	\$	6	\$	—	\$	—	\$	23
<b>Total loans receivable</b>	\$	190,301	\$	313,863	\$	420,211	\$	172,168	\$	93,413	\$	201,004	\$	69,766	\$	66	\$	1,460,792
<b>Total current period gross charge-offs</b>	\$	—	\$	2	\$	21	\$	43	\$	3	\$	91	\$	—	\$	—	\$	160

**Allowance for Credit Losses - Loans-** On January 1, 2023, the Company adopted Accounting Standards Update (“ASU”) 2016-13, Financial Instruments - Credit Losses (Topic 326), Measurement of Credit Losses on Financial instruments and transitioned to the Current Expected Credit Loss (“CECL”) model to estimate losses based on the lifetime of the loan. Under the new methodology, the ACL is comprised of collectively evaluated and individually evaluated components. The allowance for credit losses (“ACL”) represents the Company's best estimate of the reserve necessary to adequately account for probable losses expected over the remaining life of the assets. The provision for credit losses is the charge against current earnings that is determined by the Company as the amount needed to maintain an adequate allowance for credit losses. In determining the adequacy of the allowance for credit losses, and therefore the provision to be charged to current earnings, the Company relies predominantly on a disciplined credit review and approval process that extends to the full range of the Company's credit exposure. The review process is directed by the overall lending policy and is intended to identify, at the earliest possible stage, the borrowers who might be facing financial difficulty. Factors considered by the Company in evaluating the overall adequacy of the allowance include historical net loan losses, the level and composition of nonaccrual, past due and modifications, trends in volumes and terms of loans, effects of changes in risk selection and underwriting standards or lending practices, lending staff changes, concentrations of credit, industry conditions and the current economic conditions in the region where the Company operates. The Company estimates the appropriate level of allowance for credit losses by evaluating loans collectively on a pooled basis when similar risk characteristics exist, and on an individual basis when management determines that a loan does not share similar risk characteristics with other loans.

The following tables present the balance and activity in the allowance for credit losses (“ACL”) - loans by portfolio segment for the three and six months ended **March 31, 2024** **June 30, 2024**:

	Commercial/Agricultural Real Estate	Commercial/Agricultural Real Estate	Commercial/Agricultural Real Estate	C&I/Agricultural operating	Residential Mortgage	Consumer Installment	Total	C&I/Agricultural operating	Residential Mortgage	Consumer Installment	Total
<b>Three months ended March 31, 2024</b>											
<b>Three months ended June 30, 2024</b>											
<b>Allowance for Credit Losses - Loans:</b>											
<b>Allowance for Credit Losses - Loans:</b>											
<b>Allowance for Credit Losses - Loans:</b>											
ACL - Loans, at beginning of period											
ACL - Loans, at beginning of period											
ACL - Loans, at beginning of period											
Charge-offs											
Charge-offs											
Charge-offs											
Recoveries											
(Reversals)/additions to ACL - Loans via provision for credit losses charged to operations											
ACL - Loans, at end of period											

	Commercial/Agricultural Real Estate	C&I/Agricultural operating	Residential Mortgage	Consumer Installment	Total
<b>Six months ended June 30, 2024</b>					
<b>Allowance for Credit Losses - Loans:</b>					
ACL - Loans, at beginning of period	\$ 18,784	\$ 1,105	\$ 2,744	\$ 275	\$ 22,908
Charge-offs	—	—	—	(17)	(17)
Recoveries	41	25	3	5	74
Additions/(reversals) to ACL - Loans via provision for credit losses charged to operations	(1,792)	(13)	37	(19)	(1,787)
ACL - Loans, at end of period	\$ 17,033	\$ 1,117	\$ 2,784	\$ 244	\$ 21,178

The following table presents the balance and activity in the allowance for credit losses ("ACL") - loans by portfolio segment for the three and six months ended **March 31, 2023** **June 30, 2023**:

	Commercial/Agricultural Real Estate	Commercial/Agricultural Real Estate	C&I/Agricultural operating	Residential Mortgage	Consumer Installment	Unallocated	Total	Commercial/Agricultural Real Estate	C&I/Agricultural operating	Residential Mortgage	Consumer Installment	Unallocated	Total
<b>Three months ended March 31, 2023</b>													
<b>Three months ended June 30, 2023</b>													
<b>Allowance for Credit Losses - Loans:</b>													
<b>Allowance for Credit Losses - Loans:</b>													
<b>Allowance for Credit Losses - Loans:</b>													
ACL - Loans, at beginning of period													
ACL - Loans, at beginning of period													
ACL - Loans, at beginning of period													
Cumulative effect of ASU 2016-13 adoption													
Charge-offs													
Charge-offs													
Charge-offs													
Recoveries													
(Reversals)/additions to ACL - Loans via provision for credit losses charged to operations													
ACL - Loans, at end of period													

	Commercial/Agricultural Real Estate	C&I/Agricultural operating	Residential Mortgage	Consumer Installment	Unallocated	Total
<b>Six months ended June 30, 2023</b>						
<b>Allowance for Credit Losses - Loans:</b>						
ACL - Loans, at beginning of period	\$ 14,085	\$ 2,318	\$ 599	\$ 129	\$ 808	\$ 17,939
Cumulative effect of ASU 2016-13 adoption	4,510	(331)	1,119	216	(808)	4,706
Charge-offs	(46)	—	(24)	(27)	—	(97)
Recoveries	30	31	40	22	—	123
Additions/(reversals) to ACL - Loans via provision for credit losses charged to operations	354	(560)	718	(19)	—	493
ACL - Loans, at end of period	\$ 18,933	\$ 1,458	\$ 2,452	\$ 321	\$ —	\$ 23,164

The following table presents the balance and activity in the allowance for credit losses ("ACL") - loans by portfolio segment for the twelve months ended December 31, 2023:

	Commercial/Agricultural Real Estate	C&I/Agricultural operating	Residential Mortgage	Consumer Installment	Unallocated	Total
<b>Twelve months ended December 31, 2023</b>						
<b>Allowance for Credit Losses - Loans:</b>						
ACL - Loans, at beginning of period	\$ 14,085	\$ 2,318	\$ 599	\$ 129	\$ 808	\$ 17,939
Cumulative effect of ASU 2016-13 adoption	4,510	(331)	1,119	216	(808)	4,706
Charge-offs	(46)	—	(78)	(36)	—	(160)
Recoveries	489	47	42	33	—	611
(Reversals)/additions to ACL - Loans via provision for credit losses charged to operations	(254)	(929)	1,062	(67)	—	(188)
ACL - Loans, at end of period	\$ 18,784	\$ 1,105	\$ 2,744	\$ 275	\$ —	\$ 22,908

**Allowance for Credit Losses - Unfunded Commitments** - In addition to the ACL - Loans, the Company has established an ACL - Unfunded Commitments of **\$975** **\$712** at **March 31, 2024** **June 30, 2024**, and \$1,250 at December 31, 2023, classified in other liabilities on the consolidated balance sheets. The following table presents the balance and activity in the ACL - Unfunded Commitments for the three and six months ended **March 31, 2024** **June 30, 2024**, and the twelve months ended December 31, 2023.

	March 31, 2024 and Three Months Ended	December 31, 2023 and Twelve Months Ended	
	June 30, 2024 and Three Months Ended	June 30, 2024 and Six Months Ended	December 31, 2023 and Twelve Months Ended
ACL - Unfunded Commitments - beginning of period			
Cumulative effect of ASU 2016-13 adoption			
Additions to ACL - Unfunded Commitments via provision for credit losses charged to operations			
ACL - Unfunded Commitments - End of period			

**Provision for credit losses** - The provision for credit losses is determined by the Company as the amount to be added (**reversed**) to the ACL loss accounts for various types of financial instruments (including loans and off-balance sheet credit exposures) after net charge-offs have been deducted to bring the ACL to a level that, in managements judgement, is necessary to absorb expected credit losses over the lives of the respective financial instruments. The following table presents the components of the **negative** provision for credit losses.

	March 31, 2024 and Three Months Ended	March 31, 2023 and Three Months Ended
Provision for credit losses on:		
Loans	\$ (525)	\$ 57
Unfunded Commitments	(275)	(7)
Total provision for credit losses	<u>\$ (800)</u>	<u>\$ 50</u>

	June 30, 2024 and Three Months Ended	June 30, 2024 and Six Months Ended
(Negative) provision for credit losses on:		
Loans	\$ (1,262)	\$ (1,787)
Unfunded Commitments	(263)	(538)
Total (negative) provision for credit losses	<u>\$ (1,525)</u>	<u>\$ (2,325)</u>

An aging analysis of the Company's commercial/agricultural real estate, C&I, agricultural operating, residential mortgage, consumer installment and purchased third party loans as of **March 31, 2024** **June 30, 2024**, and December 31, 2023, respectively, was as follows:

(Loan balances at amortized cost)													
(Loan balances at amortized cost)													
(Loan balances at amortized cost)	30-59 Days Past Due	60-89 Days Past Due	Greater Than 89 Days Past Due	Total Past Due	Current	Total Loans	30-59 Days Past Due	60-89 Days Past Due	Greater Than 89 Days Past Due	Total Past Due	Current	Total Loans	
March 31, 2024													
June 30, 2024													
Commercial/Agricultural real estate:													
Commercial/Agricultural real estate:													
Commercial/Agricultural real estate:													
Commercial real estate													
Commercial real estate													
Commercial real estate													
Agricultural real estate													
Multi-family real estate													
Construction and land development													
C&I/Agricultural operating:													

Commercial and industrial
Commercial and industrial
Commercial and industrial
Agricultural operating
Agricultural operating
Agricultural operating

Residential mortgage:

Residential mortgage
Residential mortgage
Residential mortgage
Purchased HELOC loans

Consumer installment:

Originated indirect paper
Originated indirect paper
Originated indirect paper
Other consumer
Other consumer
Other consumer

Total
(Loan balances at amortized cost)
(Loan balances at amortized cost)
(Loan balances at amortized cost)

30-59 Days Past Due	60-89 Days Past Due	Greater Than 89 Days Past Due	Total Past Due	Current	Total Loans	30-59 Days Past Due	60-89 Days Past Due	Greater Than 89 Days Past Due	Total Past Due	Current	Total Loans
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December 31, 2023

Commercial/Agricultural real estate:
Commercial/Agricultural real estate:
Commercial/Agricultural real estate:

Commercial real estate
Commercial real estate
Commercial real estate
Agricultural real estate
Multi-family real estate
Construction and land development

C&I/Agricultural operating:

Commercial and industrial
Commercial and industrial
Commercial and industrial
Agricultural operating

Residential mortgage:

Residential mortgage
Residential mortgage
Residential mortgage
Purchased HELOC loans

Consumer installment:

Originated indirect paper
Originated indirect paper

Originated indirect paper
Other consumer
Other consumer
Other consumer
<b>Total</b>

**Nonaccrual Loans** - The following tables present the amortized cost basis of loans on nonaccrual status and of nonaccrual loans individually evaluated at **March 31, 2024**, **June 30, 2024**, **December 31, 2023**, and **March 31, 2023**, with no allowance for credit losses and interest income that would have been recorded under the original terms of such nonaccrual loans; losses:

<b>March 31, 2024</b>	Total Nonaccrual Loans	Nonaccrual with no Allowance for Credit Losses	Interest Income Not Recorded for Nonaccrual loans
<b>June 30, 2024</b>			
<b>June 30, 2024</b>			
<b>June 30, 2024</b>			
<b>Commercial/Agricultural real estate:</b>			
<b>Commercial/Agricultural real estate:</b>			
<b>Commercial/Agricultural real estate:</b>			
Commercial real estate			
Commercial real estate			
Commercial real estate			
Agricultural real estate			
Agricultural real estate			
Agricultural real estate			
<b>C&amp;I/Agricultural operating:</b>			
<b>C&amp;I/Agricultural operating:</b>			
<b>C&amp;I/Agricultural operating:</b>			
Commercial and industrial			
Commercial and industrial			
Commercial and industrial			
Agricultural operating			
Agricultural operating			
Agricultural operating			
<b>Residential mortgage:</b>			
<b>Residential mortgage:</b>			
<b>Residential mortgage:</b>			
Residential mortgage			
Residential mortgage			
Residential mortgage			
Purchased HELOC loans			
Purchased HELOC loans			
Purchased HELOC loans			
<b>Consumer installment:</b>			
<b>Consumer installment:</b>			
<b>Consumer installment:</b>			
Originated indirect paper			
Originated indirect paper			
Originated indirect paper			
Other consumer			
Other consumer			
Other consumer			
<b>Total</b>			
<b>Total</b>			

Total					
<u>December 31, 2023</u>		<u>December 31, 2023</u>	Total Nonaccrual Loans	Nonaccrual with no Allowance for Credit Losses	Interest Income Not Recorded for Nonaccrual loans
<u>December 31, 2023</u>					
<u>December 31, 2023</u>					
Commercial/Agricultural real estate:					
Commercial/Agricultural real estate:					
Commercial/Agricultural real estate:					
Commercial real estate					
Commercial real estate					
Commercial real estate					
Agricultural real estate					
Agricultural real estate					
Agricultural real estate					
Construction and land development					
Construction and land development					
Construction and land development					
C&I/Agricultural operating:					
C&I/Agricultural operating:					
C&I/Agricultural operating:					
Agricultural operating					
Agricultural operating					
Agricultural operating					
Residential mortgage:					
Residential mortgage:					
Residential mortgage:					
Residential mortgage					
Residential mortgage					
Residential mortgage					
Consumer installment:					
Consumer installment:					
Consumer installment:					
Originated indirect paper					
Originated indirect paper					
Originated indirect paper					
Other consumer					
Other consumer					
Other consumer					
Total					
Total					
Total					
<u>March 31, 2023</u>		Total Nonaccrual Loans	Nonaccrual with no Allowance for Credit Losses	Interest Income Not Recorded for Nonaccrual loans	
<u>June 30, 2023</u>					
<u>June 30, 2023</u>					
<u>June 30, 2023</u>					
Commercial/Agricultural real estate:					
Commercial/Agricultural real estate:					
Commercial/Agricultural real estate:					
Commercial real estate					

Commercial real estate
Commercial real estate
Agricultural real estate
Agricultural real estate
Agricultural real estate
Construction and land development
Construction and land development
Construction and land development
<b>C&amp;I/Agricultural operating:</b>
<b>C&amp;I/Agricultural operating:</b>
<b>C&amp;I/Agricultural operating:</b>
Commercial and industrial
Commercial and industrial
Commercial and industrial
Agricultural operating
Agricultural operating
Agricultural operating
<b>Residential mortgage:</b>
<b>Residential mortgage:</b>
<b>Residential mortgage:</b>
Residential mortgage
Residential mortgage
Residential mortgage
<b>Consumer installment:</b>
<b>Consumer installment:</b>
<b>Consumer installment:</b>
Originated indirect paper
Originated indirect paper
Originated indirect paper
Other consumer
Other consumer
Other consumer
<b>Total</b>
<b>Total</b>
<b>Total</b>

The Company's policy is to discontinue the accrual of interest income on all loans for which principal or interest is past due according to the following schedules:

- Commercial/agricultural real estate loans, past due 90 days or more;
- Commercial and industrial/agricultural operating loans past due 90 days or more;
- Closed ended consumer installment loans past due 120 days or more; and
- Residential mortgage and open ended consumer installment loans past due 180 days or more.

The accrual of interest is discontinued earlier when, in the opinion of management, there is reasonable doubt as to the timely collection of interest or principal. Once interest accruals are discontinued, accrued but uncollected interest is charged against current year income. Subsequent receipts on non-accrual loans are recorded as a reduction of principal, and interest income is recorded only after principal recovery is reasonably assured. Interest on loans determined to be modified is recognized on an accrual basis in accordance with the restructured terms if the loan is in compliance with the modified terms. Nonaccrual loans are returned to accrual status when, in the opinion of management, the financial position of the borrower indicates there is no longer any reasonable doubt as to the timely collection of interest or principal. The Company requires a period of satisfactory performance of not less than six months before returning a nonaccrual loan to accrual status.

The amount of interest income recognized by the Company for the three months ended March 31, 2024, and March 31, 2023, due to nonaccrual loan payoffs was \$600 and \$10, respectively.

**Collateral Dependent Loans** - A loan is considered to be collateral dependent when, based upon management’s assessment, the borrower is experiencing financial difficulty and repayment is expected to be provided substantially through the operation or sale of the collateral. For collateral dependent loans, expected credit losses are based on the fair value of the collateral at the balance sheet date, with consideration for estimated selling costs if satisfaction of the loan depends on the sale of the collateral. The following tables

present the amortized cost basis of collateral dependent loans by portfolio segment and collateral type that were individually evaluated to determine expected credit losses and the related allowance for credit losses as of **March 31, 2024**, **June 30, 2024**, and December 31, 2023.

Collateral Type						
<b>March 31, 2024</b>						
<b>March 31, 2024</b>						
<b>March 31, 2024</b>	Real Estate	Other Assets	Total	Without an Allowance	With an Allowance	Allowance Allocation
<b>June 30, 2024</b>						
<b>June 30, 2024</b>						
<b>June 30, 2024</b>	Real Estate	Other Assets	Total	Without an Allowance	With an Allowance	Allowance Allocation
<b>Commercial/Agricultural real estate:</b>						
Commercial real estate						
Commercial real estate						
Commercial real estate						
Agricultural real estate						
Construction and land development						
Construction and land development						
Construction and land development						
<b>C&amp;I/Agricultural operating:</b>						
Commercial and industrial						
Commercial and industrial						
Commercial and industrial						
Agricultural operating						
Agricultural operating						
Agricultural operating						
<b>Residential mortgage:</b>						
Residential mortgage						
Residential mortgage						
Residential mortgage						
<b>Consumer installment:</b>						
<b>Consumer installment:</b>						
<b>Consumer installment:</b>						
Originated indirect paper						
Originated indirect paper						
Originated indirect paper						
Other consumer						
Other consumer						
Other consumer						
<b>Total</b>						

Collateral Type						
	Real Estate	Other Assets	Total	Without an Allowance	With an Allowance	Allowance Allocation
<b>December 31, 2023</b>						
<b>Commercial/Agricultural real estate:</b>						
Commercial real estate	\$ 15,086	\$ —	\$ 15,086	\$ 11,350	\$ 3,736	\$ 703
Agricultural real estate	6,605	—	6,605	6,605	—	—
Construction and land development	313	—	313	313	—	—
<b>C&amp;I/Agricultural operating:</b>						
Commercial and industrial	—	2,219	2,219	2,219	—	—
Agricultural operating	—	1,181	1,181	1,181	—	—
<b>Residential mortgage:</b>						
Residential mortgage	3,145	—	3,145	2,591	554	88

Originated indirect paper	—	44	44	44	—	—
Other consumer	—	29	29	29	—	—
<b>Total</b>	<b>\$ 25,149</b>	<b>\$ 3,473</b>	<b>\$ 28,622</b>	<b>\$ 24,332</b>	<b>\$ 4,290</b>	<b>\$ 791</b>

The tables below detail Loan Modifications Made to Borrowers Experiencing Financial Difficulty during the three months ended March 31, 2024 June 30, 2024:

Term Extension							
		Amortized Cost Basis at March 31, 2024		% of Total Class of Financing Receivables			
Loan Class							
Commercial and industrial							
Commercial and industrial							
Commercial and industrial		\$ 2,300		1.80	%		
		Other-Than-Insignificant Payment Delay					
		Other-Than-Insignificant Payment Delay					
		Other-Than-Insignificant Payment Delay					
Loan Class	Loan Class	Amortized Cost Basis at March 31, 2024		% of Total Class of Financing Receivables	Loan Class	Amortized Cost Basis at June 30, 2024	% of Total Class of Financing Receivables
Commercial and industrial		\$ 920		0.72	%		
Residential mortgage	Residential mortgage	\$ 82	0.06	0.06	% Residential mortgage	\$ 163	0.12 %

Loan Class	Financial Effect
	Other-Than-Insignificant Payment Delay
Loan Class	Financial Effect
Commercial and industrial	Payments were deferred a weighted average of 3 months
Residential mortgage	Payments were deferred a weighted average of 3 months

The tables below detail Loan Modifications Made made to Borrowers Experiencing Financial Difficulty during the twelve months ended March 31, 2024 June 30, 2024:

Term Extension									
Loan Class	Loan Class	Amortized Cost Basis at March 31, 2024		% of Total Class of Financing Receivables	Loan Class	Amortized Cost Basis at June 30, 2024		% of Total Class of Financing Receivables	
Commercial real estate	Commercial real estate	\$ 4,564	0.61	0.61 %	Commercial real estate	\$ 4,434	0.61	0.61 %	
Commercial and industrial	Commercial and industrial	\$ 2,300	1.80	1.80 %	Commercial and industrial	\$ 1,450	1.14	1.14 %	
Other-Than-Insignificant Payment Delay									
Other-Than-Insignificant Payment Delay									
Other-Than-Insignificant Payment Delay									
Loan Class	Loan Class	Amortized Cost Basis at March 31, 2024		% of Total Class of Financing Receivables	Loan Class	Amortized Cost Basis at June 30, 2024		% of Total Class of Financing Receivables	
Commercial and industrial		\$ 920		0.72 %					

Residential mortgage	Residential mortgage	\$	151	0.12	0.12 %	Residential mortgage	\$	245	0.18	0.18 %
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The following tables describe the financial effect of the modifications made to borrowers experiencing financial difficulty during the twelve months ended **March 31, 2024** **June 30, 2024**:

Term Extension	
Loan Class	Financial Effect
Commercial real estate	A weighted average of 20 months was added to the term of the loans
Commercial and industrial	A weighted average of 11 months was added to the term of the loans
Other-Than-Insignificant Payment Delay	
Loan Class	Financial Effect
Commercial and industrial	Payments were deferred a weighted average of 3 months
Residential mortgage	Payments were deferred a weighted average of 43 months

The tables below detail Loan Modifications Made to Borrowers Experiencing Financial Difficulty during the three months ended **March 31, 2023** **June 30, 2023**:

Term Extension		Other-Than-Insignificant Payment Delay	
Loan Class	Loan Class	Amortized Cost Basis at March 31, 2023	% of Total Class of Financing Receivables
Commercial real estate		\$ 5,359	0.74 %
Commercial and industrial	Commercial and industrial	\$ 25	0.02 %
Commercial and industrial			
Commercial and industrial		\$ 8	0.01 %
Agricultural operating		\$ 179	0.73 %
Residential mortgage			
Residential mortgage			
Other-Than-Insignificant Payment Delay			
Other-Than-Insignificant Payment Delay			
Other-Than-Insignificant Payment Delay			
Amortized Cost Basis at June 30, 2023		% of Total Class of Financing Receivables	
Loan Class	Loan Class	Amortized Cost Basis at June 30, 2023	% of Total Class of Financing Receivables
Residential mortgage	Residential mortgage	\$ 38	0.03 %
Residential mortgage		\$ 69	0.06 %
Other-Than-Insignificant Payment Delay			
Other-Than-Insignificant Payment Delay			
Other-Than-Insignificant Payment Delay			
Amortized Cost Basis at March 31, 2023		% of Total Class of Financing Receivables	
Loan Class	Loan Class	Amortized Cost Basis at March 31, 2023	% of Total Class of Financing Receivables
Other consumer		\$ 22	0.33 %

The following tables describe the financial effect of the modifications made to borrowers experiencing financial difficulty during the three months ended **March 31, 2023** **June 30, 2023**:

Loan Class	Financial Effect
Commercial and industrial	A weighted average of 3 months was added to the term of the loans
Agricultural operating	A weighted average of 3 months was added to the term of the loans

Other-Than-Insignificant Payment Delay

Loan Class	Financial Effect
Residential Mortgage	Payments were deferred a weighted average of 6 months

The tables below detail Loan Modifications Made to Borrowers Experiencing Financial Difficulty during the six months ended June 30, 2023:

Loan Class	Term Extension	
	Amortized Cost Basis at June 30, 2023	% of Total Class of Financing Receivables
Commercial real estate	\$ 5,337	0.73 %
Commercial and industrial	\$ 8	0.01 %
Agricultural operating	\$ 179	0.73 %
Residential mortgage	\$ 37	0.03 %
Loan Class	Other-Than-Insignificant Payment Delay	
	Amortized Cost Basis at June 30, 2023	% of Total Class of Financing Receivables
Residential mortgage	\$ 69	0.06 %
Other consumer	\$ 22	0.34 %

The following tables describe the financial effect of the modifications made to borrowers experiencing financial difficulty during the six months ended June 30, 2023:

Loan Class	Financial Effect
Commercial real estate	A weighted average of 6 months was added to the term of the loans
Commercial and industrial	A weighted average of 5.3 months was added to the term of the loans
Agricultural operating	A weighted average of 3 months was added to the term of the loans
Residential mortgage	A weighted average of 17 months was added to the term of the loans

Other-Than-Insignificant Payment Delay

Loan Class	Financial Effect
Residential Mortgage	Payments were deferred a weighted average of 6 months
Other consumer	Payments were deferred a weighted average of 0.33 months

The Company closely monitors the performance of loans that have been modified to borrowers experiencing financial difficulty to understand the effectiveness of its modification efforts.

The following table shows the performance of such loans that have been modified during the twelve months ended March 31, 2024 June 30, 2024.

	Current
Commercial real estate	
Commercial real estate	
Commercial real estate	
Commercial and industrial	
Commercial and industrial	
Commercial and industrial	
Residential mortgage	
Residential mortgage	
Residential mortgage	
Total	
Total	

Total

No loan modified during the **three** six months ended **March 31, 2023** **June 30, 2023** has subsequently defaulted. The following table shows the performance of such loans that have been modified during the **three** six months ended **March 31, 2023** **June 30, 2023**.

	Current	30-59 Days Past Due	60-89 Days Past Due	Greater Than 89 Days Past Due
Commercial real estate	\$ 5,359 5,337	\$ —	\$ —	\$ —
Commercial and industrial	25 8	—	—	—
Agricultural operating	179			
Residential mortgage	38 106	—	—	—
Other consumer	22	—	—	—
Total	\$ 5,444 5,652	\$ —	\$ —	\$ —

#### NOTE 4 – MORTGAGE SERVICING RIGHTS

**Mortgage servicing rights**--Mortgage loans serviced for others are not included in the accompanying consolidated balance sheets. The unpaid balances of these loans as of **March 31, 2024** **June 30, 2024** and December 31, 2023 were **\$489,740** **\$483,269** and \$495,531, respectively, and consisted of one to four family residential real estate loans. These loans are serviced primarily for the Federal Home Loan Mortgage Corporation, Federal Home Loan Bank and the Federal National Mortgage Association. Custodial escrow balances maintained in connection with the foregoing loan servicing, and included in deposits were **\$5,008** **\$5,031** and \$2,665 at **March 31, 2024** **June 30, 2024** and December 31, 2023, respectively.

Mortgage servicing rights activity for the three **and six** month periods ended **March 31, 2024** **June 30, 2024** and **March 31, 2023** **June 30, 2023**, were as follows:

	As of and for the Three Months Ended	As of and for the Three Months Ended	As of and for the Three Months Ended	As of and for the Six Months Ended
	As of and for the Three Months Ended			
	As of and for the Three Months Ended			
	March 31, 2024			
	March 31, 2024			
	March 31, 2024			
Mortgage servicing rights:				
Mortgage servicing rights:				
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Mortgage servicing rights:				
Mortgage servicing rights, beginning of period				
Mortgage servicing rights, beginning of period				
Mortgage servicing rights, beginning of period				
Increase in mortgage servicing rights resulting from transfers of financial assets				
Increase in mortgage servicing rights resulting from transfers of financial assets				
Increase in mortgage servicing rights resulting from transfers of financial assets				
Amortization during the period				
Amortization during the period				
Amortization during the period				
Mortgage servicing rights, end of period				
Mortgage servicing rights, end of period				
Mortgage servicing rights, end of period				
Valuation allowance:				

Valuation allowance:
Valuation allowance:
Valuation allowance, beginning of period
Valuation allowance, beginning of period
Valuation allowance, beginning of period
Additions
Additions
Additions
Recoveries
Recoveries
Recoveries
Valuation allowance, end of period
Valuation allowance, end of period
Valuation allowance, end of period
Mortgage servicing rights, net
Mortgage servicing rights, net
Mortgage servicing rights, net
Fair value of mortgage servicing rights; end of period
Fair value of mortgage servicing rights; end of period
Fair value of mortgage servicing rights; end of period

The current period change in valuation allowance, if applicable, is included in non-interest expense as mortgage servicing rights expense, net on the consolidated statement of operations. Servicing fees totaled \$311 \$310 and \$330 \$325 for the three months ended March 31, 2024 June 30, 2024 and March 31, 2023 June 30, 2023, respectively. Servicing fees totaled \$621 and \$655 for the six months ended June 30, 2024 and June 30, 2023, respectively. Servicing fees are included in loan servicing income on the consolidated statement of operations. Late fees and ancillary fees related to loan servicing are not material.

To estimate the fair value of the MSR asset, a valuation model is applied at the loan level to calculate the present value of the expected future cash flows. The valuation model incorporates various assumptions that would impact market participants’ estimations of future servicing income. Central to the valuation model is the discount rate. Fair value at March 31, 2024 June 30, 2024, was determined using discount rates ranging from 9.75% 9.9% to 12.75% 12.9%. Fair value at March 31, 2023 June 30, 2023, was determined using discount rates ranging from 9% 9.5% to 12% 12.5%. Other assumptions utilized in the valuation model include, but are not limited to, prepayment speed, servicing costs, delinquencies, costs of advances, foreclosure costs, ancillary income, and income earned on float and escrow.

NOTE 5 – LEASES

We have operating leases for 1 corporate office, 4 3 bank branch offices, 1 2 former bank branch office, and 1 ATM location. Our leases have remaining lease terms ranging from approximately 0.42 0.17 to 4.25 4.00 years. Some of the leases include an option to extend, the longest of which is for two 5 year terms. As of March 31, 2024 June 30, 2024, we have no lease commitments that have not yet commenced. The Company also leases a portion of some of its facilities and receives rental income from such lease agreements, all of which are considered operating leases.

	Three Months Ended	
	March 31, 2024	March 31, 2023
	Six Months Ended	
	June 30, 2024	June 30, 2023

The components of total lease cost were as follows:
Operating lease cost
Operating lease cost
Operating lease cost
Variable lease cost
Total lease cost
The components of total lease income were as follows:
The components of total lease income were as follows:
The components of total lease income were as follows:



Less: effects of discounting

Lease liability recognized  
Lease liability recognized  
Lease liability recognized

In June of 2024, we closed our St Peter, Minnesota branch. We considered the branch closure a triggering event that required us to test the right of use asset for impairment. It was determined that the right of use asset was impaired and a \$168 impairment loss was recorded. This impairment loss is included in other non-interest expense in the consolidated statements of operations.

#### NOTE 6 – DEPOSITS

The following is a summary of deposits by type at March 31, 2024 June 30, 2024 and December 31, 2023, respectively:

	March 31, 2024
	March 31, 2024
	March 31, 2024
	June 30, 2024
	June 30, 2024
	June 30, 2024
Non-interest bearing demand deposits	
Non-interest bearing demand deposits	
Non-interest bearing demand deposits	
Interest bearing demand deposits	
Interest bearing demand deposits	
Interest bearing demand deposits	
Savings accounts	
Savings accounts	
Savings accounts	
Money market accounts	
Money market accounts	
Money market accounts	
Certificate accounts	
Certificate accounts	
Certificate accounts	
Total deposits	
Total deposits	
Total deposits	

At March 31, 2024 June 30, 2024, the scheduled maturities of certificate accounts were as follows for the year ended, except December 31, 2024, which is the nine six months ended:

December 31, 2024	\$ 311,938 257,990
December 31, 2025	30,976 100,409
December 31, 2026	2,770 4,118
December 31, 2027	641 760
December 31, 2028	5,782 5,885
After December 31, 2028	93 92
Total	\$ 352,200 369,254

Certificate accounts of \$250 or more were \$89,678 \$100,293 and \$103,802 at March 31, 2024 June 30, 2024 and December 31, 2023, respectively.

Brokered deposits were \$83,936 \$96,796 at March 31, 2024 June 30, 2024 and consisted of \$43,507 \$54,123 of brokered certificate accounts and \$40,429 \$42,673 of brokered money market accounts. Brokered Deposits were \$98,259 at December 31, 2023 and consisted of \$58,209 of brokered certificate accounts and \$40,050 of brokered money market accounts.

At March 31, 2024 June 30, 2024, the scheduled maturities of brokered certificate accounts were as follows for the year ended, except December 31, 2024, which is the nine six months ended:

December 31, 2024	\$	29,384	40,000
December 31, 2025 (1)			8,634
December 31, 2028 (1)			5,489
Total	\$	43,507	54,123

(1) The Company can call the brokered certificate accounts maturing in the years ended December 31, 2025 and 2028, monthly beginning in March 2024.

#### NOTE 7 – FEDERAL HOME LOAN BANK ADVANCES AND OTHER BORROWINGS

A summary of Federal Home Loan Bank advances and other borrowings at March 31, 2024, June 30, 2024 and December 31, 2023, is as follows:

March 31, 2024										December 31, 2023									
June 30, 2024										December 31, 2023									
	Stated Maturity		Stated Maturity		Amount		Range of Stated Rates			Stated Maturity		Amount		Range of Stated Rates			Stated Maturity		Amount
Federal Home Loan Bank advances (1), (2), (3), (4)	2024	\$	24,500		1.44 %		5.45 %			2024		\$64,530		0.00 %		5.45 %			
Federal Home Loan Bank advances (1), (2), (3), (4)	2024	\$	26,500		1.44 %		5.45 %			2024		\$64,530		0.00 %		5.45 %			
	2025		5,000		1.45 %	1.45 %		1.45 %		2025		5,000		1.45 %	1.45 %		1.45 %		2025
	2028		10,000		3.82 %	3.82 %		3.82 %		2028		10,000		3.82 %	3.82 %		3.82 %		2028
Federal Home Loan Bank advances																			
Federal Home Loan Bank advances																			
Federal Home Loan Bank advances																			
Senior Notes (5)																			
Senior Notes (5)																			
Senior Notes (5)	2034	\$	18,083	6.75	6.75 %	7.50 %				2034	\$	18,083	6.75	6.75 %	7.75 %		2039		\$12,000
Subordinated Notes (6)																			
Subordinated Notes (6)																			
Subordinated Notes (6)	2030	\$	15,000	6.00	6.00 %	6.00 %				2030	\$	15,000	6.00	6.00 %	6.00 %		2030		\$15,000
	2032		35,000		4.75 %	4.75 %		4.75 %		2032		35,000		4.75 %	4.75 %		4.75 %		2032
		\$																	
		\$																	

	\$
Unamortized debt issuance costs	
Unamortized debt issuance costs	
Unamortized debt issuance costs	
Total other borrowings	
Total other borrowings	
Total other borrowings	
Totals	
Totals	
Totals	

(1) The FHLB advances bear fixed rates, require interest-only monthly payments, and are collateralized by a blanket lien on pre-qualifying first mortgages, home equity lines, multi-family loans and certain other loans which had a pledged balance of \$1,115,197 \$1,099,969 and \$1,106,267 at March 31, 2024 June 30, 2024 and December 31, 2023, respectively. At March 31, 2024 June 30, 2024, the Bank's available and unused portion under the FHLB borrowing arrangement was approximately \$397,182 \$416,063 compared to \$370,569 as of December 31, 2023.

(2) Maximum month-end borrowed amounts outstanding under this borrowing agreement were \$64,000 \$81,000 and \$217,530, during the three six months ended March 31, 2024 June 30, 2024 and the twelve months ended December 31, 2023, respectively.

(3) The weighted-average interest rate on FHLB borrowings maturing within twelve months as of March 31, 2024 June 30, 2024 and December 31, 2023 were 2.73% 3.54% and 4.16%, respectively.

(4) FHLB term notes totaling \$10,000, with 2028 maturity dates, are callable once by In June 2024, the FHLB called the \$10,000, 3.82% advance maturing in June of 2024, 2028.

(5) Senior notes, entered into by the Company in June 2019 consist of the following:

(a) A term note, which was subsequently refinanced in March 2022, and modified in February of 2023, and refinanced in May 2024, requiring quarterly interest-only payments through March 2027, January 2029, and quarterly principal and interest payments thereafter. Interest is variable, based on US Prime rate minus 75 basis points with a floor rate of 3.00%.

(b) A \$5,000 line of credit, maturing August 1, 2024, that remains undrawn upon.

(6) Subordinated notes resulted from the following:

(a) The Company's Subordinated Note Purchase Agreement entered into with certain purchasers in August 2020, which bears a fixed interest rate of 6.00% for five years. In September 2025, the fixed interest rate will be reset quarterly to equal the three-month term Secured Overnight Financing Rate plus 591 basis points. The note is callable by the Bank when, and anytime after, the floating rate is initially set. Interest-only payments are due semi-annually each year during the fixed interest period and quarterly during the floating interest period.

(b) The Company's Subordinated Note Purchase Agreement entered into with certain purchasers in March 2022, which bears a fixed interest rate of 4.75% for five years. In April 2027, the fixed interest rate will be reset quarterly to equal the three-month term Secured Overnight Financing Rate plus 329 basis points. The note is callable by the Bank when, and anytime after, the floating rate is initially set. Interest-only payments are due semi-annually each year during the fixed interest period and quarterly during the floating interest period.

#### Federal Home Loan Bank Letters of Credit

The Bank has an irrevocable Standby Letter of Credit Master Reimbursement Agreement with the Federal Home Loan Bank. This irrevocable standby letter of credit ("LOC") is supported by loan collateral as an alternative to directly pledging investment securities on behalf of a municipal customer as collateral for their interest bearing deposit balances. The letters of credit balances were \$442,500 \$435,250 and \$452,280 at March 31, 2024 June 30, 2024 and December 31, 2023, respectively.

#### Federal Reserve Borrowings

At March 31, 2024 June 30, 2024 and December 31, 2023, the Bank had the ability to borrow \$21,618 \$21,386 and \$22,417 from the Federal Reserve Bank of Minneapolis. The ability to borrow is based on mortgage-backed securities pledged with a carrying value of \$28,865 \$28,454 and \$29,191 as of March 31, 2024 June 30, 2024, and December 31,

2023, respectively. There were no Federal Reserve borrowings outstanding as of **March 31, 2024** **June 30, 2024**, and December 31, 2023.

#### Federal Funds Purchased Lines of Credit

As of **March 31, 2024** **June 30, 2024**, the Bank maintains two unsecured federal funds purchased lines of credit with its banking partners which total \$70,000. As of December 31, 2023, the Bank maintained three unsecured federal funds purchased lines of credit with its banking partners which totaled \$70,000. These lines bear interest at the lender bank's announced daily federal funds rate, mature daily and are revocable at the discretion of the lending institution. There were no borrowings outstanding on these lines of credit as of **March 31, 2024** **June 30, 2024** or December 31, 2023.

#### NOTE 8 - CAPITAL MATTERS

Banks and bank holding companies are subject to regulatory capital requirements administered by federal banking agencies. Capital adequacy guidelines and, additionally for banks, prompt corrective action regulations involve quantitative measures of assets, liabilities and certain off-balance-sheet items calculated under regulatory accounting practices. Capital amounts and classifications are also subject to qualitative judgments by regulators. Failure to meet capital requirements can initiate regulatory action.

Prompt corrective action regulations provide five classifications: well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized, and critically undercapitalized. Although these terms are not used to represent overall financial condition, if adequately capitalized, regulatory approval is required to accept brokered deposits. If undercapitalized, capital distributions are limited, as is asset growth and expansion, and capital restoration plans are required. At **March 31, 2024** **June 30, 2024**, the Bank was categorized as "Well Capitalized", under Prompt Corrective Action Provisions.

The Bank's Tier 1 (leverage) and risk-based capital ratios at **March 31, 2024** **June 30, 2024**, and December 31, 2023, respectively, are presented below:

		Actual			For Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Action Provisions			Actual			For Capital Adequacy Purposes			To Be Well Capitalized Under Prompt Corrective Action Provisions	
		Amount	Ratio		Amount	Ratio	Amount	Ratio		Amount	Ratio		Amount	Ratio		Amount	Ratio
As of March 31, 2024																	
As of June 30, 2024																	
Total capital (to risk weighted assets)																	
Total capital (to risk weighted assets)																	
Total capital (to risk weighted assets)		\$229,819	14.9	14.9 %	\$ 123,277	> =	8.0 %	\$ 154,097	= >	10.0 %	\$227,253	15.0	15.0 %	\$121,375	= >		
Tier 1 capital (to risk weighted assets)	Tier 1 capital (to risk weighted assets)	210,507	13.7	13.7 %	92,458	> =	6.0 %	123,277	= >	8.0 %	Tier 1 capital (to risk weighted assets)	208,555	13.7	13.7 %	91,031	= >	
Common equity tier 1 capital (to risk weighted assets)	Common equity tier 1 capital (to risk weighted assets)	210,507	13.7	13.7 %	69,344	> =	4.5 %	100,163	= >	6.5 %	Common equity tier 1 capital (to risk weighted assets)	208,555	13.7	13.7 %	68,273	= >	
Tier 1 leverage ratio (to adjusted total assets)	Tier 1 leverage ratio (to adjusted total assets)	210,507	11.7	11.7 %	72,000	> =	4.0 %	90,000	= >	5.0 %	Tier 1 leverage ratio (to adjusted total assets)	208,555	11.7	11.7 %	71,302	= >	
As of December 31, 2023																	
Total capital (to risk weighted assets)																	
Total capital (to risk weighted assets)																	

Total capital (to risk weighted assets)		\$228,092	14.6	14.6 %	\$ 124,883	> =	8.0 %	\$ 156,104	= > =	10.0 %	\$228,092	14.6	14.6 %	\$124,883	= > =
Tier 1 capital (to risk weighted assets)	Tier 1 capital (to risk weighted assets)	208,726	13.4	13.4 %	93,662	> =	6.0 %	124,883	= > =	8.0 %	208,726	13.4	13.4 %	93,662	= > =
Common equity tier 1 capital (to risk weighted assets)	Common equity tier 1 capital (to risk weighted assets)	208,726	13.4	13.4 %	70,247	> =	4.5 %	101,468	= > =	6.5 %	208,726	13.4	13.4 %	70,247	= > =
Tier 1 leverage ratio (to adjusted total assets)	Tier 1 leverage ratio (to adjusted total assets)	208,726	11.5	11.5 %	72,479	> =	4.0 %	90,599	= > =	5.0 %	208,726	11.5	11.5 %	72,479	= > =

The Company's Tier 1 (leverage) and risk-based capital ratios at **March 31, 2024** **June 30, 2024** and December 31, 2023, respectively, are presented below:

<u>As of March 31, 2024</u>
<u>As of March 31, 2024</u>
<u>As of March 31, 2024</u>
<u>As of June 30, 2024</u>
<u>As of June 30, 2024</u>
<u>As of June 30, 2024</u>
Total capital (to risk weighted assets)
Total capital (to risk weighted assets)
Total capital (to risk weighted assets)
Tier 1 capital (to risk weighted assets)
Tier 1 capital (to risk weighted assets)
Tier 1 capital (to risk weighted assets)
Common equity tier 1 capital (to risk weighted assets)
Common equity tier 1 capital (to risk weighted assets)
Common equity tier 1 capital (to risk weighted assets)
Tier 1 leverage ratio (to adjusted total assets)
Tier 1 leverage ratio (to adjusted total assets)
Tier 1 leverage ratio (to adjusted total assets)
<u>As of December 31, 2023</u>
<u>As of December 31, 2023</u>
<u>As of December 31, 2023</u>
Total capital (to risk weighted assets)
Total capital (to risk weighted assets)
Total capital (to risk weighted assets)
Tier 1 capital (to risk weighted assets)
Tier 1 capital (to risk weighted assets)
Tier 1 capital (to risk weighted assets)
Common equity tier 1 capital (to risk weighted assets)
Common equity tier 1 capital (to risk weighted assets)
Common equity tier 1 capital (to risk weighted assets)
Tier 1 leverage ratio (to adjusted total assets)

Tier 1 leverage ratio (to adjusted total assets)

Tier 1 leverage ratio (to adjusted total assets)

NOTE 9 – STOCK-BASED AND OTHER COMPENSATION

On March 27, 2018, the stockholders of Citizens Community Bancorp, Inc. approved the 2018 Equity Incentive Plan. The aggregate number of shares of common stock initially reserved and available for issuance under the 2018 Equity Incentive Plan was 350,000 shares. As of **March 31, 2024** **June 30, 2024**, 315,947 restricted shares had been granted under this plan. This amount includes 8,805 shares of performance based restricted stock granted in 2021 and issued in January 2024 upon achievement of the performance criteria and completion of the **three year** **three-year** performance period beginning in January 2021 and ending December 31, 2023. The amount also includes 18,551 shares of performance based restricted stock granted in 2020 and issued in January 2023 upon achievement of the performance criteria and completion of the three year performance period beginning in January 2020 and ending December 31, 2022. As of **March 31, 2024** **June 30, 2024**, no stock options had been granted under this plan.

In February 2008, the Company's stockholders approved the Company's 2008 Equity Incentive Plan for a term of 10 years. Due to the plan's expiration, no new awards can be granted under this plan. As of **March 31, 2024** **June 30, 2024**, there are no awarded unvested restricted shares, and 54,000 awarded unexercised vested options remaining from the plan. Options granted under this plan vested pro rata over a five-year period from the grant date and were fully vested as of October 2022. Unexercised incentive stock options expire within 10 years of the grant date.

Net compensation expense related to restricted stock awards from these plans was \$158 **and \$316** for the three **and six** months ended **March 31, 2024** **June 30, 2024**, compared to \$216 **and \$382** for the three **and six** months ended **March 31, 2023** **June 30, 2023**.

Restricted Common Stock Award									
March 31, 2024					December 31, 2023				
June 30, 2024					December 31, 2023				
	Number of Shares	Number of Shares	Weighted Average Grant Price	Number of Shares	Weighted Average Grant Price	Number of Shares	Weighted Average Grant Price	Number of Shares	Weighted Average Grant Price
Restricted Shares									
Unvested and outstanding at beginning of year									
Unvested and outstanding at beginning of year									
Unvested and outstanding at beginning of year									
Granted									
Vested									
Forfeited									
Unvested and outstanding at end of period									
							March 31, 2024		
							March 31, 2024		
							March 31, 2024		
							June 30, 2024		
							June 30, 2024		
							June 30, 2024		
							Number of Shares		
							Number of Shares		
							Number of Shares		
Performance Based Restricted Shares									
Performance Based Restricted Shares									
Performance Based Restricted Shares									
Unvested at beginning of year									
Unvested at beginning of year									
Unvested at beginning of year									
Granted									
Granted									

Granted
Vested and issued
Vested and issued
Vested and issued
Forfeited
Forfeited
Forfeited
Unvested at end of period
Unvested at end of period
Unvested at end of period

The Company accounts for stock option-based employee compensation related to the Company’s 2008 Equity Incentive Plan using the fair-value-based method. Accordingly, management records compensation expense based on the value of the award as measured on the grant date and then the Company recognizes that cost over the vesting period for the award. The compensation cost recognized for stock option-based employee compensation related to the 2008 plan for the three month periods ended March 31, 2024, and March 31, 2023, was \$0 for both periods, as all options have vested.

Common Stock Option Awards									
	Option Shares	Option Shares	Weighted	Weighted	Aggregate	Option Shares	Price	Weighted	Weighted
			Average	Average				Average	Average
			Exercise	Remaining	Intrinsic			Exercise	Remaining
			Price	Contractual	Value			Term in Years	Contractual
				Term in Years					Intrinsic
									Value
March 31, 2024									
June 30, 2024									
Outstanding at beginning of year									
Outstanding at beginning of year									
Outstanding at beginning of year									
Outstanding at end of period									
Outstanding at end of period									
Outstanding at end of period									
Exercisable at end of period									
December 31, 2023									
December 31, 2023									
December 31, 2023									
Outstanding at beginning of year									
Outstanding at beginning of year									
Outstanding at beginning of year									
Exercised									
Exercised									
Exercised									
Forfeited or expired									
Forfeited or expired									
Forfeited or expired									
Outstanding at end of year									
Outstanding at end of year									
Outstanding at end of year									
Exercisable at end of year									

Information related to the 2008 Equity Incentive Plan for the respective periods follows:

	Three Six months ended March 31, 2024 June 30, 2024		Twelve months ended December 31, 2023
Intrinsic value of options exercised	\$	—	\$ 2
Cash received from options exercised	\$	—	\$ 28
Tax benefit realized from options exercised	\$	—	\$ —

## Other Compensation

On January 25, 2024, the Company's board of directors approved a phantom stock plan as part of the Company's long-term incentive plan. The Plan allows certain employees to earn future cash awards linked to the company's future common share price for time and performance based cash awards. The performance based cash awards vest based on a combination of a three-year time period and performance targets based on the Company's return on equity. For performance based awards, the ultimate cash payout of these awards will be based on the January 25, 2027 closing share price of the Company's common stock. The time based cash awards vest ratably over a three-year time period. For time based awards, the ultimate cash payout of these awards will be based on the closing share price of the Company's common stock on the anniversary of the award date each year. On January 25, 2024, time based awards were based on 18,509 shares and performance based awards were based on 18,505 shares.

At the end of each reporting period, the Company estimates its potential liability related to the Plan and records any change to this liability as compensation expense in the consolidated statement of operations. At March 31, 2024 June 30, 2024, the related liability was \$26, \$63, which is included in other liabilities on the consolidated balance sheet. For the three and six months ended March 31, 2024 June 30, 2024, the Company recorded related expense of \$26, \$37 and \$63 which is included in compensation and related benefits/non-interest expense on the Company's consolidated statement of operations.

## NOTE 10 – 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).

## Assets Measured on a Recurring Basis

The following tables present the financial instruments measured at fair value on a recurring basis as of March 31, 2024 June 30, 2024 and December 31, 2023:

	Fair Value		Quoted Prices in Active Markets for Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value	Quoted Prices in Active Markets for Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
March 31, 2024									
June 30, 2024									
Investment securities:									
Investment securities:									
Investment securities:									
U.S. government agency obligations									
U.S. government agency obligations									
U.S. government agency obligations									
Mortgage-backed securities									
Mortgage-backed securities									
Mortgage-backed securities									
Corporate debt securities									
Corporate debt securities									
Corporate debt securities									

Asset-backed securities
Total investment securities
Total investment securities
Total investment securities
Equity Investments:
Equity Investments
Equity Investments
Equity Investments
Farmer Mac equity securities
Farmer Mac equity securities
Farmer Mac equity securities
Preferred equity
Equity investments measured at NAV(1)
Total equity investments
Total

December 31, 2023

December 31, 2023

December 31, 2023

Investment securities:
Investment securities:
Investment securities:
U.S. government agency obligations
U.S. government agency obligations
U.S. government agency obligations
Mortgage-backed securities
Mortgage-backed securities
Mortgage-backed securities
Corporate debt securities
Corporate debt securities
Corporate debt securities
Corporate asset backed securities

Total investment securities
Total investment securities
Total investment securities
Equity Investments:
Equity Investments
Equity Investments
Equity Investments
Farmer Mac equity securities
Farmer Mac equity securities
Farmer Mac equity securities
Equity investments measured at NAV(1)
Total equity investments
Total

(1) 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.

For the During the three months ended March 31, 2024 June 30, 2024, and senior debt of a community development financial institution, classified as available-for-sale securities was exchanged for preferred equity of the financial institution’s operating subsidiary. At June 30, 2024, the Company owned \$1,812 preferred equity investments for which the Company utilized significant unobservable inputs (Level 3 inputs) to determine fair value. For the twelve months ended December 31, 2023, the Company did not own any securities for which the Company utilized significant unobservable inputs (Level 3 inputs) to determine fair value.

During the three and six months ended June 30, 2024, \$2,082 of senior debt, previously measured as a Level 1 instrument, was exchanged for preferred equity, now measured as a Level 3 instrument, resulting in a transfer out of Level 1 fair value measurement to Level 3 fair value measurement. The exchange resulted in \$168 of unrealized

losses on available-for-sale securities, previously included in other comprehensive income, being recognized on the June 30, 2024, consolidated statement of operations as loss on investment securities. There were no transfers in or out of Level 1, Level 2 or Level 3 fair value measurements relating to the available-for-sale securities above during the three months ended March 31, 2024, or twelve months ended December 31, 2023. There were no losses included in earnings attributable to the change in unrealized gains or losses relating to the available-for-sale securities above with fair value measurements utilizing significant unobservable inputs for the three months ended March 31, 2024, or twelve months ended December 31, 2023, respectively.

#### Assets Measured on Nonrecurring Basis

The following tables present the financial instruments measured at fair value on a nonrecurring basis as of March 31, 2024, June 30, 2024 and December 31, 2023:

	Carrying Value	Carrying Value	Quoted Prices in Active Markets for Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Carrying Value	Quoted Prices in Active Markets for Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>March 31, 2024</b>									
<b>June 30, 2024</b>									
Foreclosed and repossessed assets, net									
Foreclosed and repossessed assets, net									
Foreclosed and repossessed assets, net									
Collateral dependent loans									
Mortgage servicing rights									
Total									
<b>December 31, 2023</b>									
Foreclosed and repossessed assets, net									
Foreclosed and repossessed assets, net									
Foreclosed and repossessed assets, net									
Collateral dependent loans									
Mortgage servicing rights									
Total									

The fair value of collateral dependent loans with allowances and impaired loans was determined by obtaining independent third party appraisals and/or internally developed collateral valuations to support the Company's estimates and judgments in determining the fair value of the underlying collateral supporting impaired loans.

The fair value of foreclosed and repossessed assets was determined by obtaining market price valuations from independent third parties wherever such quotes were available for other collateral owned. The Company utilized independent third party appraisals to support the Company's estimates and judgments in determining fair value for other real estate owned.

The fair value of mortgage servicing rights was estimated using discounted cash flows based on current market rates and other factors.

The following table represents additional quantitative information about assets measured at fair value on a recurring and nonrecurring basis and for which we have utilized Level 3 inputs to determine their fair value at March 31, June 30, 2024.

	Fair Value	Valuation Techniques (1)	Significant Unobservable Inputs (2)	Range
<b>March 31, June 30, 2024</b>				
Foreclosed and repossessed assets, net	\$ 1,845,166	Appraisal value	Estimated costs to sell	10% - 15%
		Appraisal value / Internal Collateral valuations	Estimated costs to sell	10% - 15%
Collateral dependent loans	\$ 2,030,969			9.750% - 9.875% - 12.750% - 12.875%
Mortgage servicing rights	\$ 5,442,425	Discounted cash flows	Discounted rates	
<b>December 31, 2023</b>				
Foreclosed and repossessed assets, net	\$ 1,795	Appraisal value	Estimated costs to sell	10% - 15%
		Appraisal value / Internal Collateral valuations	Estimated costs to sell	10% - 15%
Collateral dependent loans	\$ 3,499			9.375% - 12.375%
Mortgage servicing rights	\$ 5,589	Discounted cash flows	Discounted rates	

(1) Fair value is generally determined through independent third-party appraisals of the underlying collateral, which generally includes various level 3 inputs which are not observable.

(2) The fair value basis of collateral depended loans, and real estate owned may be adjusted to reflect management estimates of disposal costs including, but not limited to, real estate brokerage commissions, legal fees, and delinquent property taxes.

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:

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	March 31, 2024		December 31, 2023		June 30, 2024		December 31, 2023					
		Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value				
Financial assets:													
Cash and cash equivalents													
Cash and cash equivalents													
Cash and cash equivalents													
Other interest-bearing deposits													
Securities available for sale "AFS"													
Securities held to maturity "HTM"													
Equity investments (Level I)		570	NA	557	NA								
Farmer Mac equity securities													
Preferred equity													
Equity investments valued at NAV(1)	Equity investments valued at NAV(1)	N/A	2,711	NA	NA	2,727	NA	NA	2,696	N/A	N/A	2,727	N/A
Other investments													
Loans receivable, net													
Loans held for sale - Residential mortgage													
Loans held for sale - SBA /FSA													
Mortgage servicing rights													
Accrued interest receivable													
Financial liabilities:													
Deposits													
Deposits													
Deposits													
FHLB advances													
Other borrowings													
Accrued interest payable													

(1) 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.

#### NOTE 11—EARNINGS PER SHARE

Earnings per share is based on the weighted average number of shares outstanding for the period. A reconciliation of the basic and diluted earnings per share is as follows:

		Three Months Ended		Three Months Ended		Six Months Ended
		Three Months Ended				
		Three Months Ended				
(Share count in thousands)						
(Share count in thousands)						
(Share count in thousands)	(Share count in thousands)	June 30, 2024	June 30, 2023	June 30, 2024		June 30, 2023
<u>Basic</u>						
<u>Basic</u>						
<u>Basic</u>						
Net income attributable to common stockholders						
Net income attributable to common stockholders						
Net income attributable to common stockholders						
Weighted average common shares outstanding						
Weighted average common shares outstanding						
Weighted average common shares outstanding						
Basic earnings per share						
Basic earnings per share						
Basic earnings per share						
<u>Diluted</u>						
<u>Diluted</u>						
<u>Diluted</u>						
Net income attributable to common stockholders						
Net income attributable to common stockholders						
Net income attributable to common stockholders						
Weighted average common shares outstanding						
Weighted average common shares outstanding						
Weighted average common shares outstanding						
Add: Dilutive stock options outstanding						
Add: Dilutive stock options outstanding						
Add: Dilutive stock options outstanding						
Average shares and dilutive potential common shares						
Average shares and dilutive potential common shares						
Average shares and dilutive potential common shares						
Diluted earnings per share						
Diluted earnings per share						
Diluted earnings per share						
Additional common stock option shares that have not been included due to their antidilutive effect						
Additional common stock option shares that have not been included due to their antidilutive effect						
Additional common stock option shares that have not been included due to their antidilutive effect						

Dilutive shares outstanding consist of exercisable stock options whose strike prices were less than the quarterly average closing price of the Company's common stock. At both March 31, 2024 June 30, 2024 and March 31, 2023 June 30, 2023, there were 20 and 40 exercisable stock options, respectively, with a potentially dilutive effect. However their strike prices were higher than the quarterly and annual average closing price prices of the Company's common stock and thus, excluded from diluted shares outstanding.

#### NOTE 12 – OTHER COMPREHENSIVE INCOME (LOSS)

The following tables show the tax effects allocated to each component of other comprehensive income (loss) for the three and six months ended March 31, 2024 June 30, 2024 and 2023:

	Three Months Ended					
	March 31, 2024			March 31, 2023		
	Before-Tax Amount	Tax Benefit (Expense)	Net-of-Tax Amount	Before-Tax Amount	Tax Benefit (Expense)	Net-of-Tax Amount
Unrealized (losses) gains on securities:						
Net unrealized (losses) gains arising during the period	\$ (891)	\$ 189	\$ (702)	\$ 1,469	\$ (404)	\$ 1,065
Other comprehensive (loss) income	\$ (891)	\$ 189	\$ (702)	\$ 1,469	\$ (404)	\$ 1,065

	Three Months Ended					
	June 30, 2024			June 30, 2023		
	Before-Tax Amount	Tax Benefit (Expense)	Net-of-Tax Amount	Before-Tax Amount	Tax Benefit (Expense)	Net-of-Tax Amount
Unrealized gains (losses) on securities:						
Net unrealized gains (losses) arising during the period	\$ 669	\$ (166)	\$ 503	\$ (3,140)	\$ 863	\$ (2,277)
Reclassification adjustment for gains included in net income	—	—	—	(12)	3	(9)
Reclassification for net loss on exchanged security, included in net income, net of tax	168	(38)	130	—	—	—
Other comprehensive income (loss)	\$ 837	\$ (204)	\$ 633	\$ (3,152)	\$ 866	\$ (2,286)

	Six Months Ended					
	June 30, 2024			June 30, 2023		
	Before-Tax Amount	Tax Benefit (Expense)	Net-of-Tax Amount	Before-Tax Amount	Tax Benefit (Expense)	Net-of-Tax Amount
Unrealized (losses) gains on securities:						
Net unrealized losses arising during the period	\$ (223)	\$ 24	\$ (199)	\$ (1,672)	\$ 460	\$ (1,212)
Reclassification adjustment for gains included in net income	—	—	—	(12)	3	(9)
Reclassification for net loss on exchanged security, included in net income, net of tax	168	(38)	130	—	—	—
Other comprehensive loss	\$ (55)	\$ (14)	\$ (69)	\$ (1,684)	\$ 463	\$ (1,221)

The changes in the accumulated balances for each component of other comprehensive income (loss), net of tax for the twelve months ended December 31, 2023 and the three six months ended March 31, 2024 June 30, 2024 were as follows:

	Unrealized Gains (Losses) on AFS Securities	Unrealized Gains (Losses) on AFS Securities	Unrealized Gains (Losses) on AFS Securities	Other Accumulated Comprehensive Income (Loss), net of tax	Other Accumulated Comprehensive Income (Loss), net of tax
Beginning Balance, January 1, 2023					
Current year-to-date other comprehensive gain					
Current year-to-date other comprehensive income					
Ending balance, December 31, 2023					
Ending balance, December 31, 2023					
Ending balance, December 31, 2023					

Current year-to-date other comprehensive loss

Ending balance, March 31, 2024

Ending balance, June 30, 2024

Reclassifications out of accumulated other comprehensive income (loss) for the three and six month periods ended March 31, 2024, June 30, 2024 and March 31, 2023, June 30, 2023 were as follows:

Details about Accumulated Other Comprehensive Income (Loss) Components	Amounts Reclassified from Accumulated Other Comprehensive Income (Loss)		Affected Line Item on the (1) Statement of Operations
	Three months ended March 31, 2024	Three months ended March 31, 2023	
Unrealized gains and losses			
Sale of securities	\$ —	\$ —	Net gains (losses) on investment securities
Tax effect	—	—	Provision for income taxes
Total reclassifications for the period	\$ —	\$ —	Net income attributable to common stockholders

Details about Accumulated Other Comprehensive Income (Loss) Components	Amounts Reclassified from Accumulated Other Comprehensive Income (Loss)			Affected Line Item on the Statement of Operations
	Three months ended June 30, 2024	Six months ended June 30, 2024		
Unrealized gains and losses				
Debt security exchanged for equity security	\$ (168)	\$ (168)		Net (losses) gains on investment securities
Tax effect	38	38		Provision for income taxes
Total reclassifications for the period	\$ (130)	\$ (130)		Net loss attributable to common stockholders

Details about Accumulated Other Comprehensive Income (Loss) Components	Amounts Reclassified from Accumulated Other Comprehensive Income (Loss)			Affected Line Item on the Statement of Operations
	Three months ended June 30, 2023	Six months ended June 30, 2023		
Unrealized gains and losses				
Sale of securities	\$ 12	\$ 12		Net (losses) gains on investment securities
Tax effect	(3)	(3)		Provision for income taxes
Total reclassifications for the period	\$ 9	\$ 9		Net income attributable to common stockholders

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### FORWARD-LOOKING STATEMENTS

Certain matters discussed in this report contain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 and the Company intends that these forward-looking statements be covered by the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. These statements may be identified by the use of forward-looking words or phrases such as "anticipate," "believe," "could," "expect," "estimates," "intend," "may," "preliminary," "planned," "potential," "should," "will," "would," or the negative of those terms or other words of similar meaning. Similarly, statements that describe the Company's future plans, objectives or goals are also forward-looking statements. Such forward-looking statements are inherently subject to many uncertainties in the Company's operations and business environment.

Factors that could affect actual results or outcomes include the matters described under the caption "Risk Factors" in Item 1A of our annual report on Form 10-K for the year ended December 31, 2023, filed with the SEC on March 5, 2024 ("2023 10-K"), the matters described in "Risk Factors" in Item 1A of the quarterly reports on Form 10-Q for the quarter ended March 31, 2024, filed with the SEC on May 8, 2024; the matters described in "Risk Factors" in Item 1A of this Form 10-Q, and the following:

- 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. The forward-looking statements made herein are only made as of the date of this filing and the Company undertakes no obligation to publicly update such forward-looking statements to reflect subsequent events or circumstances occurring after the date of this report.

## GENERAL

The following discussion sets forth management's discussion and analysis of our consolidated financial condition as of **March 31, 2024** **June 30, 2024**, and our consolidated results of operations for the **three six** months ended **March 31, 2024** **June 30, 2024**, compared to the same period in the prior fiscal year for the **three six** months ended **March 31, 2023** **June 30, 2023**. This discussion should be read in conjunction with the interim consolidated financial statements and the condensed notes thereto included with this report and with Management's Discussion and Analysis of Financial Condition and Results of Operations and the financial statements and notes related thereto included in our 2023 10-K. Unless otherwise stated, all monetary amounts in this Management's Discussion and Analysis of Financial Condition and Results of Operations, other than share, per share and capital ratio amounts, are stated in thousands.

## PERFORMANCE SUMMARY

The following is a summary of some of the significant factors that affected our operating results for the three **and six** months ended **March 31, 2024** **June 30, 2024**, and **March 31, 2023** **June 30, 2023**. Compared to **first second** quarter 2023, **first second** quarter 2024 net interest income decreased **\$0.1 million**. The decrease was primarily due to the impact of higher short-term interest rates on the Bank's liability-sensitive balance sheet, i.e., higher deposit costs, and customer account shifts to higher-cost certificates, along with increased borrowing costs **which increased fifty eight-basis points** partially offset by higher yields on **assets**. **assets**, a decrease in lower yielding on-balance sheet assets included in liquidity to more normal levels, and \$0.2 million recognized in curing technical defaults on performing loans.

The **Company's cost of interest-bearing liabilities increased from 2.00% in the first quarter Of 2023 to 3.11%** total benefit, i.e., negative provision, for credit losses for the **first second** quarter ended **June 30, 2024**, was \$1.525 million compared to a provision for credit losses of \$0.45 million for the quarter ended **June 30, 2023**. The second quarter of

2024. This resulted in an increase in interest expense of \$3.9 million. The reduction in net interest income, 2024 negative provision was due to higher interest expense, was partially offset by higher interest income on interest earning assets of \$3 million primarily decreases in ACL related to: (1) \$0.6 million due to the impact of higher interest rates loan portfolio decreases and credit quality improvements; (2) \$0.6 million of interest income recorded primarily due to nonaccrual loan payoffs. As a result, net interest income fell \$0.9 million improvements in the Moody's economic scenario per our third-party provider; and (3) reductions in off-balance sheet reserves to fund commitments of \$0.3 million.

The second quarter and six months ended of 2023 provision for credit losses decreased from a provision of \$0.05 million in the first quarter of 2023 was largely due to a negative provision of \$0.8 million in the first quarter of 2024. The negative provision in the first quarter of 2024 was primarily due to: 1) a decrease in allowance for credit losses ("ACL") reserves on individually evaluated loans of \$0.5 million; 2) the reduction in commitments to fund construction loans; and 3) net loan recoveries, growth.

Non-interest income increased decreased \$1.0 million in the first second quarter of 2024 compared to the first second quarter of 2023 due to higher \$0.7 million lower gain on sale of loans and \$0.7 million higher loss on sale of securities, partially due to \$0.4 million loss recognized as result of an exchange of senior debt for preferred equity. These decreases were partially offset by \$0.2 million higher loan fees due to customer activity, activity and BOLI death benefit income realized of \$0.2 million.

Non-interest expenses increased \$0.7 million \$0.5 million in the first second quarter of 2024 from \$10.1 million \$9.8 million in the first second quarter of 2023. The increase was primarily related to a \$0.4 million establishment \$0.3 million of a SBA recourse reserve recorded in other higher compensation expense due to both the impact of 2024 merit raises and higher incentive compensation, along with inflationary increases in compensation and data processing costs.

Provision for income taxes decreased to \$1.0 million in the second quarter of 2024, from \$1.1 million in the second quarter of 2023, despite pre-tax income growth of \$0.4 million due to a 3.4% decrease in the effective tax rate. The decrease in the effective tax rate is primarily due to the Wisconsin state budget, signed by Governor Evers on July 5, 2023, which provides financial institutions a tax exemption on income earned on Wisconsin commercial and agricultural loans up to \$5 million retroactive to January 1, 2023, the impact of which began to be recognized in the third quarter of 2023.

When comparing year-over-year results, changes in net interest income, provision for credit losses, non-interest income and non-interest expense are primarily due to the items discussed above. See the remainder of this section for a more thorough discussion.

We reported net income of \$4.1 million \$3.7 million and \$7.8 million, or \$0.39 \$0.35 and \$0.75 per diluted share for the quarter three and six months ended March 31, 2024 June 30, 2024, compared to net income of \$3.7 million \$3.2 million and \$6.9 million or \$0.35 \$0.31 and \$0.66 per diluted share for the three and six months ended June 30, 2023.

The following is a summary of some of the significant factors that affected our operating results for the six months ended June 30, 2024, and June 30, 2023.

Compared to 2023, for the six-month period ending June 30, 2024, net interest income decreased \$1 million, primarily due to the impact of higher short-term interest rates on the Bank's liability-sensitive balance sheet, i.e., higher deposit costs, and customer account shifts to higher-cost certificates, along with increased borrowing costs, partially offset by higher yields on assets. The Company's cost of interest-bearing liabilities increased from 2.31% for the six months ended June 30, 2023, to 3.14% for the same period in 2024. This decrease was partially offset by higher interest income on interest earning assets of \$4.7 million primarily due to the impact of higher interest rates and 0.4 million of loss recognized as a result of an exchange of senior debt to preferred equity.

The total benefit, i.e., negative provision, for credit losses was \$2.325 million for the six months ended June 30, 2024, compared to a provision for credit losses of \$0.5 million for the six months ended June 30, 2023. For the six months ended June 30, 2024, the negative provision was due to decreases in ACL related to: (1) the \$0.9 million impact of loan portfolio decreases and credit quality improvements; (2) \$0.6 million due to improvements in the Moody's economic scenario per our third-party provider; (3) reductions in off-balance sheet reserves to fund commitments of \$0.6 million; (4) 1st quarter ended March 31, 2023, 2024 a decrease in the allowance for credit losses on individually evaluated loans of \$0.5 million; and (5) net loan recoveries.

## CRITICAL ACCOUNTING ESTIMATES

Our consolidated financial statements have been prepared in conformity with U.S. Generally Accepted Accounting Principles ("GAAP"). In connection with the preparation of our financial statements, we are required to make assumptions and estimates about future events and apply judgments that affect the reported amount of assets, liabilities, revenue, expenses, and their related disclosures. We base our assumptions, estimates, and judgments on historical experience, current trends, and other factors that our management believes to be relevant at the time our consolidated financial statements are prepared. Some of these estimates are more critical than others. In addition to the policies included in Note 1, "Nature of Business and Summary of Significant Accounting Policies," to the Consolidated Financial Statements included as an exhibit in our annual report on our 2023 10-K, our critical accounting estimates are as follows:

### Allowance for Credit Losses - Loans - Loans.

We adopted ASU 2016-13, Financial Instruments-Credit Losses (Topic 326), "Measurement of Credit Losses on Financial Instruments" through a cumulative-effect adjustment on January 1, 2023. We have selected a loss estimation methodology, utilizing a third-party model. See also Notes 1 and 3 to the unaudited consolidated financial statements for further discussion of our adoption of ASU 2016-13.

**Allowance for Credit Losses - Loans.** We maintain an allowance for credit losses to absorb probable and inherent losses in our loan portfolio. The allowance is based on ongoing quarterly assessments of the estimated lifetime losses in our loan portfolio. In evaluating the level of the allowance for credit losses, we consider the types of loans and the amount of loans in our loan portfolio, historical loss experience, adverse situations that may affect the borrower's ability to repay, the estimated

value of any underlying collateral, prevailing economic conditions, and other relevant factors determined by management. We follow all applicable regulatory guidance, including the "Interagency Policy Statement on Allowances for Credit losses," issued by the Office of the Comptroller of the Currency, Department of the Treasury, Federal Deposit Insurance Corporation, and National Credit Union Administration. We believe that the Bank's Allowance for Credit Losses Policy conforms to all applicable regulatory requirements. However, based on periodic examinations by regulators, the amount of the allowance for credit losses recorded during a particular period may be adjusted.

Our determination of the allowance for credit losses - loans is based on: 1) (1) an individual allowance for specifically identified and evaluated loans that management has determined have unique risk characteristics. For these loans, the estimated loss is based on likelihood of default, payment history, and net realizable value of underlying collateral. Specific allocations for collateral dependent loans are based on the fair value of the underlying collateral relative to the amortized cost of the loans. For loans that are not collateral dependent, the specific allocation is based on the present value of expected future cash flows discounted at the loan's original effective interest rate through the repayment period;

and 2) (2) a collective allowance for loans not specifically identified in 1) (1) above. The allowance for these loans is estimated by pooling loans with a similar risk profile and calculating a collective loss rate using the pool's risk drivers, historical loss experience, and reasonable and supportable future economic forecasts to project lifetime losses. This collectively estimated loss is adjusted for qualitative factors.

Assessing the allowance for credit losses - loans is inherently subjective as it requires making material estimates, including the amount, and timing of future cash flows expected to be received on collateral dependent loans, any of which estimates may be susceptible to significant change. In our opinion, the allowance, when taken as a whole, reflects estimated probable loan losses in our loan portfolio.

Goodwill.

We account for goodwill and other intangible assets in accordance with ASC Topic 350, "Intangibles - Goodwill and Other." The Company records the excess of the cost of acquired entities over the fair value of identifiable tangible and intangible assets acquired, less liabilities assumed, as goodwill. The Company does not amortize goodwill, but reviews goodwill for impairment at a reporting unit level on an annual basis, or when events or changes in circumstances indicate that the carrying amounts may be impaired. A reporting unit is defined as any distinct, separately identifiable component of the Company's one operating segment for which complete, discrete financial information is available and reviewed regularly by the segment's management. The Company has one reporting unit as of March 31, 2024 June 30, 2024, which is related to its banking activities. The Company performed the required goodwill impairment test and determined that goodwill was not impaired as of December 31, 2023. The Company has monitored events and conditions since December 31, 2023, and has determined that no triggering event has occurred that would require goodwill to be tested for impairment.

STATEMENT OF OPERATIONS ANALYSIS

**Net Interest Income.** Net interest income represents the difference between the dollar amount of interest earned on interest-bearing assets and the dollar amount of interest paid on interest-bearing liabilities. The interest income and expense of financial institutions (including those of the Bank) are significantly affected by general economic conditions, competition, policies of regulatory authorities and other factors.

Interest rate spread and net interest margin are used to measure and explain changes in net interest income. Interest rate spread is the difference between the yield on interest earning assets and the rate paid for interest-bearing liabilities that fund those assets. Net interest margin is expressed as the percentage of net interest income to average interest earning assets. Net interest margin currently exceeds interest rate spread because non-interest-bearing sources of funds ("net free funds"), principally demand deposits and stockholders' equity, also support interest earning assets. The narrative below discusses net interest income, interest rate spread, and net interest margin for the three-month and six-month periods ended March 31, 2024 June 30, 2024, and March 31, 2023 June 30, 2023, respectively.

Net interest income was \$11.9 million \$11.6 million for the three months ended March 31, 2024 June 30, 2024, compared to \$12.8 million \$11.7 million for the three months ended March 31, 2023 June 30, 2023. Interest income for the three months ended March 31, 2024 June 30, decreased from the same period one year ago due to higher net interest-bearing balances and costs. This was partially offset by: 1) (1) positive loan volume variance due to growth in loans outstanding; 2) (2) increases in loan and investment yields due to both (a) contractual repricing and higher coupons on new loans and loans; (b) investments in excess of portfolio yield; and 3) the realization (c) one-time income of \$0.6 million of interest income principally due to nonaccrual \$0.2 million recognized from curing technical defaults on performing loans payoff.

The net interest margin for the three-month period ended March 31, 2024 June 30, 2024, was 2.77% flat at 2.72%, compared to 3.02% 2.72% for the three-month period ended March 31, 2023 June 30, 2023. The net interest margin decrease was due to higher deposit costs due to higher market interest rates and customers moving from lower cost savings and money market accounts to higher yielding certificate accounts and the impact of higher short-term interest rates which increased FHLB advance and other borrowing costs. This was offset by: (1) increases in loan and investment yields due to contractual repricing; (2) rates on new loans and investments exceeding the portfolio as a whole; and (3) a five-basis point increase in yield due to income recognized on curing technical defaults on performing loans.

Net interest income was \$23.5 million for the six months ended June 30, 2024, compared to \$24.5 million for the six months ended June 30, 2023. Interest income for the six months ended June 30, decreased from the same period one year ago due to higher net interest-bearing balances and costs, which increased 83 basis points. This was partially offset by: (1) positive loan volume variance due to growth in loans outstanding; (2) increases in loan and investment yields due to: (a) contractual repricing and higher coupons on new loans; (b) investments in excess of portfolio yield; and (c) one-time income of \$0.4 million recognized on nonaccrual payoffs and \$0.4 million recognized from curing technical defaults on performing loans.

The net interest margin for the six-month period ended June 30, 2024, was 2.75%, compared to 2.88%, the six-month period ended June 30, 2023. The decreased net interest margin was due to: (1) higher liability costs of 83 basis points, due to higher market interest rates; (2) customers moving balances from lower cost savings and money market accounts to higher yielding certificate accounts, increasing deposit costs; and (3) the impact of higher short-term interest rates which increased FHLB advance and other borrowing costs. This was partially offset by: 1) (1) increases in loan and investment yields due to contractual repricing; 2) (2) rates on new loans and investments exceeding the portfolio as a whole; and 3) (3) a thirteen-basis nine-basis point increase in yield due to income realized principally recognized on the payoff of a nonaccrual loan payoffs and curing technical defaults on performing loans.

**Average Balances, Net Interest Income, Yields Earned and Rates Paid.** The following net interest income analysis table presents interest income from average interest earning assets, expressed in dollars and yields, and interest expense on average interest-bearing liabilities, expressed in dollars and rates on a tax equivalent basis. Shown below is the weighted average tax equivalent yield on interest earning assets, rates paid on interest-bearing liabilities and the resultant spread at or during the three-month periods ended March 31, 2024 June 30, 2024, and March 31, 2023 June 30, 2023. Non-accruing loans have been included in the table as loans carrying a zero yield.

NET INTEREST INCOME ANALYSIS ON A TAX EQUIVALENT BASIS									
(Dollar amounts in thousands)									
Three months ended March 31, 2024 June 30, 2024, compared to the three months ended March 31, 2023 June 30, 2023:									
Three months ended March 31, 2024				Three months ended June 30, 2024				Three months ended March 31, 2023	
Three months ended June 30, 2023				Three months ended June 30, 2024				Three months ended June 30, 2023	
Average	Average	Interest	Average	Average	Interest	Average	Interest	Average	Average
Balance	Balance	Income/	Balance	Balance	Income/	Balance	Income/	Balance	Yield/
		Expense			Expense		Expense		Rate (1)
									Rate (1)



## NET INTEREST INCOME ANALYSIS ON A TAX EQUIVALENT BASIS

(Dollar amounts in thousands)

Six months ended June 30, 2024, compared to the six months ended June 30, 2023:

	Six months ended June 30, 2024			Six months ended June 30, 2023		
	Average Balance	Interest Income/ Expense	Average Yield/ Rate	Average Balance	Interest Income/ Expense	Average Yield/ Rate
<b>Average interest earning assets:</b>						
Cash and cash equivalents	\$ 15,982	\$ 463	5.83 %	\$ 17,931	\$ 467	5.25 %
Loans receivable	1,448,061	40,089	5.57 %	1,412,870	35,086	5.01 %
Interest bearing deposits	—	—	— %	126	1	1.60 %
Investment securities (1)	241,069	4,072	3.4 %	266,224	4,385	3.32 %
Other investments	13,200	518	7.89 %	16,923	511	6.09 %
Total interest earning assets (1)	<u>\$ 1,718,312</u>	<u>\$ 45,142</u>	<u>5.28 %</u>	<u>\$ 1,714,074</u>	<u>\$ 40,450</u>	<u>4.76 %</u>
<b>Average interest bearing liabilities:</b>						
Savings accounts	\$ 175,548	\$ 850	0.97 %	\$ 213,106	\$ 776	0.73 %
Demand deposits	354,423	4,040	2.29 %	378,450	3,183	1.70 %
Money market accounts	377,410	5,878	3.13 %	299,393	2,870	1.93 %
CD's	356,250	7,779	4.39 %	270,819	3,681	2.74 %
IRA's	—	—	— %	—	—	— %
Total deposits	<u>\$ 1,263,631</u>	<u>\$ 18,547</u>	<u>2.95 %</u>	<u>\$ 1,161,768</u>	<u>\$ 10,510</u>	<u>1.82 %</u>
FHLB advances and other borrowings	123,334	3,114	5.08 %	229,825	5,459	4.79 %
Total interest bearing liabilities	<u>\$ 1,386,965</u>	<u>\$ 21,661</u>	<u>3.14 %</u>	<u>\$ 1,391,593</u>	<u>\$ 15,969</u>	<u>2.31 %</u>
Net interest income		<u>\$ 23,481</u>			<u>\$ 24,481</u>	
Interest rate spread			<u>2.14 %</u>			<u>2.45 %</u>
Net interest margin (1)			<u>2.75 %</u>			<u>2.88 %</u>
Average interest earning assets to average interest bearing liabilities			<u>1.24</u>			<u>1.23</u>

**Rate/Volume Analysis.** The following tables present the dollar amount of changes in interest income and interest expense for the components of interest earning assets and interest-bearing liabilities that are presented in the preceding table. For each category of interest earning assets and interest-bearing liabilities, information is provided on changes attributable to: **1) (1)** changes in volume, which are changes in the average outstanding balances multiplied by the prior period rate (i.e., holding the initial rate constant); and **2) (2)** changes in rate, which are changes in average interest rates multiplied by the prior period volume (i.e., holding the initial balance constant). Rate changes have been discussed previously in the net interest income section above. For the three months and six-month periods ended **March 31, 2024 June 30, 2024**, compared to the same period periods in 2023, the loan volume increased due to organic growth. The increase in deposit volume is due to: (1) increased certificate volumes is due to CD growth, with some as a result of this growth moving movement from non-maturity deposits and, to a lesser extent, brokered CD growth; and (2) growth in money market accounts due to organic growth. Investment securities volume decreases for the three months ended **March 31, 2024 June 30, 2024**, compared to the three months ended **March 31, 2023 June 30, 2023** are primarily due to: **1) (1)** principal repayments repayments; and **2) (2)** unrealized losses in the available for sale available-for-sale securities portfolio.

## RATE / VOLUME ANALYSIS

(Dollar amounts in thousands)

Three months ended **March 31, 2024 June 30, 2024**, compared to the three months ended **March 31, 2023 June 30, 2023**.

	Increase (decrease) due to		
	Volume	Rate	Net
<b>Interest income:</b>			
Cash and cash equivalents	\$ (51)	\$ 102	\$ 51
Loans	553	2,489	3,042
Interest-bearing deposits	(1)	—	(1)
Investment securities	(217)	102	(115)
Other investments	(53)	82	29
Total interest earning assets	231	2,775	3,006
<b>Interest expense:</b>			
Savings accounts	(79)	118	39
Demand deposits	(151)	736	585
Money market accounts	325	1,499	1,824
CD's	723	1,690	2,413
Total deposits	818	4,043	4,861
FHLB Advances and other borrowings	(1,325)	360	(965)
Total interest bearing liabilities	(507)	4,403	3,896
Net interest income	\$ 738	\$ (1,628)	\$ (890)

Nine months ended compared to the nine months ended .

	Increase (decrease) due to		
	Volume	Rate	Net
<b>Interest income:</b>			
Cash and cash equivalents	\$ (83)	\$ 28	\$ (55)
Loans	316	1,645	1,961
Investment securities	(223)	25	(198)
Other investments	(81)	59	(22)
Total interest earning assets	(71)	1,757	1,686
<b>Interest expense:</b>			
Savings accounts	(74)	110	36
Demand deposits	(55)	326	271
Money market accounts	521	663	1,184
CD's	506	1,179	1,685
Total deposits	898	2,278	3,176
FHLB Advances and other borrowings	(1,481)	101	(1,380)
Total interest bearing liabilities	(583)	2,379	1,796
Net interest income	\$ 512	\$ (622)	\$ (110)

#### RATE / VOLUME ANALYSIS

(Dollar amounts in thousands)

Six months ended June 30, 2024, compared to the six months ended June 30, 2023.

	Increase (decrease) due to		
	Volume	Rate	Net
<b>Interest income:</b>			
Cash and cash equivalents	\$ (54)	\$ 50	\$ (4)
Loans receivable	894	4,109	5,003
Interest bearing deposits	(1)	—	(1)
Investment securities	(423)	110	(313)

Other investments	(129)	136	7
Total interest earning assets	287	4,405	4,692
<b>Interest expense:</b>			
Savings accounts	(155)	229	74
Demand deposits	(214)	1,071	857
Money market accounts	866	2,142	3,008
CD's	1,364	2,734	4,098
Total deposits	1,861	6,176	8,037
FHLB advances and other borrowings	(2,679)	334	(2,345)
Total interest bearing liabilities	(818)	6,510	5,692
Net interest income	\$ 1,105	\$ (2,105)	\$ (1,000)

**Provision for Credit Losses.** We determine our provision for credit losses ("provision") based on our desire to provide an adequate Allowance for Credit Losses ("ACL") - Loans to reflect estimated lifetime losses in our loan portfolio and ACL - Unfunded Commitments to reflect estimated losses on our unfunded commitments to lend. We use a third-party model to collectively evaluate and estimate the ACL on loans and unfunded commitments on a pooled basis. The model pools loans and commitments with similar characteristics and calculates an estimated loss rate for the pool based on identified risk drivers. These risk drivers vary with loan type. Projections about future economic conditions and the effect they could have on future losses are inherent in the model. Loans with uniquely identified circumstances and risks are individually evaluated. Lifetime losses on these loans are estimated based on the loans' individual characteristics.

Total benefit, i.e., negative provision, for credit losses for the **three second quarter ended June 30, 2024**, was \$1.525 million compared to a provision for credit losses of \$0.45 million for the quarter ended June 30, 2023. The second quarter of 2024 negative provision was due to decreases in ACL related to: (1) \$0.6 million due to the impact of loan portfolio decreases and credit quality improvements; (2) \$0.6 million due to improvements in the economic scenario per our third-party provider; and (3) reductions in off-balance sheet reserves to fund commitments of \$0.3 million. The second quarter and six months ended **March 31, 2024** June 30, 2023, was \$0.8 million. The provision for credit losses was **\$0.05 million** largely due to loan growth.

For the six months ended June 30, 2024, the total benefit, i.e., negative provision, for credit losses for the was \$2.325 million compared to a provision for credit losses of \$0.5 million for the six months ended June 30, 2023. For the six months ended June 30, 2024, the negative provision was due to decreases in ACL related to: (1) \$0.9 million due to the impact of loan portfolio decreases and credit quality improvements; (2) \$0.6 million due to improvements in the **first** Moody's economic scenario per our third-party provider; (3) reductions in off-balance sheet reserves to fund commitments of \$0.6 million; (4) 1st quarter of 2023. The negative provision in the first quarter of 2024 was primarily due to: 1) a decrease in **reserves the allowance for credit losses** on individually evaluated loans of \$0.5 million; 2) **the reduction in commitments to fund construction loans**; and 3) (5) net loan recoveries.

Continued strong economic conditions in our markets, as evidenced by unemployment rates below the national average in our two largest population centers, have resulted in positive overall economic trends for businesses. The impact of higher interest rates and the impact of an inverted yield forecast are factors that the third-party model of economic conditions used computing the ACL level.

Note that in discussing ACL allocations, the entire ACL balance is available for any loan that, in management's judgment, should be charged off.

Management believes that the provision recorded for the current year's **three-month period three and six-month periods** is adequate in view of the present condition of our loan portfolio and the sufficiency of collateral supporting our non-performing loans. We continually monitor non-performing loan relationships and will adjust our provision, as necessary, if changing facts and circumstances require a change in the ACL. In addition, a decline in the quality of our loan portfolio as a result of general economic conditions, factors affecting particular borrowers or our market areas, or otherwise, could all affect the adequacy of our ACL. If there are significant charge-offs against the ACL, or we otherwise determine that the ACL is inadequate, we will need to record an additional provision in the future.

**Non-interest Income.** The following table reflects the various components of non-interest income for the **three-month three and six-month periods** ended **March 31, 2024** June 30, 2024 and 2023, respectively.

	2024	2023	% Change	2024	2023	% Change
Non-interest Income:						
Non-interest Income:						
Non-interest Income:						
Service charges on deposit accounts						

[illegible]

Gain on sale of loans **increased** **decreased** in the **current** three-month period ended **March 31, 2024** June 30, 2024, compared to the three-month period ended **March 31, 2023** June 30, 2023, primarily due to lower gains on SBA loan sales. For the six-month periods ending June 30, 2024, and 2023, loan sale gains increased due to higher first quarter 2024 SBA gains. gain on sale.

Loan fees and services charges are higher for the three-month **period** and six-month periods ended **March 31, 2024** June 30, 2024, compared to the same **period** periods in 2023 due to **forbearance fees** and higher late **charges and forbearance fees, charges.**

The change in net **(losses)** gains **(losses)** on investment securities between the three-month period ended **March 31, 2024** June 30, 2024, and the three-month period ended **March 31, 2023** June 30, 2023, is primarily the result of the \$0.4 million loss recognized as a result of an exchange of senior debt for preferred equity of a community development financial institution. See Investment Securities for more detail. In addition, there were other equity mark-to-market losses in the second quarter of 2024. For the six-month period ended June 30, 2024, from the same period in 2023, the change is due to the second quarter 2024 losses, partially offset by gains recognized in the first quarter of 2024 due to increased valuations of equity securities.

In the second quarter, the Company recognized \$0.18 million of life insurance proceeds above the carrying value of the underlying insurance policy on an employee who passed.

**Non-interest Expense.** The following table reflects the various components of non-interest expense for the **three-month** **three and six-month** periods ended **March 31,** **2024** **June 30, 2024** and 2023, respectively.

	2024	2023		% Change		2024		2023	
Non-interest Expense:									
Non-interest Expense:									
Non-interest Expense:									
Compensation and related benefits									
Compensation and related benefits									
Compensation and related benefits	\$ 5,675	\$ 5,336	6.35	6.35 %	\$ 11,158	\$ 10,674	4.		
Occupancy	Occupancy 1,333	1,359	1,359	(1.91)	(1.91)%	2,700	2,782	2,7	
Occupancy									
Occupancy									
Data processing									
Data processing									
Data processing	1,525	1,444	1,444	5.61	5.61 %	3,122	2,904	2,904	
Amortization of intangible assets	Amortization of intangible assets 179	193	193	(7.25)	(7.25)%	358	397	3	
Amortization of intangible assets									
Amortization of intangible assets									
Mortgage servicing rights expense, net									
Mortgage servicing rights expense, net									
Mortgage servicing rights expense, net	Mortgage servicing rights expense, net 116	148	148	(21.62)	(21.62)%	264	306	3	
Advertising, marketing and public relations	Advertising, marketing and public relations 186	151	151	23.18	23.18 %	350	287	2	
Advertising, marketing and public relations									
Advertising, marketing and public relations									
FDIC premium assessment									



The increase in other expenses non-interest expense during the three and six months ended March 31, 2024 June 30, 2024, from the comparable prior year period is largely due to: 1) the establishment of a an SBA valuation reserve of \$0.4 million in the first quarter of 2024, and 2) the second quarter 2024 write down of the remaining lease asset of a closed branch of \$0.2 million, partially offset by selected one-time expense recoveries of \$0.1 million.

**Income Taxes.** Provision for income taxes decreased to \$1.1 million \$1.0 million in the first second quarter of 2024 from \$1.3 million \$1.1 million in the first second quarter of 2023. The 2023, despite a corresponding increase in pre-tax income of \$0.4 million due to a lower effective tax rate was 21.3% rate. Provision for income taxes for the quarter ended March 31, 2024 six-month period ending June 30, 2024, and 25.5% decreased \$0.21 million, to \$2.1 million, compared to \$2.4 million for the quarter six-month period ended March 31, 2023 June 30, 2023, as pre-tax income increased \$0.688 million.

The decrease in the effective tax rate in 2024 is primarily due to the Wisconsin state budget, signed by Governor Evers on July 5, 2023, which provides financial institutions a tax exemption on income earned on Wisconsin commercial and agricultural loans up to \$5 million retroactive to January 1, 2023, the impact of which was began to be recognized in the third quarter of 2023.

BALANCE SHEET ANALYSIS

**Cash and Cash Equivalents.** Cash and cash equivalents decreased \$8.5 million during the quarter remained nearly flat at \$36.9 million at June 30, 2024, compared to \$28.6 million \$37.1 million at March 31, 2024, largely due to a decrease in clearing balances of \$10.9 million partially offset by an increase in interest-bearing deposits at the Federal Reserve Bank of \$5.5 million December 31, 2024.

**Investment Securities.** We manage our securities portfolio to provide liquidity, modify interest rate risk and enhance income. Our investment portfolio is comprised of securities available for sale and securities held to maturity. Securities available for sale decreased \$4.0 million \$9.3 million during the quarter six months ended March 31, 2024 June 30, 2024, to \$151.7 million \$146.4 million from \$155.7 million at December 31, 2023. The decrease was due to Along with principal repayments and changes in fair value, there was an exchange of \$3.1 million and a community development financial institution's senior debt for a preferred equity security in the company's operating subsidiary of \$2.25

million, resulting in a decrease in AFS securities and an increase in equity securities. The senior debt to preferred equity exchange resulted in recognition of a \$0.4 million loss, reflected in net losses on investment securities on the market value consolidated statement of operations, and a \$0.168 million reduction of unrealized losses in accumulated other comprehensive loss on the AFS portfolio of \$0.9 million consolidated balance sheet at June 30, 2024.

Securities held to maturity decreased \$1.3 million \$2.6 million to \$89.9 million \$88.6 million during the quarter six-month period ended March 31, 2024 June 30, 2024, from \$91.2 million at December 31, 2023, due to principal repayments.

The amortized cost and market values of our available for sale securities by asset categories as of the dates indicated below were as follows:						
Available for sale securities	Available for sale securities	Amortized Cost	Fair Value	Available for sale securities	Amortized Cost	Fair Value
March 31, 2024						
June 30, 2024						
U.S. government agency obligations						
U.S. government agency obligations						
U.S. government agency obligations						
Mortgage-backed securities						
Mortgage-backed securities						
Mortgage-backed securities						
Corporate debt securities						
Asset-backed securities						
Totals						
Totals						
Totals						
December 31, 2023						
U.S. government agency obligations						
U.S. government agency obligations						
U.S. government agency obligations						
Mortgage-backed securities						
Mortgage-backed securities						
Mortgage-backed securities						
Corporate debt securities						
Asset-backed securities						
Totals						
Totals						
Totals						

The amortized cost and fair value of our held to maturity securities by asset categories as of the dates noted below were as follows:

Held to maturity securities	Held to maturity securities	Amortized Cost	Fair Value	Held to maturity securities	Amortized Cost	Fair Value
March 31, 2024						
June 30, 2024						
Obligations of states and political subdivisions						
Obligations of states and political subdivisions						
Obligations of states and political subdivisions						
Mortgage-backed securities						
Totals						
December 31, 2023						
Obligations of states and political subdivisions						
Obligations of states and political subdivisions						
Obligations of states and political subdivisions						
Mortgage-backed securities						
Totals						

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

The composition of our available for sale portfolios by credit rating as of the dates indicated below was as follows:										
			March 31, 2024	December 31, 2023						
			June 30, 2024	December 31, 2023						
Available for sale securities	Available for sale securities	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Available for sale securities	Amortized Cost	Fair Value	Amortized Cost	Fair Value
U.S. government agency										
AAA										
AA										
A										
BBB										
Non-rated										
Non-rated										
Non-rated										
Total available for sale securities										

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

The composition of our held to maturity portfolio by credit rating as of the dates indicated was as follows:											
		March 31, 2024		December 31, 2023							
		June 30, 2024		December 31, 2023							
		Amortized	Fair	Amortized	Fair		Amortized	Fair	Amortized	Fair	
Held to maturity securities	Held to maturity securities	Cost	Value	Cost	Value	Held to maturity securities	Cost	Value	Cost	Value	
U.S. government agency											
AAA											
AA											
A											
Total											
Total											
Total											

At March 31, 2024 June 30, 2024, the Bank has pledged certain of its mortgage-backed securities with a carrying value of \$28.9 million \$28.5 million as collateral to secure a line of credit with the Federal Reserve Bank. As of March 31, 2024 June 30, 2024, there were no borrowings outstanding on this Federal Reserve Bank line of credit. As of March 31, 2024 June 30, 2024, the Bank has pledged certain of its U.S. Government Agency securities with a carrying value of \$0.4 million and mortgage-backed securities with a carrying value of \$1.9 million \$1.8 million as collateral against specific municipal deposits. As of March 31, 2024 June 30, 2024, the Bank also has mortgage-back securities with a carrying value of \$0.1 million and U.S. Government Agencies with a carrying value of \$0.4 million \$0.4 million pledged as collateral to the Federal Home Loan Bank of Des Moines.

At December 31, 2023, the Bank has pledged certain of its mortgage-backed securities with a carrying value of \$29.2 million as collateral to secure a line of credit with the Federal Reserve Bank. As of December 31, 2023, there were no borrowings outstanding on this Federal Reserve Bank line of credit. As of December 31, 2023, the Bank has pledged certain of its U.S. Government Agency securities with a carrying value of \$0.5 million and mortgage-backed securities with a carrying value of \$1.9 million as collateral

against specific municipal deposits. As of December 31, 2023, the Bank also has mortgage-backed securities with a carrying value of \$0.2 million and U.S. Government Agencies with a carrying value of \$0.4 million pledged as collateral to the Federal Home Loan Bank of Des Moines.

**Loans.** Total loans outstanding, net of deferred loan fees and costs and unamortized discount on acquired loans, decreased by \$10.6 million \$32.2 million, to \$1.45 billion \$1.43 billion as of March 31, 2024 June 30, 2024, from \$1.46 billion at December 31, 2023. The following table reflects the composition, of our loan portfolio at March 31, 2024 June 30, 2024, and December 31, 2023:

	March 31, 2024		December 31, 2023	
	Amount	Percent	Amount	Percent
<b>Real estate loans:</b>				
<b>Commercial/Agricultural real estate</b>				
Commercial real estate	\$ 745,720	51.4 %	\$ 750,531	51.4 %
Agricultural real estate	80,451	5.5 %	83,350	5.7 %
Multi-family real estate	235,450	16.2 %	228,095	15.6 %
Construction and land development	93,560	6.5 %	110,941	7.6 %
<b>Residential mortgage</b>				
Residential mortgage	129,665	8.9 %	129,021	8.8 %
Purchased HELOC loans	2,895	0.2 %	2,880	0.2 %
Total real estate loans	1,287,741	88.8 %	1,304,818	89.3 %
<b>C&amp;I/Agricultural operating and Consumer Installment Loans:</b>				
<b>C&amp;I/Agricultural operating</b>				
Commercial and industrial ("C&I")	128,434	8.9 %	121,666	8.3 %
Agricultural operating	26,237	1.8 %	25,691	1.8 %
<b>Consumer installment</b>				
Originated indirect paper	5,851	0.4 %	6,535	0.5 %
Other consumer	5,750	0.4 %	6,187	0.4 %
Total C&I/Agricultural operating and Consumer installment Loans	166,272	11.5 %	160,079	11.0 %
Gross loans	\$ 1,454,013	100.3 %	\$ 1,464,897	100.3 %
Unearned net deferred fees and costs and loans in process	(2,757)	(0.2)%	(2,900)	(0.2)%
Unamortized discount on acquired loans	(1,097)	(0.1)%	(1,205)	(0.1)%
Total loans (net of unearned income and deferred expense)	1,450,159	100.0 %	1,460,792	100.0 %
Allowance for credit losses	(22,436)		(22,908)	
Total loans receivable, net	\$ 1,427,723		\$ 1,437,884	

	June 30, 2024		December 31, 2023	
	Amount	Percent	Amount	Percent
<b>Real estate loans:</b>				
<b>Commercial/Agricultural real estate</b>				
Commercial real estate	\$ 729,236	51.0 %	\$ 750,531	51.4 %
Agricultural real estate	78,248	5.5 %	83,350	5.7 %
Multi-family real estate	234,758	16.4 %	228,095	15.6 %
Construction and land development	87,898	6.2 %	110,941	7.6 %
<b>Residential mortgage</b>				
Residential mortgage	133,503	9.3 %	129,021	8.8 %
Purchased HELOC loans	2,915	0.2 %	2,880	0.2 %
Total real estate loans	1,266,558	88.7 %	1,304,818	89.3 %
<b>C&amp;I/Agricultural operating and Consumer Installment Loans:</b>				
<b>C&amp;I/Agricultural operating</b>				

Commercial and industrial ("C&I")	127,386	8.9 %	121,666	8.3 %
Agricultural operating	27,409	1.9 %	25,691	1.8 %
<b>Consumer installment</b>				
Originated indirect paper	5,110	0.4 %	6,535	0.5 %
Other consumer	5,860	0.4 %	6,187	0.4 %
Total C&I/Agricultural operating and Consumer installment Loans	165,765	11.6 %	160,079	11.0 %
Gross loans	\$ 1,432,323	100.3 %	\$ 1,464,897	100.3 %
Unearned net deferred fees and costs and loans in process	(2,733)	(0.2)%	(2,900)	(0.2)%
Unamortized discount on acquired loans	(1,002)	(0.1)%	(1,205)	(0.1)%
Total loans (net of unearned income and deferred expense)	1,428,588	100.0 %	1,460,792	100.0 %
Allowance for credit losses	(21,178)		(22,908)	
Total loans receivable, net	\$ 1,407,410		\$ 1,437,884	

#### Allowance for Credit Losses - Loans.

The Allowance for Credit Losses - Loans ("ACL") is a valuation allowance for expected future credit losses in the Company's loan portfolio as of the balance sheet date. In determining the allowance, the Company estimates credit losses over the loan's entire contractual term, adjusted for expected prepayments when appropriate. The allowance estimate considers qualitative and quantitative relevant information from internal and external sources relating to historical loss experience; known and inherent risks in our portfolio; information about specific borrowers' ability to repay; estimated collateral values; current economic conditions; reasonable and supportable forecasts for future conditions; and other relevant factors determined by management. To ensure that the ACL is maintained at an adequate level, a detailed analysis is performed on a quarterly basis and an appropriate provision is made to adjust the allowance. The entire ACL balance is available for any loan that, in management's judgment, should be charged off.

The determination of the ACL requires significant judgement to estimate credit losses. The ACL is measured collectively on a pooled basis when similar risk characteristics exist, and on an individual basis when management determines that the loan does not share similar risk characteristics with other loans. The ACL on loans collectively evaluated is measured using the loss rate model. The Company categorizes its loan portfolio into four segments based on similar risk characteristics. Loans within each segment are pooled based on individual loan characteristics. Aggregated risk drivers are then calculated at a pool level. Risk drivers are identified attributes that have proven to be predictive of loan loss rates and vary based on loan segment and type. A loss rate is calculated and applied to the pool utilizing a model that combines the pool's risk drivers, historical loss experience, and reasonable and supportable future economic forecasts to project lifetime losses. The loss rate is then combined with the loan's balance and contractual maturity, adjusted for expected prepayments, to determine expected future losses. Future and supportable economic forecasts are based on national economic conditions and their reversion to the mean is implicit in the model and generally occurs over a period of two years.

Qualitative adjustments are made to the allowance calculated on collectively evaluated loans to incorporate factors not included in the model. Qualitative factors include but are not limited to: lending policies and procedures, the experience and ability of lending and other staff, the volume and severity of problem credits, quality of the loan review system, and other external factors.

Loans that exhibit different risk characteristics from the pool are individually evaluated for credit losses. Loans can be identified for individual evaluation for a variety of reasons including delinquency, nonaccrual status, risk rating and loan modification. Accruing loans that exhibit different risk characteristics from their pool may also be within scope. On these loans, an allowance may be established so that the loan is reported, net, at the lower of: **a) (a)** its amortized cost; **b) (b)** the present value of the loan's estimated future cash flows using the loan's existing rate; or **c) (c)** at the fair value of any loan collateral, less estimated disposal costs, if the loan is collateral dependent. Collateral dependency is determined using the practical expedient when: **1) (1)** the borrower is experiencing financial difficulty; and **2) (2)** repayment is expected to be provided substantially through the sale or operation of the collateral.

In addition, various regulatory agencies periodically review the ACL. These agencies may require the Company to make additions to the ACL or may require that certain loan balances be charged off or downgraded into classified loan categories when the agencies' evaluation differs from management's evaluation based on their judgments of collectability from the information available to them at the time of examination.

The Allowance for Credit Losses - Unfunded Commitments is a liability for expected future credit losses on the Company's commitments to lend. The Company estimates expected credit losses over the contractual period for which the Company is exposed to credit risk, via a contractual obligation to extend credit, unless the obligation is unconditionally cancellable by the Company. The Allowance for Credit Losses - Unfunded Commitments on off-balance sheet exposures is included in other liabilities on the consolidated balance sheet.

#### Allowance for Credit Losses - Loans Roll Forward

(in thousands, except ratios)

	March 31, 2024 and Three Months Ended
	June 30, 2024 and Three Months Ended
	March 31, 2024 and Three Months Ended
	June 30, 2024 and Three Months Ended
	March 31, 2024 and Three Months Ended
	June 30, 2024 and Three Months Ended
Allowance for Credit Losses ("ACL")	
Allowance for Credit Losses ("ACL")	

Allowance for Credit Losses ("ACL")
ACL - Loans, at beginning of period
ACL - Loans, at beginning of period
ACL - Loans, at beginning of period
Loans charged off:
Loans charged off:
Loans charged off:
Commercial/Agricultural real estate
Commercial/Agricultural real estate
Commercial/Agricultural real estate
C&I/Agricultural operating
C&I/Agricultural operating
C&I/Agricultural operating
Residential mortgage
Residential mortgage
Residential mortgage
Consumer installment
Consumer installment
Consumer installment
Total loans charged off
Total loans charged off
Total loans charged off
Recoveries of loans previously charged off:
Recoveries of loans previously charged off:
Recoveries of loans previously charged off:
Commercial/Agricultural real estate
Commercial/Agricultural real estate
Commercial/Agricultural real estate
C&I/Agricultural operating
C&I/Agricultural operating
C&I/Agricultural operating
Residential mortgage
Residential mortgage
Residential mortgage
Consumer installment
Consumer installment
Consumer installment
Total recoveries of loans previously charged off:
Total recoveries of loans previously charged off:
Total recoveries of loans previously charged off:
Net loan recoveries/(charge-offs) ("NCOs")
Net loan recoveries/(charge-offs) ("NCOs")
Net loan recoveries/(charge-offs) ("NCOs")
(Reversals)/additions to ACL - Loans via provision for credit losses charged to operations
(Reversals)/additions to ACL - Loans via provision for credit losses charged to operations
(Reversals)/additions to ACL - Loans via provision for credit losses charged to operations
ACL - Loans, at end of period
ACL - Loans, at end of period
ACL - Loans, at end of period
Average outstanding loan balance
Average outstanding loan balance

Average outstanding loan balance

Ratios:

Ratios:

Ratios:

NCOs (annualized) to average loans

NCOs (annualized) to average loans

NCOs (annualized) to average loans

#### Allowance for Credit Losses - Loans Activity by Segment

(in thousands, except ratios)

Commercial/Agricultural Real Estate										
Commercial/Agricultural Real Estate										
Commercial/Agricultural Real Estate	C&I/Agricultural operating	Residential Mortgage	Consumer Installment	Total	C&I/Agricultural operating	Residential Mortgage	Consumer Installment	Total		

**Three months ended March 31, 2024**

**Three months ended June 30, 2024**

Allowance for Credit Losses - Loans:

Allowance for Credit Losses - Loans:

Allowance for Credit Losses - Loans:

ACL - Loans, at beginning of period

ACL - Loans, at beginning of period

ACL - Loans, at beginning of period

Charge-offs

Charge-offs

Charge-offs

Recoveries

(Reversals)/additions to ACL - Loans via provision for credit losses charged to operations

ACL - Loans, at end of period

	Commercial/Agricultural Real Estate					
	Estate	C&I/Agricultural operating	Residential Mortgage	Consumer Installment	Total	
<b>Six months ended June 30, 2024</b>						
Allowance for Credit Losses - Loans:						
ACL - Loans, at beginning of period	\$ 18,784	\$ 1,105	\$ 2,744	\$ 275	\$ 22,908	
Cumulative effect of ASU 2016-13 adoption	—	—	—	—	—	
Charge-offs	—	—	—	(17)	(17)	
Recoveries	41	25	3	5	74	
Additions/(reversals) to ACL - Loans via provision for credit losses charged to operations	(1,792)	(13)	37	(19)	(1,787)	
ACL - Loans, at end of period	\$ 17,033	\$ 1,117	\$ 2,784	\$ 244	\$ 21,178	

The following table present the balance and activity in the allowance for credit losses ("ACL") - loans by portfolio segment for the twelve months ended December 31, 2023:

	Commercial/Agricultural Real Estate	C&I/Agricultural operating	Residential Mortgage	Consumer Installment	Unallocated	Total
<b>Twelve months ended December 31, 2023</b>						
Allowance for Credit Losses - Loans:						
ACL - Loans, at beginning of period	\$ 14,085	\$ 2,318	\$ 599	\$ 129	\$ 808	\$ 17,939

Cumulative effect of ASU 2016-13 adoption	4,510	(331)	1,119	216	(808)	4,706
Charge-offs	(46)	—	(78)	(36)	—	(160)
Recoveries	489	47	42	33	—	611
(Reversals)/additions to ACL - Loans via provision for credit losses charged to operations	(254)	(929)	1,062	(67)	—	(188)
ACL - Loans, at end of period	<u>\$ 18,784</u>	<u>\$ 1,105</u>	<u>\$ 2,744</u>	<u>\$ 275</u>	<u>\$ —</u>	<u>\$ 22,908</u>

**Allowance for Credit Losses - Loans to Percentage**  
(in thousands, except ratios)

	March 31, 2024	December 31, 2023
Loans, end of period	\$ 1,450,159	\$ 1,460,792
ACL - Loans	\$ 22,436	\$ 22,908
ACL - Loans to loans, end of period	1.55 %	1.57 %

**Allowance for Credit Losses - Unfunded Commitments:**  
(in thousands)

	June 30, 2024	December 31, 2023
Loans, end of period	\$ 1,428,588	\$ 1,460,792
ACL - Loans	\$ 21,178	\$ 22,908
ACL - Loans to loans, end of period	1.48 %	1.57 %

In addition to the ACL - Loans, the Company has established an ACL - Unfunded Commitments of **\$0.975 million** **\$0.712 million** at **March 31, 2024** **June 30, 2024**, and \$1.25 million at December 31, 2023, classified in other liabilities on the consolidated balance sheets.

	March 31, 2024 and Three Months Ended	December 31, 2023 and Twelve Months Ended
ACL - Unfunded Commitments - beginning of period	\$ 1,250	\$ —
Cumulative effect of ASU 2016-13 adoption	—	1,537
Increases to ACL - Unfunded Commitments via provision for credit losses charged to operations	(275)	(287)
ACL - Unfunded Commitments - end of period	<u>\$ 975</u>	<u>\$ 1,250</u>

**Allowance for Credit Losses - Unfunded Commitments:**  
(in thousands)

	June 30, 2024 and Three Months Ended	June 30, 2024 and Six Months Ended
ACL - Unfunded Commitments - beginning of period	\$ 975	\$ 1,250
Cumulative effect of ASU 2016-13 adoption	—	—
Increases to ACL - Unfunded Commitments via provision for credit losses charged to operations	(263)	(538)
ACL - Unfunded Commitments - end of period	<u>\$ 712</u>	<u>\$ 712</u>

**Nonperforming Loans, Potential Problem Loans and Foreclosed Properties.** We practice early identification of nonaccrual and problem loans in order to minimize the Bank's risk of loss. Nonperforming loans are defined as nonaccrual loans and restructured loans that were 90 days or more past due at the time of their restructure, or when management determines that such classification is warranted. The accrual of interest income is discontinued on our loans according to the following schedule:

- Commercial/agricultural real estate loans, past due 90 days or more;
- C&I/Agricultural operating loans, past due 90 days or more;
- Closed ended consumer installment loans, past due 120 days or more; and
- Residential mortgage loans and open-ended consumer installment loans, past due 180 days or more.

When interest accruals are discontinued, interest credited to income is reversed. If collection is in doubt, cash receipts on non-accrual loans are used to reduce principal rather than being recorded as interest income.

The following table identifies the various components of nonperforming assets and other balance sheet information as of the dates indicated below and changes in the ACL for the periods then ended:

	March 31, 2024 and Three Months Then Ended (1)	December 31, 2023 and Twelve Months Then Ended (1)
	June 30, 2024 and Six Months Then Ended (1)	December 31, 2023 and Twelve Months Then Ended (1)
Nonperforming assets:		
Nonaccrual loans		
Nonaccrual loans		
Nonaccrual loans		
Commercial real estate		
Commercial real estate		
Commercial real estate		
Agricultural real estate		
Construction and land development		
Commercial and industrial		
Agricultural operating		
Residential mortgage		
Consumer installment		
Total nonaccrual loans		
Accruing loans past due 90 days or more		
Total nonperforming loans ("NPLs")		
Other real estate owned		
Other collateral owned		
Total nonperforming assets ("NPAs")		
Average outstanding loan balance		
Average outstanding loan balance		
Average outstanding loan balance		
Loans, end of period		
Total assets, end of period		
ACL - Loans, at beginning of period		
Cumulative effect of ASU 2016-13 adoption		
Loans charged off:		
Commercial/Agricultural real estate		
Commercial/Agricultural real estate		
Commercial/Agricultural real estate		
C&I/Agricultural operating		
Residential mortgage		
Consumer installment		
Total loans charged off		
Recoveries of loans previously charged off:		
Commercial/Agricultural real estate		
Commercial/Agricultural real estate		
Commercial/Agricultural real estate		
C&I/Agricultural operating		
Residential mortgage		
Consumer installment		
Total recoveries of loans previously charged off:		
Net loan recoveries/(charge-offs) ("NCOs")		
(Reductions) additions to ACL - loans via provision for credit losses charged to operations		

# ACL - Loans, at end of period

Ratios:

ACL-Loans to NCOs (annualized)										
ACL-Loans to NCOs (annualized)										
ACL-Loans to NCOs (annualized)	10,525.19 %			5,079.38 %			N/M		N/M	
NCOs (annualized) to average loans	NCOs (annualized) to average loans (0.01)%			(0.03)%			NCOs (annualized) to average loans (0.01)%		(0.03)%	
ACL-Loans to total loans	ACL-Loans to total loans 1.55 %			1.57 %			ACL-Loans to total loans 1.48 %		1.57 %	
ACL-Loans to nonaccrual loans	ACL-Loans to nonaccrual loans 266.68 %			173.76 %			ACL-Loans to nonaccrual loans 253.57 %		173.76 %	
Nonaccrual loans to total loans	Nonaccrual loans to total loans 0.58 %			0.90 %			Nonaccrual loans to total loans 0.58 %		0.90 %	
NPLs to total loans	NPLs to total loans 0.60 %			0.93 %			NPLs to total loans 0.60 %		0.93 %	
NPAs to total assets	NPAs to total assets 0.58 %			0.83 %			NPAs to total assets 0.57 %		0.83 %	

(1) Loan balances are stated at amortized cost.

## Nonaccrual Loans Roll Forward:

	Quarter Ended									
	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023
Balance, beginning of period										
Additions										
Charge offs										
Charge offs										
Charge offs										
Transfers to OREO										
Return to accrual status										
Payments received										
Payments received										
Payments received										
Other, net										
Balance, end of period										

Nonperforming assets were \$10.6 million \$10.3 million at March 31, 2024 June 30, 2024, compared to \$15.4 million at December 31, 2023. Nonperforming assets decreased primarily due to nonperforming loan payoffs of \$5.4 million during the current quarter, first quarter of 2024.

Refer to the "Allowance for Credit Losses - Loans" and "Nonperforming Loans, Potential Problem Loans and Foreclosed Properties" sections above for more information related to nonperforming loans.

Below is a summary of loan modifications made to borrowers experiencing financial difficulty during the three months ended March 31, 2024 June 30, 2024.

		Term Extension						
Loan Class		Amortized Cost Basis at March 31, 2024	% of Total Class of Financing Receivables					
Commercial and industrial		\$ 2,300	1.80		%			
		Other-Than-Insignificant Payment Delay						
		Other-Than-Insignificant Payment Delay						
		Other-Than-Insignificant Payment Delay						
Loan Class	Loan Class	Amortized Cost Basis at March 31, 2024	% of Total Class of Financing Receivables	Loan Class	Amortized Cost Basis at June 30, 2024	% of Total Class of Financing Receivables		
Commercial and industrial		\$ 920	0.72					

Residential mortgage	Residential mortgage	\$	82	0.06	0.06	% mortgage	\$	163	0.12	0.12	%
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The table below shows a summary of criticized loans, split by special mention and substandard for the past five quarters. Since March 31, 2023 June 30, 2023, special mention credit additions were two loan relationships, decreased in each totaling \$9 million added in the second quarter of 2023, with a \$5 million relationship in the second quarter of 2023 moving to substandard and a payoff in quarter. In the first quarter and second quarters of 2023, 2024, this was due to loan payoffs. Substandard loans increased have decreased significantly since June 30, 2023, largely due to the movement of a \$5 million loan from special mention in the second quarter of 2023 and a new loan relationship addition of \$3.7 million in the fourth quarter of 2023. These increases were more than offset by the first quarter 2024 payoffs of nonaccrual loans, which were also categorized as substandard, and the \$3 million decrease in 3Q 2023, partially offset by a new loan relationship, adding \$3.7 million to substandard loans in the fourth quarter of 2023.

(in thousands)					
(Loan balance at unpaid principal balance)	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023
Special mention loan balances	\$ 8,848	\$ 13,737	\$ 18,392	\$ 20,043	\$ 20,507
Substandard loan balances	14,420	14,733	19,596	16,171	19,203
Criticized loans, end of period	\$ 23,268	\$ 28,470	\$ 37,988	\$ 36,214	\$ 39,710

In addition to our discussion of criticized, special mention, and substandard loans above, the following information provides further insights about our loans to certain industries. As of March 31, 2024 June 30, 2024, hotel loans totaled \$95 million \$92 million with a weighted average LTV of 54% 51% and average balance of \$4.5 million \$4.6 million. \$4.6 million \$4.5 million of these loans are nonaccrual and classified as substandard. Restaurant loans totaled \$57 million \$58 million, at March 31, 2024 June 30, 2024. The weighted average LTV percentage on these restaurant loans was 44% 46% and the average loan balance was \$801 \$816 thousand. There were no was one restaurant loan in criticized loans in special mention or substandard loans, totaling \$0.05 million. Approximately 66% 67% or \$38 million of restaurant loans are to franchise quick-service restaurants. At March 31, 2024 June 30, 2024, we have \$40 million \$29 million of office loans with a weighted average LTV of 64% 59% and average loan balance of \$581 \$421 thousand. A large percentage of the related office properties are located outside of large cities.

(in thousands)					
(Loan balance at unpaid principal balance)	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023
Special mention loan balances	\$ 13,737	\$ 18,392	\$ 20,043	\$ 20,507	\$ 6,636
Substandard loan balances	14,733	19,596	16,171	19,203	15,439
Criticized loans, end of period	\$ 28,470	\$ 37,988	\$ 36,214	\$ 39,710	\$ 22,075

**Mortgage Servicing Rights.** Mortgage servicing rights ("MSR") assets are initially measured at fair value; assessed at least quarterly for impairment; carried at the lower of the initial capitalized amount, net of accumulated amortization, or estimated fair value. MSR assets are amortized in proportion to and over the period of estimated net servicing income, with the amortization recorded in non-interest expense in the consolidated statement of operations. The valuation of MSRs and related amortization thereon are based on numerous factors, assumptions, and judgments, such as those for: changes in the mix of loans, interest rates, prepayment speeds, and default rates. Changes in these factors, assumptions and judgments may have a material effect on the valuation and amortization of MSRs. Although management believes that the assumptions used to evaluate the MSRs for impairment are reasonable, future adjustment may be necessary if future economic conditions differ substantially from the economic assumptions used to determine the value of MSRs.

The fair market value of the Company's MSR asset was \$5.4 million at March 31, 2024 June 30, 2024, compared to \$5.6 million at December 31, 2023. At March 31, 2024, the Company identified MSR impairment, June 30, 2024 and recorded a related valuation allowance of \$5 thousand. At December 31, 2023, there was no MSR impairment or related valuation allowance.

The unpaid balances of one-to-four family residential real estate loans serviced for others as of March 31, 2024 June 30, 2024, and December 31, 2023, were \$489.7 million \$483.3 million and \$495.5 million, respectively. The fair market value of the Company's MSR asset as a percentage of its servicing portfolio at March 31, 2024 June 30, 2024, and December 31, 2023, was 1.11% 1.12% and 1.13%, respectively.

**Deposits.** Deposits have grown each quarter since March 31, 2023. Total deposits increased \$8.4 million decreased \$7.9 million during the quarter ended March 31, 2024 June 30, 2024, to \$1.53 billion \$1.52 billion. During the current quarter: 1) consumer deposits grew \$12.4 million, primarily in CD's; 2) Seasonal public deposits grew \$20 million, decreased \$19.5 million with modest decreases in consumer and commercial deposits. Partially offsetting these decreases were increases in brokered deposits of \$12.8 million largely due to seasonally growth and are expected to decrease modestly the next quarters due to seasonal shrinkage; 3) commercial deposits shrank \$9.7 million, largely due to seasonal decrease growth in non-interest-bearing deposits, although the growth was less than what was experienced in the first quarter new brokered CDs of 2023; and 4) \$40 million replacing \$30 million of brokered deposits decreased \$14.3 million, primarily due to CD maturities not replaced due to organic deposit growth. Deposit composition changed maturities. Brokered MMDA's also increased during the first second quarter, of 2024, as both business and retail depositors sought higher yields on deposit accounts, returning to near December 31, 2023 levels. Deposits by type for five quarters are detailed below:

March 31,  
2024

	March 31, 2024
	March 31, 2024
	June 30, 2024
	June 30, 2024
	June 30, 2024
Consumer deposits	
Consumer deposits	
Consumer deposits	
Commercial deposits	
Commercial deposits	
Commercial deposits	
Public deposits	
Public deposits	
Public deposits	
Brokered deposits	
Brokered deposits	
Brokered deposits	
Total deposits	
Total deposits	
Total deposits	

At **March 31, 2024** **June 30, 2024**, the deposit portfolio composition was 54% consumer, 27% commercial, **13%** **12%** public and **6%** **7%** brokered deposits compared to 54% consumer, 28% commercial, 12% public and 6% brokered deposits at December 31, 2023.

	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023
Non-interest bearing demand deposits	\$ 248,537	\$ 265,704	\$ 275,790	\$ 261,876	\$ 247,735
Interest bearing demand deposits	361,278	343,276	336,962	358,226	390,730
Savings accounts	177,595	176,548	183,702	206,380	214,537
Money market accounts	387,879	374,055	312,689	288,934	309,005
Certificate accounts	352,200	359,509	364,092	349,266	274,786
Total deposits	<u>\$ 1,527,489</u>	<u>\$ 1,519,092</u>	<u>\$ 1,473,235</u>	<u>\$ 1,464,682</u>	<u>\$ 1,436,793</u>

	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023
Non-interest bearing demand deposits	\$ 255,703	\$ 248,537	\$ 265,704	\$ 275,790	\$ 261,876
Interest bearing demand deposits	353,477	361,278	343,276	336,962	358,226
Savings accounts	170,946	177,595	176,548	183,702	206,380
Money market accounts	370,164	387,879	374,055	312,689	288,934
Certificate accounts	369,254	352,200	359,509	364,092	349,266
Total deposits	<u>\$ 1,519,544</u>	<u>\$ 1,527,489</u>	<u>\$ 1,519,092</u>	<u>\$ 1,473,235</u>	<u>\$ 1,464,682</u>

Uninsured and uncollateralized deposits were **\$265.1 million** **\$246.7 million**, or **17%** **16%** of total deposits, at **March 31, 2024** **June 30, 2024**, and \$275.8 million, or 18% of total deposits, at December 31, 2023. Uninsured deposits alone, i.e., excluding fully secured government deposits, at **March 31, 2024** **June 30, 2024**, were **\$429.1 million** **\$401.6 million**, or **28%** **26%** of total deposits, and \$427.5 million, or 28% of total deposits at December 31, 2023.

On-balance sheet liquidity collateralized new borrowing capacity and uncommitted federal funds borrowing availability **totalled \$696.8 million** **was \$714.1 million**, or **263%** **289%** of uninsured and uncollateralized deposits at **March 31, 2024** **June 30, 2024**. At December 31, 2023, on-balance sheet liquidity, collateralized borrowing and uncommitted federal funds availability totaled \$673.6 million, or 244% of uninsured and uncollateralized **deposits**. **deposits**.

Federal Home Loan Bank (FHLB) advances and Other Borrowings. A summary of Federal Home Loan Bank (FHLB) advances and other borrowings at March 31, 2024, June 30, 2024, and December 31, 2023, is as follows:																			
March 31, 2024										December 31, 2023									
June 30, 2024										December 31, 2023									
	Stated Maturity		Stated Maturity		Amount		Range of Stated Rates			Stated Maturity		Amount		Range of Stated Rates			Stated Maturity		Amount
Federal Home Loan Bank advances (1), (2), (3)																			
(4)	2024	\$	24,500		1.44 %		5.45 %			2024		\$64,530		0.00 %		5.45 %			
Federal Home Loan Bank advances (1), (2), (3), (4)																			
(4)	2024	\$	26,500		1.44 %		5.45 %			2024		\$64,530		0.00 %		5.45 %			
	2025			5,000	1.45 %	1.45 %		1.45 %		2025		5,000		1.45 %	1.45 %		1.45 %		2025
	2028			10,000	3.82 %	3.82 %		3.82 %		2028		10,000		3.82 %	3.82 %		3.82 %		2028
Federal Home Loan Bank advances																			
Federal Home Loan Bank advances																			
Federal Home Loan Bank advances																			
Federal Home Loan Bank advances																			
Senior Notes (5)																			
Senior Notes (5)																			
Senior Notes (5)																			
Subordinated Notes (6)																			
Subordinated Notes (6)																			
Subordinated Notes (6)																			
	2032									2032									
		\$																	
		\$																	
		\$																	
Unamortized debt issuance costs																			
Unamortized debt issuance costs																			

Unamortized  
debt  
issuance  
costs

Total other  
borrowings

Total other  
borrowings

Total other  
borrowings

Totals

Totals

Totals

(1) The FHLB advances bear fixed rates, require interest-only monthly payments, and are collateralized by a blanket lien on pre-qualifying first mortgages, home equity lines, multi-family loans and certain other loans which had a pledged balance of \$1,115.2 million \$1,100.0 million and \$1,106.3 million at March 31, 2024 June 30, 2024 and December 31, 2023, respectively. At March 31, 2024 June 30, 2024, the Bank's available and unused portion under the FHLB borrowing arrangement was approximately \$397.2 million \$416.1 million compared to \$370.6 million as of December 31, 2023.

(2) Maximum month-end borrowed amounts outstanding under this borrowing agreement were \$64.0 million \$81.0 million and \$217.5 million, during the three six months ended March 31, 2024 June 30, 2024 and the twelve months ended December 31, 2023, respectively.

(3) The weighted-average interest rate on FHLB borrowings maturing within twelve months as of March 31, 2024 June 30, 2024 and December 31, 2023 were 2.73% 3.54% and 4.16%, respectively.

(4) In June 2024, the FHLB term notes totaling called the \$10.0 million, with 2028 maturity dates, are callable once by the FHLB 3.82% advance maturing in June of 2024. 2028.

(5) Senior notes, entered into by the Company in June 2019 consist of the following:

(a) A term note, which was subsequently refinanced in March 2022, and modified in February of 2023, and refinanced in May 2024, requiring quarterly interest-only payments through March 2027, January 2029, and quarterly principal and interest payments thereafter. Interest is variable, based on US Prime rate minus 75 basis points with a floor rate of 3.00%.

(b) A \$5.0 million line of credit, maturing August 1, 2024, that remains undrawn upon.

(6) Subordinated notes resulted from the following:

(a) The Company's Subordinated Note Purchase Agreement entered into with certain purchasers in August 2020, which bears a fixed interest rate of 6.00% for five years. In September 2025, the fixed interest rate will be reset quarterly to equal the three-month term Secured Overnight Financing Rate plus 591 basis points. The note is callable by the Bank when, and anytime after, the floating rate is initially set. Interest-only payments are due semi-annually each year during the fixed interest period and quarterly during the floating interest period.

(b) The Company's Subordinated Note Purchase Agreement entered into with certain purchasers in March 2022, which bears a fixed interest rate of 4.75% for five years. In April 2027, the fixed interest rate will be reset quarterly to equal the three-month term Secured Overnight Financing Rate plus 329 basis points. The note is callable by the Bank when, and anytime after, the floating rate is initially set. Interest-only payments are due semi-annually each year during the fixed interest period and quarterly during the floating interest period.

FHLB advances decreased \$40.0 million \$48.0 million to \$39.5 million \$31.5 million as of March 31, 2024 June 30, 2024, compared to \$79.5 million as of December 31, 2023. The decrease is a result of decreased funding needs due to increases in deposits, loan shrinkage and the FHLB's call of a decrease \$10 million advance, with an interest rate of 3.82% in non-interest-bearing cash. June of 2024. The Company does not have any callable advances at June 30, 2024. At March 31, 2024 June 30, 2024, short-term FHLB advances consisted of \$9.5 million \$16.5 million maturing in April 2024, July 2024 and other 2024 maturities of \$10 million. The Bank has an irrevocable Standby Letter of Credit Master Reimbursement Agreement with the Federal Home Loan Bank. This irrevocable standby letter of credit ("LOC") is supported by loan collateral as an alternative to directly pledging investment securities on behalf of a municipal customer as collateral for their interest-bearing deposit balances. The Bank's current unused borrowing capacity, supported by loan collateral as of March 31, 2024 June 30, 2024, is approximately \$397.2 million \$416.1 million.

At March 31, 2024 June 30, 2024, and December 31, 2023, the Bank had the ability to borrow \$21.6 million \$21.4 million and \$22.4 million from the Federal Reserve Bank of Minneapolis. The ability to borrow is based on mortgage-backed securities pledged with a carrying value of \$28.9 million \$28.5 million and \$29.2 million as of March 31, 2024, June 30, 2024 and December 31, 2023, respectively. There were no related Federal Reserve borrowings outstanding as of March 31, 2024, or December 31, 2023.

The Bank maintains two unsecured federal funds purchased lines of credit with banking partners which total \$70 million. These lines bear interest at the lender banks announced daily federal funds rate, mature daily, and are revocable at the discretion of the lending institution. There were no borrowings outstanding on these lines of credit as of March 31, 2024 June 30, 2024, or December 31, 2023. Additionally, we have a \$5.0 million revolving line of credit which is available as needed for general liquidity purposes.

See Note 7, "Federal Home Loan Bank Advances and Other Borrowings" for more information.

**Stockholders' Equity.** Total stockholders' Stockholders' equity was \$172.8 \$176.0 million at March 31, 2024 June 30, 2024, compared to \$173.3 million at December 31, 2023. The decrease increase in stockholder's equity was attributable to: 1) to net income of \$7.8 million for the six-month period ended June 30, 2024, partially offset by the annual cash dividend paid in February to common stockholders of \$0.32 per share, or \$3.3 million; and 2) the ten-year US Treasury rate of 4.20% at March 31, 2024, compared to 3.88% at

December 31, 2023. Unrealized losses on AFS securities, are securities are reflected in accumulated other comprehensive income. These reductions to equity were partially offset by net income of \$4.1 million and this loss increased less than \$0.1 million from December 31, 2023.

On July 23, 2021, the Board of Directors adopted a share repurchase program. There were 50 The Company repurchased 109 thousand shares repurchased of the Company's common stock in the first second quarter of 2024 at a price \$11.28 per share. The Company repurchased 159 thousand shares of \$11.95 the Company's common stock in the six-month period ended June 30, 2024, at \$11.48 per share. As of March 31, 2024 June 30, 2024, an additional 152 approximately 43 thousand shares remain available for repurchase. repurchase under the July 2021 share repurchase authorization and an additional 512 thousand shares are available to repurchase under the new July 2024 share authorization.

**Liquidity and Asset / Liability Management.** Management. Liquidity management refers to our ability to ensure cash is available in a timely manner to meet loan demand, depositors' needs, and meet other financial obligations as they become due without undue cost, risk, or disruption to normal operating activities. We manage and monitor our short-term and long-term liquidity positions and needs through a regular review of maturity profiles, funding sources, and loan and deposit forecasts to minimize funding risk. A key metric we monitor is our liquidity ratio, calculated as cash and unpledged securities portfolio divided by total assets. At March 31, 2024 June 30, 2024, our on-balance sheet liquidity ratio of 11.4% was flat with the December 31, 2023, level.

There are no material customers or industry deposit concentrations. A decrease in deposits during January occurred as commercial customers decreased their cash balances to support the needs of their businesses. At March 31, 2024 June 30, 2024, the deposit portfolio composition was 54% consumer, 27% commercial, 13% 12% public and 6% 7% brokered deposits compared to 54% consumer, 28% commercial, 12% public and 6% brokered deposits at December 31, 2023.

Uninsured and uncollateralized deposits were \$265.1 million \$246.7 million, or 17% 16% of total deposits, at March 31, 2024 June 30, 2024, and \$275.8 million, or 18% of total deposits, at December 31, 2023. Uninsured deposits alone, i.e., excluding fully secured government deposits, at March 31, 2024 June 30, 2024, were \$429.1 million \$401.6 million, or 28% 26% of total deposits, and \$427.5 million, or 28% of total deposits at December 31, 2023.

On-balance sheet liquidity collateralized new borrowing capacity and uncommitted federal funds borrowing availability totaled \$696.8 million was \$714.1 million, or 263% 289% of uninsured and uncollateralized deposits at March 31, 2024 June 30, 2024. At December 31, 2023, on-balance sheet liquidity, collateralized borrowing and uncommitted federal funds availability totaled \$673.6 million, or 244% of uninsured uninsured and uncollateralized deposits. deposits.

Our primary sources of funds are deposits, amortization, prepayments and maturities on the investment and loan portfolios and funds provided from operations. We use our sources of funds primarily to meet ongoing commitments, to pay maturing certificates of deposit and savings withdrawals, and to fund loan commitments. While scheduled payments from the amortization of loans and maturing short-term investments are relatively predictable sources of funds, deposit flows and loan prepayments are greatly influenced by general interest rates, economic conditions, and competition. Although \$311.9 million \$353.2 million of our \$352.2 million (89% \$369.3 million (96%) CD portfolio will mature within the next 12 months, we have historically retained a majority of our maturing CD's. However, due to strategic pricing decisions regarding rate matching and branch closures, our retention rate decreased in 2021 and early 2022. Since June of 2022, we strategically increased deposit pricing, which resulted in modest growth in certificates. Retail non-maturity interest-bearing accounts have increased at approximately the same rate as the certificate accounts, as our customers have moved to higher-yielding certificates and spent money. Through new deposit product offerings to our branch and commercial customers, we are currently attempting to strengthen customer relationships to attract additional non-rate sensitive deposits. However, this is challenging in the current competitive environment.

We maintain access to additional sources of funds including FHLB borrowings and lines of credit with the Federal Reserve Bank, and our correspondent banks. We utilize FHLB borrowings to leverage our capital base, to provide funds for our lending and investment activities, and to manage our interest rate risk. Our borrowing arrangement with the FHLB calls for pledging certain qualified real estate, commercial and industrial loans, and borrowing up to 75% of the value of those loans, not to exceed 35% of the Bank's total assets. Currently, we have approximately \$397.2 million \$416.1 million available to borrow under this arrangement, supported by loan collateral as of March 31, 2024 June 30, 2024. We also had borrowing capacity of \$21.6 million \$21.4 million at the Federal Reserve Bank. The bank maintains \$70 million of uncommitted federal funds purchased lines with correspondent banks as part of our contingency funding plan. In addition, the Company has a \$5.0 million revolving line of credit which is available as needed for general liquidity purposes. While the Bank does not have formal brokered certificate lines of credit with counter parties at March 31, 2024 June 30, 2024, we believe that the Bank could access this market, which provides an additional potential source of liquidity, as evidenced by access to this market during the past four quarters. See Note 7, "Federal Home Loan Bank and Other Borrowings" of "Notes to Consolidated Financial Statements" which are included in Part I, Item 1, "Financial Statements and Supplementary Data" of this Form 10-Q, for further detail.

In reviewing the adequacy of our liquidity, we review and evaluate historical financial information, including information regarding general economic conditions, current ratios, management goals and the resources available to meet our anticipated liquidity needs. Management believes that our liquidity is adequate, and to management's knowledge, there are no known events or uncertainties that will result or are likely to reasonably result in a material increase or decrease in our liquidity.

**Off-Balance Sheet Liabilities.** In the ordinary course of business, the Bank has entered into off-balance sheet financial instruments, issued to meet customer financial needs. Such financial instruments are recorded in the financial statements when they become payable. These instruments include unused commitments for lines of credit, overdraft protection lines of credit and home equity lines of credit, as well as commitments to extend credit. As of March 31, 2024, June 30, the Company had approximately \$182.6 million \$182.9 million in unused loan commitments, compared to approximately \$210.4 million in unused commitments as of December 31, 2023. In addition, there are \$3.4 million of commitments for contributions of capital to an SBIC and an investment company at March 31, 2024 June 30, 2024. These commitments totaled \$3.4 million at December 31, 2023.

**Capital Resources.** As of March 31, 2024 June 30, 2024, and December 31, 2023, as shown in the table below, the Bank's Tier 1 and Risk-based capital levels exceeded levels necessary to be considered "Well Capitalized" under Prompt Corrective Action provisions.

Below are the amounts and ratios for our capital levels as of the dates noted below for the Bank:

Actual	For Capital Adequacy Purposes	To Be Well Capitalized Under Prompt Corrective Action Provisions	Actual	For Capital Adequacy Purposes	To Be Well Capitalize Under Prompt Corrective Action Provisions

	Amount		Ratio		Amount		Ratio	Amount		Ratio	Amount		Ratio	Amount				
<u>As of March 31, 2024</u> <i>(Unaudited)</i>																		
<u>As of June 30, 2024</u> <i>(Unaudited)</i>																		
Total capital (to risk weighted assets)																		
Total capital (to risk weighted assets)																		
Total capital (to risk weighted assets)	\$229,819	14.9	14.9 %	\$123,277	=	>	8.0 %	\$154,097	=	>	10.0 %	\$227,253	15.0	15.0 %	\$121,375	=	>	
Tier 1 capital (to risk weighted assets)	Tier 1 capital (to risk weighted assets)	210,507	13.7	13.7 %	92,458	=	>	6.0 %	123,277	=	>	8.0 %	208,555	13.7	13.7 %	91,031	=	>
Common equity tier 1 capital (to risk weighted assets)	Common equity tier 1 capital (to risk weighted assets)	210,507	13.7	13.7 %	69,344	=	>	4.5 %	100,163	=	>	6.5 %	208,555	13.7	13.7 %	68,273	=	>
Tier 1 leverage ratio (to adjusted total assets)	Tier 1 leverage ratio (to adjusted total assets)	210,507	11.7	11.7 %	72,000	=	>	4.0 %	90,000	=	>	5.0 %	208,555	11.7	11.7 %	71,302	=	>

As of December 31, 2023  
*(Audited)*

Total capital (to risk weighted assets)																			
Total capital (to risk weighted assets)																			
Total capital (to risk weighted assets)		\$228,092	14.6	14.6 %	\$124,883	=	>	8.0 %	\$156,104	=	>	10.0 %	\$228,092	14.6	14.6 %		\$124,883	=	>
Tier 1 capital (to risk weighted assets)	Tier 1 capital (to risk weighted assets)	208,726	13.4	13.4 %	93,662	=	>	6.0 %	124,883	=	>	8.0 %	208,726	13.4	13.4 %		93,662	=	>
Common equity tier 1 capital (to risk weighted assets)	Common equity tier 1 capital (to risk weighted assets)	208,726	13.4	13.4 %	70,247	=	>	4.5 %	101,468	=	>	6.5 %	208,726	13.4	13.4 %		70,247	=	>

Tier 1 leverage ratio (to adjusted total assets)	Tier 1 leverage ratio (to adjusted total assets)	208,726	11.5	11.5 %	72,479	=	=	4.0 %	90,599	=	=	5.0 %	Tier 1 leverage ratio (to adjusted total assets)	208,726	11.5	11.5 %	72,479	=
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At **March 31, 2024**, **June 30, 2024**, and December 31, 2023, the Bank was categorized as “Well Capitalized” under Prompt Corrective Action Provisions, as determined by the OCC, our primary regulator.

Below are the amounts and ratios for our capital levels as of the dates noted below for the Company:

<u>As of March 31, 2024 (Unaudited).</u>
<u>As of March 31, 2024 (Unaudited).</u>
<u>As of March 31, 2024 (Unaudited).</u>
<u>As of June 30, 2024 (Unaudited).</u>
<u>As of June 30, 2024 (Unaudited).</u>
<u>As of June 30, 2024 (Unaudited).</u>
Total capital (to risk weighted assets)
Total capital (to risk weighted assets)
Total capital (to risk weighted assets)
Tier 1 capital (to risk weighted assets)
Tier 1 capital (to risk weighted assets)
Tier 1 capital (to risk weighted assets)
Common equity tier 1 capital (to risk weighted assets)
Common equity tier 1 capital (to risk weighted assets)
Common equity tier 1 capital (to risk weighted assets)
Tier 1 leverage ratio (to adjusted total assets)
Tier 1 leverage ratio (to adjusted total assets)
Tier 1 leverage ratio (to adjusted total assets)
<u>As of December 31, 2023 (Audited).</u>
<u>As of December 31, 2023 (Audited).</u>
<u>As of December 31, 2023 (Audited).</u>
Total capital (to risk weighted assets)
Total capital (to risk weighted assets)
Total capital (to risk weighted assets)
Tier 1 capital (to risk weighted assets)
Tier 1 capital (to risk weighted assets)
Tier 1 capital (to risk weighted assets)
Common equity tier 1 capital (to risk weighted assets)
Common equity tier 1 capital (to risk weighted assets)
Common equity tier 1 capital (to risk weighted assets)
Tier 1 leverage ratio (to adjusted total assets)
Tier 1 leverage ratio (to adjusted total assets)
Tier 1 leverage ratio (to adjusted total assets)

### ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

**Our Risk When Interest Rates Change.** The rates of interest we earn on assets and pay on liabilities generally are established contractually for a period of time. Market interest rates change over time and are not predictable or controllable. Accordingly, our results of operations, like those of other financial institutions, are impacted by changes in interest rates and the interest rate sensitivity of our assets and liabilities. Like other financial institutions, our interest income and interest expense are affected by general economic conditions and policies of regulatory authorities, including the monetary policies of the Federal Reserve. The risk associated with changes in interest rates and our ability to adapt to these changes is known as interest rate risk and is our most significant market risk.

**How We Measure Our Risk of Interest Rate Changes.** As part of our attempt to manage our exposure to changes in interest rates and comply with applicable regulations, we monitor our interest rate risk through several means including through the use of third-party reporting software. In monitoring interest rate risk, we continually analyze and

manage assets and liabilities based on their payment streams and interest rates, the timing of their maturities, and their sensitivity to actual or potential changes in market interest rates.

In order to manage the potential for adverse effects of material and prolonged increases in interest rates on our results of operations, we adopted asset and liability management policies to better align the maturities and re-pricing terms of our interest earning assets and interest-bearing liabilities. These policies are implemented by our Asset and Liability Management Committee (ALCO). The ALCO is comprised of members of the Bank's senior management and Board of Directors. The ALCO establishes guidelines for and monitors the volume and mix of our assets and funding sources, taking into account relative costs and spreads, interest rate sensitivity and liquidity needs. The Committee's objectives are to manage assets and funding sources to produce results that are consistent with liquidity, cash flow, capital adequacy, growth, risk, and profitability goals for the Bank. The ALCO meets on a regularly scheduled basis to review, among other things, economic conditions and interest rate outlook, current and projected liquidity needs and capital position, anticipated changes in the volume and mix of assets and liabilities and interest rate risk exposure limits versus current projections pursuant to net present value of portfolio equity analysis. At each meeting, the Committee recommends strategy changes, as appropriate, based on this review. The Committee is responsible for reviewing and reporting on the effects of the policy implementations and strategies to the Bank's Board of Directors on a regularly scheduled basis.

In managing our assets and liabilities to achieve desired levels of interest rate risk, we have focused our strategies on:

- originating shorter-term secured commercial, agricultural and consumer loan maturities;
- originating variable rate commercial and agricultural loans;
- the sale of a vast majority of longer-term fixed-rate residential loans in the secondary market with retained servicing;
- managing our funding needs growing core deposits;
- utilize brokered certificate of deposits and borrowings as appropriate, which may have fixed rates with varying maturities;
- purchasing investment securities for liquidity management and to modify our interest rate risk profile.

At times, depending on the level of general interest rates, the relationship between long- and short-term interest rates, market conditions and competitive factors, the ALCO may determine to increase the Bank's interest rate risk position somewhat in order to maintain or improve its net interest margin.

The following table sets forth, at **March 31, 2024**, **June 30, 2024** and December 31, 2023, an analysis of our interest rate risk as measured by the estimated changes in Economic Value of Equity ("EVE") resulting from an immediate and permanent shift in the yield curve (up 300 basis points and down 200 basis points).

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

(1) Assumes an immediate and parallel shift in the yield curve at all maturities.

Our overall interest rate sensitivity is demonstrated by net interest income shock analysis, which measures the change in net interest income in the event of hypothetical changes in interest rates. This analysis assesses the risk of change in our net interest income over the next 12 months in the event of an immediate and parallel shift in the yield curve (up 300 basis points and down 200 basis points). The table below presents our projected change in net interest income for the various rate shock levels at **March 31, 2024**, **June 30, 2024**, and December 31, 2023.

Change in Interest Rates in Basis Points ("bp") Rate Shock in Rates (1)		Percent Change in Net Interest Income Over One Year					
		Change in Interest Rates in Basis Points ("bp") Rate Shock in Rates (1)		Change in Interest Rates in Basis Points ("bp") Rate Shock in Rates (1)		Change in Interest Rates in Basis Points ("bp") Rate Shock in Rates (1)	
		At March 31, 2024	At December 31, 2023	At March 31, 2024	At December 31, 2023	At June 30, 2024	At December 31, 2023
+300 bp	+300 bp	(12)	(13)	(10)	(13)		
+300 bp	+300 bp	%	%	%	%	%	%
+300 bp	+300 bp						
+200 bp	+200 bp	(8)	(8)	+200 bp	(7)	(8)	(8)
+200 bp	+200 bp	%	%	%	%	%	%
+200 bp	+200 bp						
+100 bp	+100 bp	(4)	(4)	+100 bp	(4)	(4)	(4)
+100 bp	+100 bp	%	%	%	%	%	%
+100 bp	+100 bp						
-100 bp	-100 bp	4	4	-100 bp	4	4	4
-100 bp	-100 bp	%	%	%	%	%	%
-100 bp	-100 bp						
-200 bp	-200 bp	6	7	-200 bp	7	7	7
-200 bp	-200 bp	%	%	%	%	%	%
-200 bp	-200 bp						

(1) Assumes an immediate and parallel shift in the yield curve at all maturities.

Note: The table above may not be indicative of future results.

The projected changes in net interest income in the rate shock scenarios **is are** largely due to the impact of growth in short-term certificates of deposits, which reprice faster and at a higher rate than other deposit products. The assumptions used to measure and assess interest rate risk include interest rates, loan prepayment rates, deposit decay (runoff) rates, and the market values of certain assets under differing interest rate scenarios. Actual values may differ from those projections set forth above should market conditions vary from the assumptions used in preparing the analysis. Further, the computations do not contemplate any actions we may undertake in response to changes in interest rates.

#### ITEM 4. CONTROLS AND PROCEDURES

We maintain disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) that are designed to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that the information required to be disclosed in reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

In designing and evaluating the disclosure controls and procedures, we recognize that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply judgment in evaluating the cost-benefit relationship of possible controls and procedures. We have designed our disclosure controls and procedures to reach a level of reasonable assurance of achieving the desired control objectives. We carried out an evaluation as of **March 31, 2024 June 30, 2024**, under the supervision and with the participation of the Company's management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of **March 31, 2024 June 30, 2024**, at reaching a level of reasonable assurance.

There was no change in the Company's internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the Company's most recently completed fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

#### PART II – OTHER INFORMATION

##### Item 1. LEGAL PROCEEDINGS

In the normal course of business, the Company and/or the Bank occasionally become involved in other various legal proceedings. In our opinion, any liability from such proceedings would not have a material adverse effect on the business or financial condition of the Company.

##### Item 1A. RISK FACTORS

The information in this Form 10-Q should be read in conjunction with the risk factors described in "Risk Factors" in Item 1A of our 2023 10-K and the information under "Forward-Looking Statements" in this Form 10-Q and in our 2023 10-K.

##### Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

(a) Not applicable.

(b) Not applicable.

(c) Issuer Purchases of Equity Securities.

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 **March 31, 2024 June 30, 2024, 202,159 152,159** shares were available for purchase under the share repurchase program. During the quarter ended **March 31, 2024 June 30, 2024, 50,000 109,000** shares were repurchased under the program. As of **March 31, 2024 June 30, 2024**, an additional **152,159 43,159** shares remain available for repurchase under the program. On July 25, 2024, the Board of Directors authorized an additional stock repurchase program of 5% or 512,709 shares. Together there are 555,868 shares available for repurchase under the share repurchase programs.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs
January 1, 2024 - January 31, 2024	—	\$ —	—	202,159
February 1, 2024 - February 29, 2024	—	\$ —	—	202,159
March 1, 2024 - March 31, 2024	50,000	\$ 11.90	50,000	152,159
Total	50,000	\$ 11.90	50,000	

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs
April 1, 2024 - April 30, 2024	—	\$ —	—	152,159
May 1, 2024 - May 31, 2024	50,000	\$ 11.45	50,000	102,159
June 1, 2024 - June 30, 2024	59,000	\$ 11.14	59,000	43,159

Total	109,000	\$	11.28	109,000
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**Item 3. DEFAULTS UPON SENIOR SECURITIES**

Not applicable.

**Item 4. MINE SAFETY DISCLOSURES**

Not applicable.

**Item 5. OTHER INFORMATION**

**Employment Agreements**

On May 2, 2024, the Company, together with CCFBank, entered into the Fourth Amended and Restated Executive Employment Agreement with Stephen M. Bianchi, its Chairman, President and CEO (the "Bianchi Employment Agreement"), and the Third Amended and Restated Executive Employment Agreement with James S. Broucek, its CFO (the "Broucek Employment Agreement").

The Bianchi Employment Agreement reflects Mr. Bianchi's current salary of \$396,344.00. The Broucek Employment Agreement reflects Mr. Broucek's current salary of \$241,020.00.

Both the Bianchi Employment Agreement and the Broucek Employment Agreement clarified the existing severance provisions and attached template forms of release.

The foregoing descriptions of the Bianchi Employment Agreement and the Broucek Employment Agreement are qualified in their entirety by reference to the provisions of the applicable employment agreement, each of which is filed as an exhibit to this Quarterly Report on Form 10-Q.

**Rule 10b5-1 Trading Plans**

During the three months ended March 31, 2024 June 30, 2024, none of our Section 16 officers or directors adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement" as defined in Item 408 of Regulation S-K during the covered period.

**Item 6. EXHIBITS**

(a) Exhibits

<a href="#">10.1</a>	<a href="#">Fourth Amended and Restated Executive Employment Agreement by and between Citizens Community Bancorp., Inc., Citizens Community Federal N.A. and Stephen M. Bianchi, dated as of May 2, 2024 (filed herewith) (incorporated by reference to Exhibit 10.1 to the Company's 10-Q filed on May 8, 2024 (File No. 001-33003))</a>
<a href="#">10.2</a>	<a href="#">Third Amended and Restated Executive Employment Agreement by and between Citizens Community Bancorp., Inc., Citizens Community Federal N.A. and James R. Broucek, dated as of May 2, 2024 (incorporated by reference to Exhibit 10.2 to the Company's 10-Q filed on May 8, 2024 (File No. 001-33003))</a>
<a href="#">10.3</a>	<a href="#">Business Note, dated May 1, 2024, issued by Citizens Community Bancorp., Inc. to Chippewa Valley Bank (filed herewith)</a>
<a href="#">31.1</a>	<a href="#">Rule 13a-14(a) Certification of the Company's Chief Executive Officer</a>
<a href="#">31.2</a>	<a href="#">Rule 13a-14(a) Certification of the Company's Chief Financial Officer</a>
<a href="#">32.1*</a>	<a href="#">Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350 (Section 906 of the Sarbanes-Oxley Act of 2002)</a>
<a href="#">99.1</a>	<a href="#">Citizens Community Bancorp., Inc. Clawback Policy (filed herewith)</a>
101	The following financial statements from the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2024 June 30, 2024, formatted in Inline XBRL: (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Operations, (iii) Consolidated Statements of Comprehensive Income, (iv) Consolidated Statements of Changes in Stockholders' Equity, (v) Consolidated Statements of Cash Flows, and (vi) Notes to Consolidated Financial Statements, tagged as blocks of text and including detailed tags.
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

\* This certification is not "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CITIZENS COMMUNITY BANCORP, INC.

Date: May 8, 2024 August 6, 2024

By: /s/ Stephen M. Bianchi  
Stephen M. Bianchi  
Chief Executive Officer

Date: May 8, 2024 August 6, 2024

By: /s/ James S. Broucek  
James S. Broucek  
Chief Financial Officer



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below, according to the following schedule: BUSINESS NOTE (Use only for business purpose loans) \$ " ) at Lender(" Wisconsin, the sum of \$ FOR LENDER CLERICAL USE ONLY LOAN OFFICER (MAKER) (DATE) THIS NOTE INCLUDES ADDITIONAL PROVISIONS ON PAGE 2. )ENOHP()SSERDDA( (SEAL) (SEAL) (SEAL) (SEAL) (SEAL) Page 1 of 2 (Type of Organization) , plus interest as set forth " whether one or more promises to pay to the order of MakerThe undersigned ("1. Promise to Pay and Payment Schedule. % thereafter, and % until Stepped Fixed Interest Rate. a/na/ a/nn day after its due date, Lender may collect all payment (other than the final payment) is not made on or before the3. Other Charges, for each check, Maker agrees to pay a charge of \$ % of the unpaid amount delinquency charge of or electronic debit presented for payment under this Note which is returned unsatisfied. If section 2(b) or (c) above is checked, an adjustment in the stated interest rate will result in an increase or decrease inPayment Modification. minustheplus The stated interest rate is variable and will adjust to equal the Index Rate (as defined below). Variable Interest Rate. %Fixed Interest Rate Interest shall accrue on unpaid principal and interest after maturity (whether by acceleration)Interest After Maturity and Application of All Payments, at thepercentage points at the stated interest rate(s) under section 2(a), (b) or (c) above, as applicable, plus or lapse of time) until paid %, calculated as provided in section 2(g) or (h), as applicable, below. All payments applied to this Note shall be appliedstated interest rate of in such order as Lender determines to interest, principal and payments due under this Note or any agreement securing this Note. Interest shall accrue before maturity (whether by acceleration or lapse of time) at the stated interest rate(s) identified in section 2(a), (b) or (c)2. Interest, as applicable, on the unpaid principal balance, calculated as provided in section 2(g) or (h), as applicable, below:") interest ratelated below (each a " The Index Rate may or may not be the lowest rate charged by Lender. The stated interest rate shall be adjusted on the following change dates: the number of scheduled periodic payments sufficient tothe amount of the final payment, (3) the amount of each payment of interest, (2) (1) the amount of each remaining payment of principal and interest so that those remaining paymentsrepay this Note in substantially equal payments. (4) the amount of each remaining payment of principal andwill be substantially equal and sufficient to repay this Note by its scheduled maturity date, (5) interest (other than the final payment) so that those remaining payments will be substantially equal and sufficient to repay this Note by its scheduled maturity date based on the original amortization schedule used by Lender, plus the final payment of principal and interest, or (6) [Check (a), (b) or (c); only one shall apply] . . . In addition, Lender is authorized to change the amount of periodic payments if and to the extent necessary to pay in full all accrued interest owing on this Note. Maker agrees to pay any resulting payments or amounts. If the Index Rate ceases to be made available to Lender during the term of this Note, Lender may substitute a comparable Index. Compounding. Prior to maturity (whether by acceleration or lapse of time), unpaid and past due interest shall bear interest from its due date at the stated interest rate then in effect for this Note under Section 2(a), (b) or (c) above, as applicable, calculated as provided in section 2(g) or (h), as applicable, below. Interest will be calculated by applying a daily interest rate for the actual number of days interest is owing, up toInterest Calculation (Actual Days). 365 days in a full year or 366 days in a full leap year. The daily interest rate will be calculated as follows: The daily interest rate will be calculated on the basis of a 360 day year, which means that it is calculated by dividing the 360 Day Rate Calculation(1) Maker understands and agrees thatapplicable stated interest rate in section 2(a), (b) or (c), above, as applicable, and in section 2(e), above, by 360, calculating the daily interest rate using a 360 day year means the actual annual interest rate in a 365 day year and in a 366 day leap year is higher than the stated interest rate in section 2(a), (b) or (c), above, as applicable, and in section 2(e), above. The daily interest rate will be calculated on the basis of a 365 day year, which means that it is calculated by dividing the 365 Day Rate Calculation(2) Maker understands and agrees thatapplicable stated interest rate in section 2(a), (b) or (c), above, as applicable, and in section 2(e), above, by 365, calculating the daily interest rate using a 365 day year means the actual annual interest rate in a 366 day leap year is higher than the stated interest rate in section 2(a), (b) or (c), above, as applicable, and in section 2(e), above. This Note renews and does not satisfy or discharge a note Maker executed to Lender dated 5. Renewal, is permitted at any time without penalty Full or partial prepayment of this Note 6. Prepayment. . . (a) (b) (c) (d) (e) (f) (g) [Check (1) or (2); only one shall apply] . . . Interest will be calculated by applying the applicable stated interest rate based on a 360 day year, counting each dayInterest Calculation (30/360), as one thirtieth of a month and disregarding differences in lengths of months and years. (h) Lender disclaims as collateral security for this Note (i) any real estate mortgage or security agreement covering real property4. Collateral Disclaimer, on which any building is located in a special flood hazard area, and (ii) any mobile home located in a special flood hazard area, when such collateral security and any indorser or guarantor of this Note or any other person providing collateraland Maker arises under a mortgage or agreement between Lender security for Maker's obligations; provided, however, Lender does not disclaim any such collateral security arising under a real estate mortgage or security agreement taken contemporaneously with this Note or real estate mortgage(s) or security agreement(s) in favor of Lender, whenever W. B. A. 451 (4/20/20) 11221 BUSINESS eFIPCO © 2020 Wisconsin Bankers Association/Distributed by FIPCO® Boxes checked are applicable. Boxes not checked are inapplicable, taken, from . . . dated . . .

A special flood hazard area is an area designated as such under the National Flood Insurance Program. percentane points. However, the stated interest rate shall not exceed % and shall not be less than %. The minimum stated interest rate shall not be applicable until the first rate change date. Until the first change date described below, the stated interest rate shall be % The stated interest rate shall be adjusted on the change dates provided below. The "Index Rate" is: Exhibit 10.3Loan Number: 52496 Citizens Community Bancorp, Inc. May 1, 2024 12,000,000.00 Chippewa Valley Bank 15755 County Hwy B Hayward 12,000,000.00 39 equal payments of principal of \$300,000.00 are due on April 30, 2029 and on the same day(s) of each third month thereafter. Interest payments are due on July 30, 2024 and on the same day(s) of each third month thereafter. A final payment of the unpaid principal and interest is due on January 30, 2039. . n/a X 0.750 n/a 3.000 X 7.750 The highest U.S. Prime Rate as published in the Wall Street Journal "Money Table" as and when the index rate changes and becomes effective, as and when the index rate changes and becomes effective X n/a 5.000 n/a X X X 10th X 5.000 n/a 15.00 n/a n/a X March 30, 2022 n/aX Citizens Community Bancorp, Inc. A Maryland Corporation By Stephen Bianchi, President & CEO By James S Broucek, EVP, CFO and Secretary 2174 Eastridge Center Eau Claire, WI 54701 Note #52496 Port #422260 Product #10406 (debt reduction and refinance terms) Rick Gerber, Chief Executive Officer



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132199793v2 FOURTH AMENDED ADDITIONAL PROVISIONS Business Note Page 2 of 2EWI451 Rev. 4/21/2020 Upon the occurrence of any one or more of the following events of default: (a) Maker fails to pay any amount when due7. Default and Enforcement. under this Note or under any other instrument evidencing any indebtedness of Maker to Lender; (b) any representation or warranty made under this Note or information provided by Maker or any guarantor of this Note to Lender in connection with this Note is or was false or fraudulent in any material respect; (c) a material adverse change occurs in Maker's financial condition; (d) Maker fails to timely observe or perform any of the covenants or duties contained in this Note; (e) any guarantee of Maker's obligations under this Note is revoked or becomes unenforceable for any reason; (f) Maker, Maker's spouse or a surety or guarantor of this Note dies or ceases to exist; (g) an event of default occurs under any agreement securing this Note; or (h) Lender at any time believes in good faith that the prospect of payment or performance under this Note, under any other instrument evidencing any indebtedness of Maker to Lender or under any agreement securing this Note is impaired, then the unpaid balance shall, at the option of Lender, without notice, mature and become immediately payable. The unpaid balance shall automatically mature and become immediately payable in the event any Maker or any surety, indorser or guarantor for any of Maker's obligations under this Note becomes the subject of bankruptcy or other insolvency proceedings. Lender's receipt of any payment on this Note after the occurrence of an event of default shall not constitute a waiver of the default or the Lender's rights and remedies upon such default. Lender may waive any default without waiving any other subsequent or prior default by Maker. Lender may also fail or delay in exercising any right, power or remedy under this Note without waiving any such right, power or remedy. Lender's single or partial exercise of any right, power or remedy under this Note shall not preclude any other or further exercise of any right, power or remedy. To the extent not prohibited by law, Maker consents that venue for any legal proceeding relating to collection of this Note shall be, at Lender's option, the county in which Lender has its principal office in Wisconsin, the county and state in which any Maker resides or the county and state in which this Note was executed and Maker submits to the jurisdiction of any such court. Except for collateral disclaimed as security for this Note under section 4 on page 1 of this Note, this Note is secured by all existing and future8. Security, security agreements and mortgages between Lender and Maker, between Lender and any indorser or guarantor of this Note, and between Lender and any other person providing collateral security for Maker's obligations, and payment may be accelerated according to any of them. Unless a lien would be prohibited by law or would render a nontaxable account taxable, Maker grants to Lender a security interest and lien in any deposit account Maker may at any time have with Lender. Lender may, at any time after an occurrence of an event of default, without notice or demand, set-off against any deposit balance or other money now or hereafter owed any Maker by Lender any amount unpaid under this Note. All rights and remedies of Lender are cumulative and may be exercised from time to time together, separately, and in any order9. Rights of Lender. Without affecting the liability of any Maker, indorser, surety, or guarantor, Lender may, without notice, accept partial payments; release or impair any collateral security for the payment of this Note or agree not to sue any party liable on it. Lender may apply prepayments, if permitted, to such future installments as it elects. Lender may without notice to Maker apply payments made by or for Maker to any obligations of Maker to Lender. Without affecting the liability of any indorser, surety or guarantor, Lender may from time to time, without notice, renew or extend the time for payment. This Note benefits Lender, its successors and assigns, and binds Maker and Maker's heirs, personal representatives, successors and12. Interpretation, assigns. The validity, construction and enforcement of this Note are governed by the internal laws of Wisconsin except to the extent such laws are preempted by federal law. Invalidity or unenforceability of any provision of this Note shall not affect the validity or enforceability of any other provisions of this Note. If none stated there are no other provisions13. Other Provisions. The obligations under this Note of all Makers are joint and several. All Makers, indorsers, sureties, and10. Obligations and Agreements of Maker, guarantors agree to pay all costs of collection before and after judgment, including reasonable attorneys' fees (including those incurred in successful defense or settlement of any counterclaim brought by Maker or incident to any action or proceeding involving Maker brought pursuant to the United States Bankruptcy Code) and waive presentment, protest, demand and notice of dishonor. Maker agrees to indemnify and hold harmless Lender, its directors, officers, employees and agents, for, from and against any and all claims, damages, judgments, penalties, and expenses, including reasonable attorneys' fees, arising directly or indirectly from credit extended under this Note or the activities of

Maker. This indemnity shall survive payment of this Note. Each Maker acknowledges that Lender has not made any representations or warranties with respect to, and that Lender does not assume any responsibility to Maker for, the collectability or enforceability of this Note or the financial condition of any Maker. Each Maker has independently determined the collectability and enforceability of this Note. Maker represents that the legal name of Maker and the address of Maker's principal residence are as set forth on page 1. Maker shall not change its legal name or address without providing at least 30 days' prior written notice of the change to Lender. 11. Entire Agreement. THIS NOTE IS INTENDED BY LENDER, RESTATED EXECUTIVE EMPLOYMENT AGREEMENT MAKER AS A FINAL EXPRESSION OF THIS NOTE AND AS A COMPLETE AND EXCLUSIVE STATEMENT OF ITS TERMS, THERE BEING NO CONDITIONS TO THE ENFORCEABILITY OF THIS NOTE, AND THIS NOTE MAY NOT BE CONTRADICTED OR VARIED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OR DISCUSSIONS OF THE PARTIES TO THIS NOTE. THERE ARE NO ORAL AGREEMENTS AMONG THE PARTIES TO THIS NOTE. THIS NOTE MAY NOT BE SUPPLEMENTED OR MODIFIED EXCEPT IN WRITING SIGNED BY LENDER AND MAKER. Secured by but not limited to the following collateral: All shares of stock issued by Citizens Community Federal National Association ("CCFNA") and held by Debtor, including without limitation 1,000,000 shares represented by stock Certificate #1, issued by CCFNA which, as of the date hereof, represents 100% of all outstanding stock of CCFNA and any re-issuance or replacement thereof as previously granted under Collateral Pledge Agreement dated August 1, 2018. Fourth Amended Business Note is amended by the General Rider to Business Note, dated as of the date hereof, executed by Maker Restated Executive Employment Agreement (the Agreement) Lender.



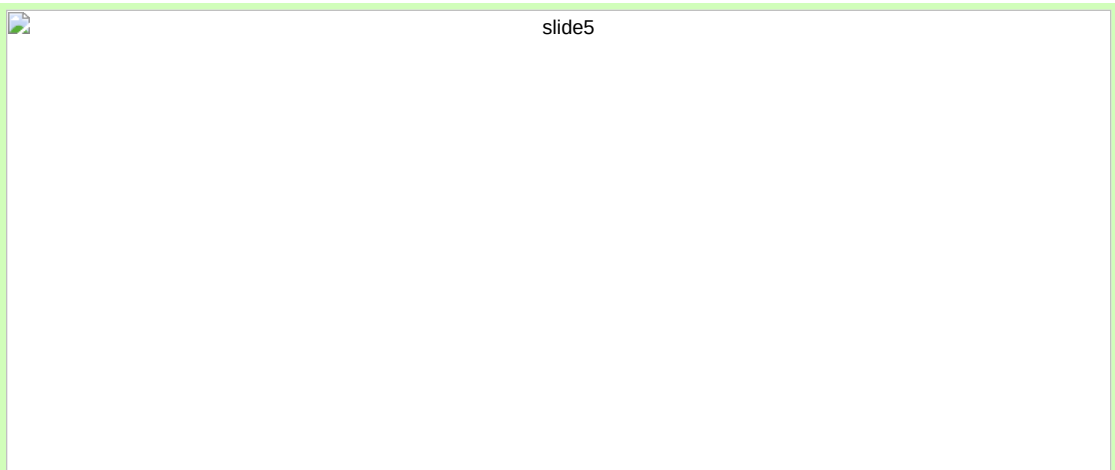
GENERAL RIDER TO BUSINESS NOTE This General Rider to Loan Documents ("Rider" effective and entered into May 2, 2024 May 1, 2024 "Effective Date" Effective Date ) (the "Holding Company") and its wholly-owned subsidiary, Citizens Community Federal, N.A., a national banking association (the "Bank") (collectively, the "Company" ("Maker" Stephen M. Bianchi ("Executive" Chippewa Valley Bank ("Lender" WHEREAS, on the Effective Date, Maker is executing in favor of Lender a Business Note (the "Note") evidencing a loan in the original principal amount of \$12,000,000.00 (the "Loan"), which constitutes a refinance of existing debt with Lender of March 30, 2022 and further modified February 27, 2023 Company obligations, liabilities Executive entered into an Executive Employment Agreement dated June 24, 2016 (the "Executive Employment Agreement"), and WHEREAS, indebtedness of Maker with respect to Company and Executive entered into an Amended and Restated Executive Employment Agreement dated May 25, 2017 (the "Amended Executive Employment Agreement") that superseded and replaced loan will be secured by a security interest in certain investment property of Maker pursuant to Executive Employment terms of a Collateral Pledge Maker and Lender wish to amend Company terms Executive entered into a Second Amended and Restated Executive Employment Agreement dated November 1, 2019 (the "Second Amended Executive Employment Agreement") that superseded and replaced the Amended Executive Employment Agreement, and WHEREAS, the Company and Executive entered into an Addendum No. 1 to the Second Amended and Restated Executive Employment Agreement dated April 23, 2020 (the "2020 Addendum") that superseded and replaced certain Section 5(d) Second Amended Executive Employment Agreement, and WHEREAS, the Company and Executive entered into a Third Amended and Restated Executive Employment Agreement dated April 21, 2022 (the "Third Amended Executive Employment Agreement") that superseded and replaced the Second Amended Executive Employment Agreement Note modified by the 2020 Addendum, and WHEREAS, the Company and Executive entered into an Addendum No. 1 to the Third Amended and Restated Executive Employment Agreement dated December 13, 2023 (the "2023 Addendum") that superseded and replaced Section 3(k) the Third Amended Executive Employment Agreement, and WHEREAS, the Company and Executive now desire to amend and restate certain terms of the Third Amended Executive Employment Agreement as modified by the 2023 Addendum, and WHEREAS, the Company desires to employ Executive upon the amended and restated terms and conditions herein, and Executive desires to be so employed by the Company herein agreements agreements set forth in this Agreement, promises herein contained, and for other good and valuable consideration are hereby is by all parties do hereby follows, notwithstanding any other provisions to the contrary set forth in the Note, 1. Definitions. All capitalized terms used herein shall have the same meaning as defined in the Note, unless otherwise defined in this Rider, 2. Amendments to Note. The Note is hereby amended as 1. Term (a) The first sentence Employment, Executive's employment hereunder Section 7 of the Note is deleted in its entirety and replaced with the following language: Upon the occurrence of any one or more of the following events of default: (a) Maker fails to pay any amount within 10 days after such amount is due under this Note or under any other instrument evidencing any indebtedness of Maker to Lender, (b) any representation or warranty made under this Note or information provided by Maker or any guarantor of this Note to Lender in connection with this Note is or was false or fraudulent in any material respect, (c) a material adverse change occurs in Maker's financial condition, (d) Maker fails to timely observe or perform any of the covenants or duties contained in this Note, (e) any guarantee of Maker's obligations under this Note is revoked or becomes unenforceable for any reason, (f) Maker, Maker's spouse or a surety or guarantor of this Note dies or ceases to exist, or (g) an event of default occurs under any agreement securing this Note, then the unpaid balance commence at the option of Lender, without notice, mature and become immediately payable. Notwithstanding the foregoing, if an event of default occurs under Section 7(d), Customer shall have 10 days after notice thereof to cure such event of default, provided that Lender, in its reasonable discretion, believes that such event of default is able to be cured. (b) The fourth sentence of Section 9 of the Note is amended in its entirety to read as follows: After an event of default as described in Section 7 above, Lender may, without notice to Maker, apply payments made by or for Maker to any obligations of Maker to Lender under this Note. (c) The Note is amended by inserting the following sentence at the end of Section 10: Notwithstanding the foregoing, Maker shall have no obligation to indemnify or hold harmless Lender, its directors, officers, employees or agents for events caused by any of their fraud or willful misconduct.



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2. (d) The first sentence of Section 11 of the Note is amended in its entirety to read as follows: THIS NOTE IS INTENDED BY LENDER AND MAKER AS A FINAL EXPRESSION OF THIS NOTE AND AS A COMPLETE AND EXCLUSIVE STATEMENT OF ITS TERMS, THERE BEING NO CONDITIONS TO THE ENFORCEABILITY OR EFFECTIVENESS OF THIS NOTE EXCEPT AS SET FORTH HEREIN, AND THIS NOTE MAY NOT BE CONTRADICTED OR VARIED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OR DISCUSSIONS OF THE PARTIES TO THIS NOTE. (e) The following provisions are added to the end of Section 13 of the Note: Notice. Except as otherwise provided in this Note, all notices required or provided for under this Note shall be in writing and mailed, sent or delivered, if to Maker, at Maker's last known address or email address as shown on the records of Lender, and if to Lender, at its address shown on page 1, or, as to each party, at such other address as shall be designated by such party in a written notice to the other party. All such notices shall be deemed duly given when delivered by hand or courier, or three business days after being deposited in the mail (including any private mail service), postage prepaid. Waiver of Jury Trial. MAKER AND LENDER HEREBY KNOWINGLY AND VOLUNTARILY WAIVE THE RIGHT EACH OF THEM MAY HAVE TO A JURY TRIAL WITH RESPECT TO ANY ACTION OR CLAIM BASED ON OR ARISING OUT OF OR IN CONNECTION WITH THIS NOTE. ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ANY OTHER ACTION OF ANY PARTY. 3. Inconsistency. To the extent there is any inconsistency between the Note and this Rider, this Rider shall control. [Signature Page Follows]





3 IN WITNESS WHEREOF, the parties have executed this Rider

continuing thereafter until December 31, 2025, unless and until terminated Exhibit 10.1



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132199793v2 2 pursuant to the terms of Section 4 of this Agreement (the "Term"). Notwithstanding the foregoing, the Term shall automatically be extended for additional one-year periods (each, a "Renewal Term") on the terms and conditions provided herein, unless either party shall give the other party no less than ninety (90) days' written notice prior to the expiration of the Term or Renewal Term, as applicable. The Term and the Renewal Term, if applicable, shall be collectively referred to as the "Employment Term." 2. Position and Duties. (a) Position. During the Employment Term, Executive shall serve as the President of the Bank, and President and Chief Executive Officer of the Holding Company, reporting exclusively to the Holding Company's Board of Directors (the "Board"). Executive shall also serve as an appointed member of Board of Directors of the Bank (the "Bank Board") and the Board of Directors of the Holding Company (the "Holding Company Board"). In such positions, Executive shall have such duties, authority and responsibility as shall be determined from time to time by the Board and as are customarily performed by persons situated in a similar executive capacity. (b) Duties. During the Employment Term, Executive shall devote substantially all of his business time and attention to the performance of Executive's duties hereunder and will not engage in any other business, profession or occupation for compensation or otherwise which would conflict or interfere with the performance of such services either directly or indirectly. Notwithstanding the foregoing, nothing herein shall preclude Executive from (i) acting or serving as a director, trustee, committee member or principal of any type of business, civic or charitable organization, or (ii) owning any interest in any other corporation, business or enterprise, subject to

Section 6 below. 3. Compensation and Benefits. (a) Salary. The Company shall pay Executive a salary of Three Hundred Ninety-Six Thousand Three Hundred Forty-Four and 00/100 Dollars (\$396,344.00) per year, payable in regular biweekly installments, in accordance with the Company's usual payroll procedures (the "Salary"). Executive's base Salary shall be subject to at least annual review on each December 31 and may be increased based on Executive's performance and contribution to the Company, as determined by the Board. (b) Short Term Incentive Plan Awards. Executive shall be eligible to receive an annual incentive award pursuant to the terms of the Bank's Executive Short Term Incentive Plan and Executive's individual incentive goal sheet appended thereto, and any successor plan thereto. (c) Long Term Incentive Plan Awards. Executive shall be eligible to receive incentive awards pursuant to the terms of the Bank's Executive Long Term Incentive Plan and the Holding Company's 2018 Equity Incentive Plan, and any successor plans thereto. (d) Benefits. Executive shall be entitled to participate in any and all benefit programs, such as health insurance and retirement plans, subject to applicable plan or policy terms, that the Company establishes and makes available to its other similarly



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132199793v2 3 situated senior executives from time to time, provided that Executive is eligible to participate under the plan documents governing those programs. The Company reserves the right to modify or discontinue, either on a company-wide basis or as applicable to all comparably-situated Company employees, any employee benefit already provided or as may be provided in the future. (e) Paid Time Off. During the Employment Term, Executive will be entitled to paid time off (PTO) at the maximum accrual rate, and pursuant to the other terms, as set forth in the Bank's Paid Time Off policy effective July 1, 2017, or any successor policy thereto or as otherwise approved by the Compensation Committee. Executive shall receive other paid time-off in accordance with the Company's policies for executive officers as such policies may exist from time to time. Executive shall receive payment for all accrued but unused PTO, if any, within thirty (30) days following the termination of Executive's employment. (f) Business Expenses. Executive shall be entitled to reimbursement for all reasonable and necessary out-of-pocket business, entertainment and travel expenses incurred by Executive in connection with the performance of Executive's duties hereunder in accordance with the Company's expense reimbursement policies and procedures. The amount of reimbursable expenses incurred in one taxable year shall not affect the expenses eligible for reimbursement in any other taxable year. Reimbursement shall be paid as soon as administratively practicable, but in no event shall any such reimbursement be paid after the last day of the calendar year following the calendar year in which the expense was incurred. The right hereunder to reimbursement is not subject to liquidation or exchange for other benefits. (g) Automobile Expenses. The Company shall pay Executive a monthly automotive allowance of \$1,000.00 during the Term and any Renewal Term and will reimburse Executive for the use by Executive of Executive's personal automobile in connection with Executive's performance of his job duties to the maximum extent permissible under the Internal Revenue Code of 1986, as amended, and the rules and regulations promulgated thereunder. (h) Withholdings and Taxes. All payments to Executive will be payable pursuant to the Company's normal payroll practices. The Company shall deduct from all payments to Executive hereunder any federal, state or local withholding or other taxes or charges which the Company is from time to time required to deduct under applicable law, and all amounts payable to Executive hereunder are stated herein before any such deductions. (i) Liability Insurance; Indemnification. The Bank shall provide the Executive (including his heirs, executors and administrators) with coverage under a standard directors' and officers' liability insurance policy at the Bank's expense or, in lieu thereof, shall indemnify the Executive (and his heirs, executors and administrators) to the fullest extent permitted under applicable law against all expenses and liabilities reasonably incurred by him in connection with or arising out of any action, suit or proceeding in which he may be involved by reason of his having been a director or officer of the Bank (whether



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132199793v2 4 or not he continues to be a director or officer at the time of incurring such expenses or liabilities). Such expenses and liabilities shall include, but are not limited to, judgments, court costs, attorneys' fees and the cost of reasonable settlements, and such settlements shall be approved by the Board; provided, however, that such indemnification shall not extend to matters as to which the Executive is finally adjudged to be liable for willful misconduct or gross negligence in the performance of his duties as a director or officer of the Bank. (i) Discretionary Performance Bonus. The Bank in its discretion from time to time may provide Executive with a bonus based on factors as determined by the Bank's Board. The amount, form, terms and timing of any such bonus shall be determined by the Bank's Board in its sole discretion. (k) Clawback of Incentive Compensation. The Company may terminate Executive's right to the unpaid or unvested incentive compensation under Sections 3(b) and 3(c), and may require reimbursement to the Company by Executive of any incentive compensation previously paid or vested pursuant to any applicable incentive compensation plan or award agreement, in the event the Company is required to prepare an accounting restatement of its financial statements due to the Company's material noncompliance with any financial reporting requirement under securities laws, or Executive is otherwise obligated to disgorge to or reimburse the Company for such compensation paid or payable to Executive by reason of application of Section 304 of the Sarbanes-Oxley Act of 2002, Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, or any other applicable law or regulation requiring recapture, reimbursement or disgorgement of incentive-based pay. The incentive compensation received by Executive during the three completed fiscal years immediately preceding the date on which the Company is required to prepare an accounting restatement is subject to forfeiture or reimbursement pursuant to the terms of this Section 3(k). In the event Executive fails to make prompt reimbursement of any such incentive compensation previously paid, the Company may, to the extent permitted by applicable law, deduct the amount required to be reimbursed from Executive's compensation otherwise due under this Agreement. 4. Termination of Employment. During the Employment Term, Executive's employment and this Agreement may be terminated only under the following circumstances: (a) Termination by the Company for Cause, or by Executive without Good Reason. The Employment Term and Executive's employment hereunder may be terminated immediately by the Company for Cause, and shall terminate upon Executive's resignation without Good Reason; provided, that Executive will be required to give the Company at least thirty (30) days advance written notice of a resignation without Good Reason. (b) Definition of Cause. For purposes of this Agreement, "Cause" shall mean a good faith determination by the Board that Executive has: (A) committed a material act of dishonesty or disloyalty involving the Company; (B) committed a felony or misdemeanor involving dishonesty or moral turpitude which has a material adverse effect on the business of the Company; (C) engaged in willful conduct which is materially



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132199793v2 5 injurious to the Company; or (D) materially breached any provision of this Agreement, which breach is not cured within thirty (30) days after written notice thereof is given to Executive, explaining in reasonable detail the nature of such asserted breach. (c) Definition of Good Reason. For purposes of this Agreement, "Good Reason" shall mean, without the consent of Executive, (A) the material diminution of Executive's position (including status, offices, titles, and reporting requirements), authorities, duties, or other such responsibilities as exist immediately prior to the diminution; (B) the material reduction in Executive's Salary, or benefits under Section 3(d), unless such reduction is part of a reduction in compensation for all Executives of the Company on a pro rata basis; (C) the relocation of Executive's principal place of employment of greater than 50 miles from Executive's location immediately prior to the relocation; (d) Notice Requirements for Good Reason Termination. If Executive intends to terminate Executive's employment for Good Reason: (i) Executive must give the Company written notice of the facts or events giving rise to Good Reason within thirty (30) days following Executive's knowledge of the facts or event alleged to give rise to Good Reason; (ii) the Company must fail to cure the act or omission within thirty (30) days following the Company's receipt of such notice; and (iii) Executive must give the Company written notice that his employment is terminated for Good Reason within thirty (30) days following such failure to cure. The failure by Executive to give such notice of Good Reason shall be deemed a waiver of the right to terminate Executive's employment for Good Reason based on such fact or event. (e) Definition of Change in Control. For the purposes of this Agreement, "Change in Control" shall mean any of the following: i. a change-in-control of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), whether or not the Holding Company is then subject to such reporting requirement; or ii. the public announcement (which, for purposes of this definition, shall include, without limitation, a report filed pursuant to Section 13(d) of the Exchange Act) by the Holding Company or any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) that such person has become the "beneficial owner" (as defined in Rule 13d-3 promulgated under the Exchange Act), directly or indirectly, of securities of the Holding Company (i) representing 30% or more, but not more than 50%, of the combined voting power of the Holding Company's then outstanding securities unless the transaction resulting in such ownership has been approved in advance by the Continuing Directors (as hereinafter defined); or (ii) representing more than 50% of the combined voting power of the Holding Company's then outstanding securities (regardless of any approval by the Continuing Directors); provided, however, that notwithstanding the



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132199793v2 6 foregoing, no Change-in-Control shall be deemed to have occurred for purposes of this Agreement by reason of the ownership of 30% or more of the total voting capital stock of the Holding Company then issued and outstanding by the Holding Company, any subsidiary of the Holding Company or any employee benefit plan of the Holding Company or of any subsidiary of the Holding Company or any entity holding shares of the Common Stock organized, appointed or established for, or pursuant to the terms of, any such plan (any such person or entity described in this clause is referred to herein as a "Company Entity"); or iii. the Continuing Directors (as hereinafter defined).

cease to constitute a majority of the Holding Company's Board of Directors; or iv. the shareholders of the Holding Company approve (i) any consolidation or merger of the Holding Company in which the Holding Company is not the continuing or surviving company or pursuant to which shares of Holding Company stock would be converted into cash, securities or other property, other than a merger of the Holding Company in which shareholders immediately prior to the merger have the same proportionate ownership of stock of the surviving company immediately after the merger, (ii) any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all or substantially all of the assets of the Holding Company, or (iii) any plan of liquidation or dissolution of the Holding Company. For purposes of this definition, "Continuing Director" shall mean any person who is a member of the Board of Directors of the Holding Company, while such person is a member of the Board of Directors, who is not an Acquiring Person (as defined below) or an Affiliate or Associate (as defined below) of an Acquiring Person, or a representative of an Acquiring Person or of any such Affiliate or Associate, and who (i) was a member of the Board of Directors on the date of this Agreement; or (ii) subsequently becomes a member of the Board of Directors, if such person's initial nomination for election or initial election to the Board of Directors is recommended or approved by a majority of the then Continuing Directors. For purposes of this definition, "Acquiring Person" shall mean any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) who or which, together with all Affiliates and Associates of such person, is the "beneficial owner" (as defined in Rule 13d-3 promulgated under the Exchange Act) directly or indirectly, of securities of the Holding Company representing 30% or more of the combined voting power of the Holding Company's then outstanding securities, but shall not include any Holding Company Entity, and "Affiliate" and "Associate" shall have their respective meanings ascribed to such terms in Rule 12b-2 promulgated under the Exchange Act. (f) Termination by Reason of Death or Disability. Executive's employment hereunder shall terminate automatically upon Executive's death during the Employment Term. If the Company determines in good faith that a Disability (as defined below) of



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132199793v2 7. Executive has occurred during the Employment Term, the Company may give to Executive written notice of its intention to terminate Executive's employment. In such event, Executive's employment with the Company shall terminate effective on the thirtieth (30th) day after receipt of such notice by Executive; provided, that within thirty (30) days after such receipt, Executive shall not have returned to full-time performance of Executive's duties. For purposes of this Agreement, "Disability" has the same meaning as in the Company's long-term disability plan, or if there is no such plan, or no definition in such plan, "Disability" means a mental or physical condition which, in the opinion of the Board, renders Executive unable or incompetent to carry out the material job responsibilities which such Executive held or the material duties to which Executive was assigned at the time the disability was incurred, which has existed for at least one hundred eighty (180) consecutive days and, which condition, in the opinion of an independent physician selected by the Company, is expected to be permanent or to have a duration of more than one (1) year. (g) Termination by the Company without Cause, or Resignation by Executive for Good Reason. The Employment Term and Executive's employment hereunder may be terminated by the Company without Cause (other than by reason of death or Disability) or by resignation by Executive for Good Reason. (h) Termination by the Company without Cause, or Resignation by Executive for Good Reason Following a Change in Control. If a Change in Control occurs during the Employment Term, and the Employment Term and Executive's employment hereunder is terminated by the Company without Cause (other than by reason of death or Disability) or by resignation by Executive for Good Reason, in each case, within 24 months following the Change in Control, then Executive shall receive the benefits set forth in Section 5(d). Payment of the benefits set forth in Section 5(d) shall be made promptly pursuant to the terms of this Agreement and without unreasonable delay. (i) Notice of Termination. Any purported termination of Executive's employment by either party shall be communicated by written Notice of Termination to the other party. As used herein, "Termination Date" shall mean in the case of Executive's death, his date of death, or in all other cases of termination by the Company, the date specified in the Notice of Termination which shall be at least 30 days following the date of the Notice of Termination, except for termination for Cause which may be on or after the date of the Notice of Termination. (j) Director and Officer Positions. Upon the voluntary or involuntary termination of Executive's employment for any reason, Executive will be deemed to have resigned from all director and officer positions he then holds with the Bank, the Holding Company, and any related or affiliated entity, and Executive agrees that this Agreement shall constitute affirmation of such resignations. (k) Return of Records and Property. Upon termination of Executive's employment with the Company for any reason, or at the Company's earlier request, Executive shall deliver promptly to the Company originals and all copies of all records, manuals, books, blank forms, documents, letters, memoranda, notes, notebooks, reports,

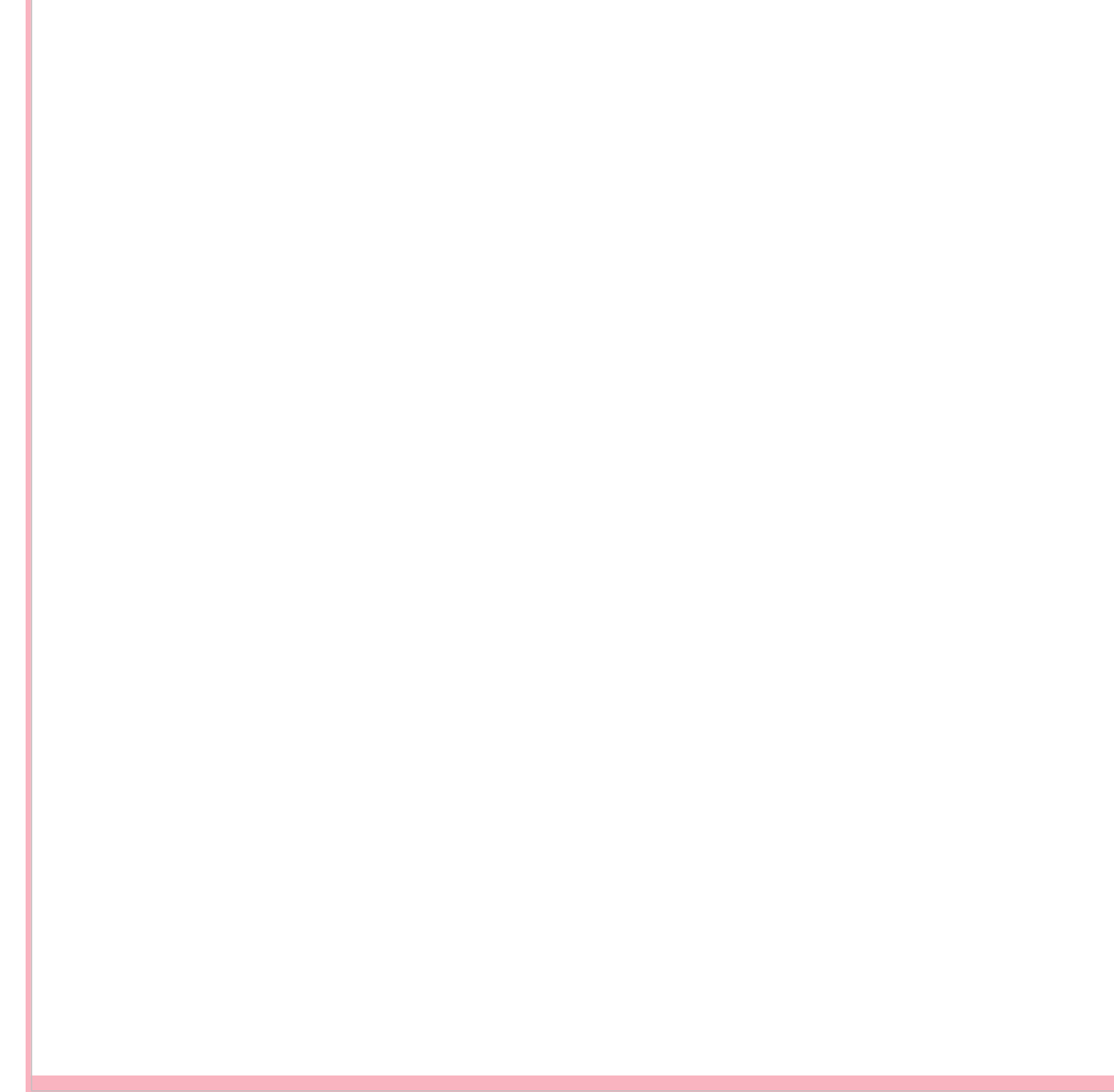


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132199793v2.8 data, tables, or calculations, whether in tangible or electronic format or media, which are the property of the Company or which relate in any way to the business, products, practices or techniques of the Company, and all other property, trade secrets and Confidential Information (as defined herein) of the Company, including, but not limited to, all office keys, security cards, credit cards, office equipment, computer hardware and software, company products and prototypes, and all documents or electronic records which in whole or in part contain any trade secrets or Confidential Information of the Company, which in any of these cases are in Executive's possession or under Executive's control. Executive may not retain any copies of the documents referred to in this Section 4(k). To the extent that Executive has downloaded or stored any proprietary, privileged, confidential or trade secret information belonging to the Company on any personal, non-Company electronic media in Executive's possession, custody, or control, such as computers, cell phones, hand-held devices, back-up devices, zip drives, and the like, Executive agrees to promptly contact the Company to arrange for transfer of such documents and information back to the Company and for destruction of such documents and information on Executive's personal electronic media. Executive also agrees to return to the Company any and all passwords used by Executive with regard to the computer, electronic or communication systems of the Company and to transition all administrative rights used by Executive with regard to all social media and internet-based accounts related to the business operations of the Company, so that the Company has immediate, full and complete access to all data and information stored, used or maintained on or in such systems or accounts. Executive further agrees to not access or interfere with or attempt to access or interfere with any of the Company's computer systems, networks or files. 5. Obligations Upon Termination. (a) Termination by the Company for Cause, or by Executive without Good Reason. If Executive's employment with the Company is terminated by the Company for Cause, or is voluntarily terminated by Executive without Good Reason, the Company will pay or provide Executive with the following: (i) Executive's Salary earned but unpaid as of the Termination Date, payable in a lump sum within thirty (30) days after the Termination Date (or earlier to the extent required by law); and (ii) all vested benefits to which Executive is entitled under any benefit plans set forth in the benefits section hereof in accordance with the terms of such plans through the Termination Date, including, without limitation, PTO (collectively, the "Accrued Obligations"). Executive shall forfeit any other unvested amounts, including any unearned bonuses. (b) Termination by Reason of Disability or Death. If Executive's employment with the Company is terminated during the Employment Term by reason of Executive's Disability or death, the Company will pay and/or provide Executive or Executive's legal representative, as the case may be, (i) the Accrued Obligations; (ii) a pro-rated incentive award pursuant to the terms of the Bank's Executive Short Term Incentive Plan; and (iii) a pro-rated incentive award pursuant to the terms of the Bank's Executive Long Term Incentive Plan. (c) Termination by the Company without Cause, or Resignation by Executive with Good Reason. If Executive's employment with the Company is terminated by the



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132199793v2 9 Company without Cause or by Executive with Good Reason and as to (i)-(iv) below Executive irrevocably executes the Release as specified in Section 5(e), promptly upon expiration of any revocation period applicable to the Release but no later than five (5) business days thereafter, the Company will pay or provide Executive with the following: i. the Accrued Obligations; ii. an incentive award pursuant to the terms of the Bank's Executive Short Term Incentive Plan for the plan year in which the termination occurs at Level II (i.e. Plan/35% of Salary) or, if higher, at actual performance at the time of termination, such amount as prorated through Employee's termination date; iii. a payment equal to two hundred percent (200%) of (A) the Executive's annual Salary at the time of termination and (B) the greater of (x) the amount of an incentive award pursuant to the terms of the Bank's Executive Short Term Incentive Plan for the plan year in which the termination occurs at Level II (i.e. Plan/35% of Salary) as prorated through Employee's termination date or (y) the amount of the average Executive Short Term Incentive Plan awards that Executive received for the two plan years immediately prior to the plan year in which termination occurs, such amount as prorated through Employee's termination date; and iv. provided that Executive or his spouse or dependents timely elect continuation coverage under a group health plan of the Company pursuant to the requirements of Section 4980B of the Code, as amended, and any similar applicable law, ("COBRA"), continued participation in the Company's medical and dental plans with the full monthly premiums to be paid by the Company until the earlier of (A) Executive's eligibility for coverage under another employer's group health plan, (B) termination of Executive's rights to continuation coverage under COBRA, or (C) eighteen (18) months following the termination of Executive's employment with the Company, Executive agrees and acknowledges that the period of coverage under such plans shall run concurrently with such plans' obligations to provide continuation coverage pursuant to COBRA, and that this subsection shall not limit such plans' obligations to provide continuation coverage under COBRA. (d) Termination by the Company without Cause, or Resignation by Executive with Good Reason Following a Change in Control. If Executive's employment with the Company is terminated by the Company without Cause or by Executive with Good Reason following a Change in Control pursuant to Section 4(h) and as to (i)-(iv) below Executive irrevocably executes the Release as specified in Section 5(e), promptly upon expiration of any revocation period applicable to the Release but no later than five (5) business days thereafter, the Company will pay or provide Executive with the following in lieu of any payments under Section 5(c) herein:



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132199793v2 10 i. the Accrued Obligations; ii. an incentive award pursuant to the terms of the Bank's Executive Short Term Incentive Plan for the plan year in which the termination occurs at Level II (i.e. Plan/35% of Salary) or, if higher, at actual performance at the time a definitive agreement is announced, such amount as prorated through Employee's termination date; iii. a payment equal to two hundred fifty percent (250%) of (A) the Executive's annual Salary at the time of termination and (B) the greater of (x) the amount of an incentive award pursuant to the terms of the Bank's Executive Short Term Incentive Plan for the plan year in which the termination occurs at Level II (i.e. Plan/35% of Salary) as prorated through Employee's termination date or (y) the amount of the average Executive Short Term Incentive Plan awards that Executive received for the two plan years immediately prior to the plan year in which termination occurs, such amount as prorated through Employee's termination date; and iv. provided that Executive or his spouse or dependents timely elect continuation coverage under a group health plan of the Company pursuant to the requirements of Section 4980B of the Code, as amended, and any similar applicable law, ("COBRA"), continued participation in the Company's medical and dental plans with the full monthly premiums to be paid by the Company until the earlier of (A) Executive's eligibility for coverage under another employer's group health plan, (B) termination of Executive's rights to continuation coverage under COBRA, or (C) thirty (30) months following the termination of Executive's employment with the Company. Executive agrees and acknowledges that the period of coverage under such plans shall run concurrently with such plans' obligations to provide continuation coverage pursuant to COBRA, and that this subsection shall not extend such plans' obligations to provide continuation coverage under COBRA. In the event that Executive timely elects COBRA continuation and remains covered under the Company's group health plan, but his right to COBRA continuation terminates under (B) above due to expiration of the maximum COBRA continuation period, and is not extended after 18 months of coverage, then the Company will at that time pay Executive a lump sum amount equal to twelve (12) months of Executive's monthly COBRA premiums, which he may direct toward future health insurance premium payments. (e) Release. No obligations of the Company or the Bank with respect to payments to Executive pursuant to Section 5(c)(i)-(iv) or Section 5(d)(i)-(iv) shall exist or apply unless Executive has on or after the Termination Date timely executed a separation agreement containing a general release in substantially the form attached hereto as Exhibit A as may be updated for legal compliance (the "Release") and any applicable revocation periods in the Release have expired without rescission by Executive.



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132199793v2 11 (f) Vesting. All unvested equity interests held by Executive as of the Termination Date shall terminate and be forfeited, unless those unvested grants shall be deemed to have vested in their entirety as of the Termination Date pursuant to the terms of the applicable grant agreement, the Bank's Executive Long Term Incentive Plan, or the Holding Company's 2018 Equity Incentive Plan, or any successor plans thereto. (g) Section 280G. Notwithstanding anything to the contrary herein contained, under no circumstances shall the payments made to Executive result in an "excess parachute payment" as defined under Section 280G of the Internal Revenue Code of 1986, as amended. To the extent that such payments could result in an "excess parachute payment," the payments shall be reduced to avoid such result, the manner of which reduction shall be in the sole discretion of the Board of Directors of the Company. Any amounts reduced pursuant to this Section 5(g) shall be deemed forfeited by Executive, and Executive shall have no authority whatsoever to determine the order in which benefits under this Agreement shall be so reduced. (h) Timing of Severance Payments. The payments, if any, owed to Executive under Section 5(c)(i)-(iii) or Section 5(d)(i)-(iii) will be paid in a lump sum on or before the sixtieth (60th) day following Employee's termination, provided that all statutory rescission periods contained in the Release have expired without revocation by Executive, and subject to Section 16 herein. Where the period available to execute (and to not revoke) the Release spans more than one calendar year, the payment shall not be made until the second calendar year as required by the applicable terms of this Agreement and Section 409A of the Internal Revenue Code. 6. Restrictive Covenants. (a) Need for Restrictions. Executive acknowledges and agrees that the Company's business, technical, and customer information is established and maintained at great expense to the Company and is of significant value to the Company, and that by virtue of employment with the Company, Executive will have information pertaining to, unique and extensive exposure to, and personal contact with, the Company's business, technical and customer information which would enable Executive to compete unfairly with the Company. As a result, and in consideration of the Company's severance obligations under Section 5(c) and Section 5(d), Executive acknowledges and agrees that the following restrictions are necessary to protect the Company's business. (b) Confidential Information. For purposes of this Agreement, "Confidential Information" means information disclosed to Executive or known by him as a result of or as disclosed in the course of Executive's employment with the Company which is not generally known to the public pertaining to the Company's business, including, but not limited to, operations, contracts, customers, customer lists, proposals, research and development, procedures and protocols, operating models, financial information, pricing, price lists, marketing methods, strategic planning information, information stored in or developed for use with Company's computer systems, insurance plans, risk management information, or marketing programs, and third-party information that the Company may learn from its customers or clients. Confidential Information shall include any such



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132199793v2 12 Information developed or created by Executive if the information was developed or created by Executive while executing Executive's duties for the Company or if the information was developed or created by Executive based upon any Confidential Information that Executive learned by virtue of Executive's employment with the Company. Confidential Information shall not include any information that Executive can demonstrate is in the public domain by means other than disclosure by Executive, but shall include non-public compilations, combinations, or analyses of otherwise public information. (c) Non-Disclosure or Use of Confidential Information. For as long as Executive shall remain employed by the Company, and after termination of employment with the Company for any reason, Executive shall not directly or indirectly, under any circumstances, communicate or disclose to any person, firm, association, corporation, company or any other third party, or use for Executive's own benefit or the benefit of any person or entity other than the Company, any Confidential Information, and Executive will keep secret and in strict confidence and hold inviolate said Confidential Information. Executive further agrees, however, not to disclose to others or use at any time after the termination of his employment with the Company any Confidential Information that constitutes and remains a trade secret under the Wisconsin Trade Secrets Act, as amended (Section 134.90 Wis. Stats.), any Confidential Information that the Company received from a third party and continues to hold in confidence, and any Confidential Information that he is otherwise prohibited by law from disclosing to others or using. The prohibitions of this paragraph do not apply to Confidential Information after it has become generally known and/or in the public domain through no fault of Executive. The prohibitions of this paragraph also do not prohibit use of Executive's general skills and knowledge acquired during and prior to his employment by the Company, as long as such use does not involve the use or disclosure of Confidential Information. This non-disclosure provision does not prohibit Executive from providing truthful information to any governmental entity as required by law or as part of an agency investigation without prior notice to the Company. (d) Defend Trade Secrets Act. Executive understands that if Executive breaches the provisions of Section 6(c) above, Executive may be liable to the Company under the Defend Trade Secrets Act of 2016 ("DTSA"). Executive further understands that by providing Executive with the following notice, the Company may recover from Executive its attorney fees and exemplary damages if it brings a successful claim against Executive under the DTSA: Under the federal Defend Trade Secrets Act of 2016, Executive shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made: (a)(i) in confidence to a federal, state, or local governmental official, either directly or indirectly, or to an attorney and (ii) solely for the purpose of reporting or investigating a suspected violation of law or (b) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Without limiting the foregoing, if Executive files a lawsuit for retaliation by the Company for reporting a suspected violation of law, Executive may disclose the trade secret to Executive's attorney and use the trade secret information in the court proceeding, if Executive (i) files any document containing the trade secret under seal and (ii) does not disclose the trade secret, except pursuant to court order.



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132199793v2 13 (e) Nonsolicitation of Customers. During Executive's employment, and for a period of twenty-four (24) months following the earlier of (i) the termination of Executive's employment with the Company, whether voluntary or involuntary and whether with or without Cause, or (ii) the date of a Change in Control, Executive shall not, directly or indirectly canvass, contact or solicit any "Active Customer" (as defined below) of the Company for the purpose of selling, offering or providing products or services which are the same as or substantially similar to the products or services provided by the Company at any time during the "Reference Period" (as defined below). "Active Customer" shall mean any person or entity which, within the 12-month period prior to the termination of Executive's employment with the Company (the "Reference Period"), received any products or services supplied by or on behalf of the Company; provided, however, "Active Customer" shall be further limited to those customers of the Company: (i) with whom Executive had material business contact as an Executive of the Company during the Reference Period; (ii) whose dealings with the Company were coordinated or supervised, in whole or in part, by Executive during the Reference Period; or (iii) about whom Executive obtained Special Knowledge (as defined below) as a result of Executive's position with the Company during the Reference Period. "Special Knowledge" means Confidential Information that is used, possessed by or developed for the Company in the course of soliciting, selling to or servicing a customer, including, but not limited to, existing or proposed bids, pricing and cost information, margins, negotiation strategies, sales strategies and information generated for customer engagements. (f) Non-Solicitation of Company Personnel. During Executive's employment and for a further period of twenty-four (24) months beginning on the earlier of (i) the termination of Executive's employment with the Company under any circumstances or (ii) the date of a Change of Control, Executive agrees that Executive shall not, directly or indirectly, solicit, encourage or induce any employee, consultant, contractor, or other agent of the Company with whom Executive had substantial contact during the Reference Period and who has knowledge of Confidential Information to terminate a relationship (employment or otherwise), or breach any agreement with the Company. (g) Noncompetition. During Executive's employment, and for a period of eighteen (18) months following the earlier of (i) the termination of Executive's employment with the Company, whether voluntary or involuntary and whether with or without Cause, or (ii) the date of a Change of Control, Executive shall not, directly or indirectly, have a financial interest in, or act in a "Prohibited Capacity" (as defined below) on behalf of, any entity which competes with the Company anywhere within the "Restricted Territory" (as defined below). This restriction shall not apply to any activities conducted on behalf of an entity that is not a financial institution or owned or controlled by a financial institution, except to the extent such activities are for the benefit of a competitor. Further, this restriction shall not apply to a financial institution with deposit market share of less than 5% in the Eau Claire, Wisconsin market (as published by S&P Global Market Intelligence). A "financial interest" shall not include the ownership of less than 5% of the securities of any corporation or other entity that is listed on a national securities exchange or traded in the national over-the-counter market. "Prohibited Capacity" means a capacity that directly competes with the Company within the Restricted Territory as required by (i) duties or responsibilities substantially similar to those of



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132199793v2 14 Executive's position with the Company at any time during the Reference Period or (ii) management, sales or marketing duties or responsibilities. The "Restricted Territory" means the territory within a 50-mile radius of the Company's headquarters office in Eau Claire, Wisconsin. 7. Enforcement. (a) If, at the time of enforcement of the covenants contained in Section 6 above (collectively, the "Restrictive Covenants"), a court shall hold that the duration, scope or area restrictions stated are unreasonable under circumstances then existing, the parties [redacted] that the maximum duration, scope or area reasonable under such circumstances shall be substituted for the stated duration, scope or area and that the court shall be allowed to revise the Restrictive Covenants to cover the maximum duration, scope and area permitted by law. Executive has had the opportunity to consult with Executive's own legal counsel regarding the Restrictive Covenants and agrees that the Restrictive Covenants are reasonable in terms of duration, scope and area restrictions and are necessary to protect the goodwill of the Company's businesses and agrees not to challenge the validity or enforceability of the Restrictive Covenants. In exchange for Executive agreeing [redacted] these reasonable and necessary covenants, the Company is providing Executive with the benefits as set forth in this Agreement, including without limitation the severance described in Sections 5(c) and 5(d). Executive acknowledges and agrees that these benefits constitute full and adequate consideration for Executive's obligations hereunder and will be provided only if Executive signs this Agreement. (b) If Executive breaches, or threatens to commit a breach of any of the Restrictive Covenants, the Company shall have the following rights and remedies, each of which rights and remedies shall be independent of the others and severally enforceable, and each of which is in addition to, and not in lieu of, any other rights and remedies available to the Company at law or in equity: i. The right and remedy to have the Restrictive Covenants specifically enforced by any court of competent jurisdiction, including, for example, by temporary or permanent injunctive or other equitable relief without the necessity of proving actual damages, it being agreed that any breach or threatened breach of the Restrictive Covenants would cause irreparable injury to the Company and that money damages would not provide an adequate remedy to the Company; and ii. The right and remedy to require Executive to account for and pay over to the Company any profits, monies or other benefits derived or received by Executive as the result of any transactions constituting a breach of the Restrictive Covenants. 8. Notices. All notices, demands or other communications shall be sent to Executive and the Company at the addresses indicated below to such other addresses or to the attention of such other persons as the recipient party has specified by prior written notice to the sending party, or in the case of the Executive, to the most recent address on record with the Company's Human Resource Department.



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132199793v2 15 Notice to Executive Stephen M. Bianchi 1580 Front Porch Place, #102 Altoona, WI 54720 Notice to Company 2174 Eastridge Center Eau Claire WI 54701 Attn: Michael Swenson, Lead Director 9. Attorneys' Fees. In the event that the either Party brings any action to enforce any of the [REDACTED] Agreement, or to obtain money damages for the breach thereof, all expenses, including reasonable attorneys' fees, incurred by the party prevailing on substantially all of the claims finally decided in the action, shall be paid by the other party with 120 days of the date that entry of judgment on the claims brought in the action becomes final and non –appealable. In addition, the Company shall pay Executive any reasonable legal fees and reasonable expenses incurred by Executive in connection with any dispute with any Federal state, or local governmental agency with respect to benefits claimed under this Agreement. Such reimbursement must be requested no later than two (2) months after the conclusion of the dispute and shall be paid within two (2) months after the request for reimbursement. 10. Severability. Whenever possible, each provision of this Agreement shall be interpreted in such a manner to be effective and valid under applicable law, but if any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision or any other jurisdiction, but this Agreement shall be reformed, construed and enforced in such jurisdiction as if such invalid or illegal provision had never been contained herein. 11. Complete Agreement. This Agreement contains the complete agreement and understanding between the parties related to Executive's employment and supersedes, replaces, and preempts any prior understandings, agreements, or representations by or among the parties related to such employment, whether written or oral, which may have related to the subject matter herein in any way, including without limitation the Third Amended Executive Employment Agreement as modified by the 2023 Addendum. 12. Survival. The provisions of Sections 4, 5, 6, 7, and 9 shall survive the termination of this Agreement and Executive's employment with the Company. 13. Counterparts. This Agreement may be executed in separate counterparts, each of which is deemed to be an original and all of which taken together constitute one and the same agreement. 14. Choice of Law. All issues concerning the construction, validity, enforcement and interpretation of this Agreement shall be governed by and construed in accordance with the laws of the State of Wisconsin, without giving effect to any choice of law or conflict of law rules or provisions (whether of the State of Wisconsin or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Wisconsin.



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132199793v2 16 15. Amendments and Waiver. The provisions of this Agreement may be amended or waived only by a written instrument, with written consent by both the Company and Executive, and no course of conduct or failure or delay in enforcing the provisions of this Agreement shall affect the validity, binding effect or enforceability of this Agreement. 16. Code Section 409A. Notwithstanding any other provision of this Agreement to the contrary, Executive and the Company agree that the payments hereunder shall be exempt from, or satisfy the applicable requirements, if any, of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code") in a manner that will preclude the imposition of penalties described in Code Section 409A. Payments made pursuant to this Agreement are intended to satisfy the short-term deferral rule or separation pay exception within the meaning of Code Section 409A. Executive and the Company agree that this Agreement shall be interpreted to the extent possible to be exempt from or satisfy the requirements described above. References to termination of employment or similar terms hereunder shall mean a "separation from service" within the meaning of Code Section 409A. Notwithstanding anything herein to the contrary, this Agreement shall, to the maximum extent possible, be administered, interpreted and construed in a manner consistent with Code Section 409A; provided, that in no event shall the Company have any obligation to indemnify Executive from the effect of any taxes under Code Section 409A. If any payment or benefit provided to Executive in connection with Executive's termination of employment is determined to constitute "nonqualified deferred compensation" within the meaning of Section 409A of the Code and Executive is determined to be a "specified employee" as defined in Section 409A(a)(2)(B)(i) of the Code, then such payment or benefit shall not be paid until the first payroll date to occur following the six-month anniversary of the termination or, if earlier, on Executive's death (the "Specified Employee Payment Date"). The aggregate of any payments that would otherwise have been paid before the Specified Employee Payment Date shall be paid to Executive in a lump sum on the Specified Employee Payment Date and thereafter, any remaining payments shall be paid without delay in accordance with their original schedule. 17. Assignment. This Agreement and all rights hereunder are personal to Executive and shall not be assignable by Executive; provided, however, that any amounts that shall have become payable under this Agreement prior to Executive's death shall inure to the benefit of Executive's heirs or other legal representatives, as the case may be. This Agreement shall be binding upon and inure to the benefit of the Company and any successor of the Company. The Company shall require any successor to all or substantially all of the business and/or assets of the Company to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no succession had taken place, unless such obligations have been assumed by the successor as a matter of law. [SIGNATURE PAGE FOLLOWS]



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132199793v2 17 IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the day and year first above written. **Rider, MAKER,** **STEPHEN M. BIANCHI** **Its: CITIZENS**  
**COMMUNITY FEDERAL, N.A., By: Its: [Signature Page to Fourth Amended and Restated Executive Employment Agreement by and between Citizens Community Bancorp, Inc., Citizens Community Federal, N.A.,**  
**and [redacted] M. Bianchi]**



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132199793v2 A-1 EXHIBIT A CONFIDENTIAL SEPARATION AGREEMENT AND RELEASE This Separation Agreement and Release ("Agreement") is entered into by and between Citizens Community Bancorp, Inc., a Maryland corporation, and its wholly-owned subsidiary, Citizens Community Federal, N.A., a national banking association (collectively, the "Company"), and Stephen M. [REDACTED] ("Executive"). RECITALS WHEREAS, Executive has been employed by the Company pursuant to the terms of a [REDACTED] Amended and Restated Employment Agreement (the "Employment Agreement"); and WHEREAS, the Employment Agreement provides for the payment of severance in the event of certain termination circumstances; and WHEREAS, Executive's employment with the Company is being terminated under circumstances which trigger the payment of severance; and WHEREAS, the Employment Agreement requires as a condition to the payment of the severance that Executive first sign and not rescind a separation agreement containing a general release in a form provided by and acceptable to the Company; NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth in this Agreement, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows: AGREEMENT 1. Separation. Executive's position as an employee of the Company shall hereby end effective as of [REDACTED], 202 [REDACTED] (the "Separation Date"). As of the Separation Date, Executive will be deemed to have resigned from all director and officer positions, if any, Executive then holds with the Company or any related or affiliated entity, and Executive agrees to provide any requested documentation to confirm any such resignation. Any requests for employment references should be made to [REDACTED]. Prospective employers will be provided only the dates of Executive's employment, the position held and its primary duties. 2. Accrued Obligations. Executive shall receive a final payroll check, which fully compensates Executive for Executive's current base salary or wage through the Separation Date, including payment for accrued but unused PTO pursuant to the Employment Agreement and Company policy. It is agreed that such lump sum payment shall be made by Company to Executive in accordance with the Company's regularly scheduled payroll dates and procedures within 30 days following the Separation Date (or earlier to the extent required by law). Executive acknowledges and agrees that Executive is not entitled to or owed any additional compensation



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132199793v2 A-2 from the Company, except as may be specified herein. All unvested equity interests held by Executive as of the Separation Date, if any, shall terminate and be forfeited, unless those unvested grants shall be deemed to have vested in their entirety as of the Separation Date pursuant to the terms of the applicable grant agreement, the Company's Executive Long Term Incentive Plan, or Citizen Community Bancorp, Inc.'s 2018 Equity Incentive Plan or any successor plans thereto. 3. Company-Sponsored Benefit Plans. Commencing 1, 202 , Executive may elect to continue to participate in the group health and dental insurance programs, as allowed by law and the terms of those benefit plans. A COBRA/continuation notice more specifically advising Executive of Executive's rights will be provided to Executive separately. In exchange for the terms of this Agreement, and as set forth in the Employment Agreement, provided that Executive or his spouse or dependents timely elect continuation coverage under a group health plan of the Company pursuant to the requirements of Section 4980B of the Code, as amended, and any similar applicable law, ("COBRA"), Executive shall be eligible for continued participation in the Company's medical and dental plans with the full monthly premiums to be paid by the Company until the earlier of (A) Executive's eligibility for coverage under another employer's group health plan, (B) termination of Executive's rights to continuation coverage under COBRA, or (C) 1 (•) months following the termination of Executive's employment with the Company. Executive agrees and acknowledges that the period of coverage under such plans shall run concurrently with such plans' obligations to provide continuation coverage pursuant to COBRA, and that this subsection shall not extend such plans' obligations to provide continuation coverage under COBRA. [In the event that Executive timely elects COBRA continuation and remains covered under the Company's group health plan, but his right to COBRA continuation terminates under (B) above due to expiration of the maximum COBRA continuation period, and is not extended after 18 months of coverage, then the Company will at that time pay Executive a lump sum amount equal to 1 (•) months of Executive's monthly COBRA premiums, which he may direct toward future health insurance premium payments.] Executive's participation and interest in the Company's 401(k) plan shall be governed by the terms of that benefit plan. All other benefits, including without limitation Executive's disability insurance, if any, will be cancelled as of the Separation Date. The Company shall pay or provide to Executive all vested benefits to which Executive is entitled under any applicable benefit plans of the Company in accordance with the terms of such plans through the Separation Date. 4. Separation Payment. If Executive signs and returns to the Company this Agreement within the period of time specified in paragraph 11 herein, as set forth in Executive's Employment Agreement, Executive shall be paid as separation compensation, less applicable withholdings: (a) an incentive award pursuant to the terms of the Bank's Executive Short Term Incentive Plan for the plan year in which the termination occurs at Level II (i.e. Plan/35% of Salary) or, if higher, at actual performance at the time [of termination][a definitive agreement is announced], such amount as prorated through Employee's termination date; and (b) a payment equal to 1 percent (•%) of (A) the Executive's annual salary at the time of termination and (B) the greater of (x) the amount of an incentive award pursuant to the terms of the Bank's Executive Short Term Incentive Plan for the plan year in which the termination occurs at Level II (i.e. Plan/35% of Salary) as prorated through Employee's termination date or (y) the amount of the average Executive Short Term Incentive Plan awards that Executive received



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132199793v2 A-3 for the two plan years immediately prior to the plan year in which termination occurs, such amount as prorated through Employee's termination date. For purposes of unemployment insurance benefits, the Company and Executive agree that the payment described above is termination pay as defined under Wisc. Stat. § 108.05(5), and that the separation payment will be attributed to and allocated as Executive's benefit year weekly wages for each week beginning with the week of \_\_\_\_\_, 202\_\_\_\_\_, and ending the week of \_\_\_\_\_, 202\_\_\_\_\_. Executive understands that this separation compensation is effective and will be paid only if Executive first signs this Agreement within 21 calendar days after initially receiving it and does not rescind within the 7-day period described in paragraph 12. Executive must sign and return this Agreement, if at all, so that the Agreement is effective (taking into account the rescission period provided for in paragraph 12) by no later than the twenty-eighth (28th) calendar day following the Separation Date. Subject to the provisions of paragraph 24 of this Agreement, this separation payment will be made to Executive in a lump sum no later than five (5) business days following the expiration of the rescission period provided for in paragraph 12, provided that Executive has not rescinded this Agreement. Where the period available to execute (and to not revoke) this Agreement spans more than one calendar year, the payment shall not be made until the second calendar year as required by the applicable terms of this Agreement and Section 409A of the Internal Revenue Code. Executive understands that this separation payment shall not be subject to retirement plan or deferred compensation plan contribution election by Executive or matching contribution by the Company. Executive represents and warrants that Executive is legally entitled to receive this severance payment and that such payment is not subject to a child support, garnishment, bankruptcy, dissolution, or other order requiring that such payment be made to any other person. 5. Consideration. Executive specifically acknowledges and agrees that the separation payment set forth in paragraph 4 constitutes full and adequate consideration for this Agreement and that, if Executive does not sign this Agreement, rescinds pursuant to paragraph 12, or breaches any of Executive's obligations contained in this Agreement at any time, the Company shall have no obligation to provide this consideration. 6. Release. In exchange for the consideration stated and acknowledged herein, Executive (including anyone who has or obtains any legal rights or claims through or from Executive) hereby unconditionally releases and discharges the Company and its affiliates and related entities, including without limitation Citizens Community Bancorp, Inc., predecessors, successors, (collectively "the Company and its Affiliates"), any Company or Affiliate pension, welfare or other employee benefit plan, and the Company's and its Affiliates' owners, officers, directors, shareholders, members, partners, employees, agents, insurers, consultants, representatives, attorneys, trustees, administrators, and any entity affiliated with any of the foregoing, from any and all past or present claims, demands, obligations, actions, causes of action, damages, costs, debts, liabilities, expenses and compensation of any nature, whether for compensatory or punitive damages, and whether based in tort, contract, or other theory of recovery (collectively the "Claims" and individually a "Claim"), including but not limited to any Claims arising under Title VII of the Civil Rights Act of 1964, the Age Discrimination in Employment Act, the Civil Rights Act of 1991, the Americans with Disabilities Act, the Family and Medical Leave Act, the Employee Retirement Income Security Act of 1974 (ERISA) (other than vested benefits under a retirement plan), each as may have been amended, or any other federal, state, or



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132199793v2 A-4 local law, including without limitation, the Wisconsin Fair Employment Act, Wisconsin Wage Claim and Payment Law, Wisconsin Business Closing and Mass Layoff Law, Wisconsin Cessation of Health Care Benefits Law, Wisconsin Family and Medical Leave Law, Wisconsin Personnel Records Statute, Wisconsin Employment Peace Act, Wisconsin Internet Privacy Protection Act, and Claims based on wrongful discharge, breach of an implied or express contract, promissory estoppel, emotional distress, defamation, misrepresentation, fraud, public policy, common law, good faith and fair dealing, negligence, invasion of privacy, retaliation, or any other Claim that Executive now has or that may hereafter arise out of the relationship between the parties to date, including the termination of Executive's employment, whether known or unknown, foreseen or unforeseen, at the time of signing this Agreement. Executive states and represents the Executive has not and agrees to not institute any lawsuit against or otherwise sue the Company or its Affiliates or any of those named in this paragraph based on any Claim relating in any way to Executive's relationship with the Company or its Affiliates up to the time of signing this Agreement. In the event that any such Claim or action has been or is asserted by Executive or anyone acting directly or indirectly on Executive's behalf, Executive agrees that this release includes a complete waiver of any right to money damages or other individual remedies or relief awarded by a court or any governmental agency, including the Equal Employment Opportunity Commission (EEOC) or similar state agency with which Executive may file a charge or participate in an investigation notwithstanding the terms of this release and promise not to sue or other terms of this Agreement. The foregoing release and promise not to sue shall not apply to and shall not affect the parties' right to enforce, or under the Older Workers Benefit Protection Act (OWBPA) challenge the enforceability of, the terms of this Agreement; to seek remedy for breach of this Agreement; to assert claims which cannot legally be waived under applicable law; to subsequently assert any Claim arising from acts occurring after the date of signing this Agreement; or to assert any claims for defense or indemnification under applicable law or under the terms of the Employment Agreement or an applicable officers' and directors' liability insurance policy. In particular, this release does not prevent Executive from filing a claim for unemployment compensation benefits. 7. Administrative Proceeding. Notwithstanding the release and promise not to sue set forth in paragraph 6 or the other terms of this Agreement, Executive acknowledges that Executive may file a charge or complaint with, participate in an investigation conducted by, or contact or communicate with the EEOC, NLRB, SEC, FINRA or any other governmental agency. Executive agrees, however, that Executive has waived any right to money damages or other individual remedies or relief which might be awarded as a result of any such administrative proceeding, except where such a waiver is prohibited under SEC rules or other applicable law. 8. Return of Property. On the Separation Date, Executive agrees to return promptly all files, documents, manuals or property of any kind, whether in written, electronic, computerized or other form, in Executive's possession or control relating to, or

constituting the property of, the Company, its Affiliates, their employees or customers including, but not limited to, all office keys, keys to Company or Affiliate vehicles, credit cards, access cards, security cards, office equipment, cellular phones, computer hardware, software products, agreements or Company or Affiliate products or prototypes. Executive acknowledges that this obligation is continuing and agrees to promptly return to the Company any subsequently discovered property as described above. To the extent that Executive has downloaded or stored any proprietary, privileged, trade secret or confidential information belonging or relating to the Company or its Affiliates, their employees or customers on any personal, non-Company electronic media in Executive's possession, custody, or



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132199793v2 A-5 control, such as computers, cell phones, hand-held devices, back-up devices, zip drives, USBs, PDAs, and the like, Executive agrees to promptly contact [•], to arrange for transfer of such documents and information back to the Company and for destruction of such documents and information on Executive's personal electronic media. Executive agrees to not retain any copies of such documents or information. Executive represents that Executive has returned to the Company any and all passwords used by Executive with regard to the computer, electronic or communication systems of the Company or its Affiliates and has transitioned all administrative rights used by Executive with regard to all social media and internet-based accounts related to the business operations of the Company, so that the Company has immediate, full and complete access to all data and information stored, used or maintained on or in such systems or accounts. Executive agrees to not access or interfere with or attempt to access or interfere with any of the Company's computer systems, networks or files. 9. Non-Disparagement. Executive agrees not to make any defamatory or maliciously false remarks or comments about the Company or its Affiliates, or any of the foregoing entities' directors, officers, members, employees, or products or services in any respect, including without limitation any such remarks made on or through social media sites or blogs such as Facebook, LinkedIn, Glass Door, or X (aka Twitter). This provision does not prohibit Executive from providing truthful information to any governmental agency or in any legal or administrative agency proceeding from discussing or disclosing information concerning terms and conditions of employment, or from exercising any rights protected by Section 7 of the National Labor Relations Act. 10. Cooperation. Executive agrees to be reasonably available for a period of up to six (6) weeks following the Separation Date for consultation with and assistance to Company or Affiliate representatives with respect to matters and issues within Executive's job responsibilities or knowledge during Executive's employment by the Company. Executive acknowledges and agrees that such cooperation with the Company is necessary for a proper and orderly transition and that the consideration set forth herein fully compensates Executive for this reasonable cooperation. 11. Consideration of Agreement. Executive may consider this Agreement prior to signing for up to 21 calendar days from the Separation Date. Executive understands, however, that Executive is free to sign and return this Agreement at any time within the 21-day period. The parties agree that any changes in this Agreement made prior to signing whether material or not do not restart the 21-day period for consideration. If a signed Agreement is not returned to the Company by the end of this 21-day period, or if Executive breaches any of the provisions set forth herein prior to signing this Agreement, the offer of this Agreement is withdrawn. 12. Rescission. Executive may rescind and revoke this Agreement within seven (7) calendar days after signing it to assert alleged claims under the Age Discrimination in Employment Act. To be effective, Executive agrees that the rescission or revocation must be in writing and hand-delivered or mailed to the Company, c/o [•], 2174 EastRidge Center, Eau Claire, WI 54701, within the 7-day period. If mailed, the rescission or revocation must be (a) postmarked within the 7-day period, (b) properly addressed as set forth in the preceding sentence, and (c) sent by Certified Mail, Return Receipt Requested. If delivered by hand, it must be given to [•] within the 7-day period. Should Executive choose to rescind this Agreement, all terms hereof are canceled and thereby ineffective.



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132199793v2 A-6 13. Non-Admission. The Company, and all those named in paragraph 6 above, expressly deny any and all liability to Executive and the parties agree that nothing in this Agreement is intended to be, nor shall be deemed to be, an admission of liability or wrongdoing, an admission of the existence of any facts upon which liability or wrongdoing could be based, or a waiver of any defense to any such liability or wrongdoing. 14. Third Party Claims. Executive agrees that Executive will not voluntarily assist or encourage any third party regarding claims or litigation against the Company or its Affiliates. Executive agrees to promptly notify the Company and provide it a copy, prior to responding, if Executive is served with or otherwise receives any subpoena or any other legal process, demand or request seeking Executive's testimony or the production of other evidence or other information. Notwithstanding the foregoing, Executive is not prohibited from filing a charge with or participating in any investigation conducted by the EEOC or other governmental agency without prior notice to the Company. 15. Merger. Except as set forth in paragraph 17 below, this Agreement and any employee benefit plans in which Executive is a participant supersede all prior oral and written agreements and communications between the parties regarding the subject matter hereof. 16. Confidentiality. Executive agrees to keep the terms and conditions of this Agreement strictly confidential and not disclose them to any person other than Executive's immediate family, taxing authorities, attorneys, or accountants as necessary or as required by law. Executive understands and agrees that any disclosure in violation of this confidentiality agreement made by or through Executive, or those listed in the preceding sentence, constitutes a material breach of this Agreement. Executive agrees to not introduce this Agreement in any litigation or proceeding involving the Company, except any action to enforce, or challenge the enforceability of, the terms of this Agreement. This provision does not prohibit Executive from providing truthful information to any governmental entity. 17. Restrictive Covenants. Executive acknowledges and agrees that any agreement with the Company that Executive has previously signed, which contains restrictive covenants, such as non-competition, non-solicitation and non-disclosure/confidentiality provisions, including in particular the restrictive covenants and remedies provisions set forth in Executive's Employment Agreement: (i) remain in full force and effect, (ii) such restrictive covenants are supported by separate consideration, and (iii) Executive is fully bound to the continuing obligations under those provisions for the periods specified therein. 18. Breach. If Executive breaches any of Executive's obligations contained in this Agreement, all contingent amounts paid to Executive hereunder or yet to be paid pursuant hereto, shall be considered unearned and, at the election of the Company and as consistent with applicable law, be either not paid and forfeited, or if previously paid, returned to the Company. This provision shall not prevent the Company from pursuing its other remedies and seeking damages for breach of this Agreement. Executive shall be responsible for the payment of the Company's reasonable attorney fees and costs of litigation incurred in successfully enforcing the terms of this Agreement. Executive acknowledges that breach by Executive of the provisions of this Agreement, particularly paragraphs 6, 8, 9, 10, 14, and 17 will cause the Company irreparable harm that is not fully remedied by monetary damages. Accordingly, Executive acknowledges that the Company may



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132199793v2 A-7 seek injunctive relief regarding Executive's breach or threatened breach of the terms of this Agreement without posting a bond or other security, in addition to any other available legal or equitable remedies and, that such relief may be granted without the necessity of proving actual damages. Executive agrees that both damages at law and equitable relief shall be proper modes of relief and are not to be considered alternative remedies. 19. Severability and Blue Pencil. Executive agrees that the scope and terms of this Agreement are reasonable and that it is Executive's intent and desire that this Agreement be enforced to the fullest extent permissible. In case any one or more of the provisions of this Agreement (other than its release provisions) should be determined invalid, illegal, or unenforceable in any respect, the validity, legality, and enforceability of the remaining provisions contained in this Agreement will not in any way be affected or impaired thereby. If any particular provision of this Agreement shall be adjudicated to be invalid or unenforceable, Executive and the Company specifically authorize the tribunal making such determination to edit the invalid or unenforceable provision to allow this Agreement, and the provisions thereof to be valid and enforceable to the fullest extent allowed by law and/or public policy. 20. Assignment. This Agreement shall be binding upon Executive's heirs, administrators, representatives, or executors. No assignment of this Agreement shall be made by Executive, and any such purported assignment shall be null and void. This Agreement may be assigned by the Company to any successor or assignee. 21. Governing Law. This Agreement shall be construed and interpreted in accordance with the internal laws of the State of Wisconsin, without regard to conflicts of laws provisions. 22. Waiver. No term or condition of this Agreement shall be deemed to have been waived except by a statement in writing signed by the party against whom the enforcement of the waiver is sought. The waiver by the Company of the breach or nonperformance of any provision of this Agreement by Executive will not operate or be construed as a waiver of any future breach or nonperformance under any such provision of this Agreement or any similar agreement with any other employee. 23. Voluntary and Knowing Action. Executive acknowledges that Executive has read and understands the terms of this Agreement and that Executive is voluntarily and without duress entering into this Agreement with full knowledge of its implications. In that this Agreement establishes certain legally enforceable rights and obligations, the Company expressly advises Executive to consult with an attorney prior to signing this Agreement. 24. Section 409A. Notwithstanding any other provision of this Agreement to the contrary, Executive and the Company agree that the payments hereunder shall be exempt from, or satisfy the applicable requirements, if any, of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code") in a manner that will preclude the imposition of penalties described in Code Section 409A. Payments made pursuant to this Agreement are intended to satisfy the short-term deferral rule or separation pay exception within the meaning of Code Section 409A. Executive's termination of employment shall mean a "separation from service" within the meaning of Code Section 409A. Notwithstanding anything herein to the contrary, this Agreement shall, to the maximum extent possible, be administered, interpreted and construed in a manner consistent



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132199793v2 A-8 with Code Section 409A; provided, that in no event shall the Company have any obligation to indemnify Executive from the effect of any taxes under Code Section 409A. If any payment or benefit provided to Executive in connection with Executive's termination of employment is determined to constitute "nonqualified deferred compensation" within the meaning of Section 409A of the Code and Executive is determined to be a "specified employee" as defined in Section 409A(a)(2)(B)(i) of the Code, then such payment or benefit shall not be paid until the first payroll date to occur following the six-month anniversary of the termination or, if earlier, on Executive's death (the "Specified Employee Payment Date"). The aggregate of any payments that would otherwise have been paid before the Specified Employee Payment Date shall be paid to Executive in a lump sum on the Specified Employee Payment Date and thereafter, any remaining payments shall be paid without delay in accordance with their original schedule. 25. Counterparts. This Agreement may be executed in separate counterparts, each of which is deemed to be an original and all of which taken together constitute one and the same agreement. 26. Entire Agreement. This Agreement contains the entire agreement between the parties relating to the termination of Executive's employment and supersedes all prior agreements and understandings, whether written or oral, between the parties relating to such subject matter; provided, however, that nothing in this Agreement supersedes or otherwise alters the terms of any restrictive covenant agreement previously entered into by Executive as set forth in paragraph 17, which Executive acknowledges and agrees remain in full force and effect. This Agreement may not be amended or changed except in writing executed by both parties. IN WITNESS WHEREOF, the parties have caused this Separation Agreement and Release to be executed on the date set forth below. CITIZENS COMMUNITY BANCORP, INC. STEPHEN M. BIANCHI By: Its: CITIZENS COMMUNITY FEDERAL, N.A., By: Its:



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132400423v1 THIRD AMENDED AND RESTATED EXECUTIVE EMPLOYMENT AGREEMENT This Third Amended and Restated Executive Employment Agreement (the "Agreement") is made effective as of May 2, 2024 (the "Effective Date"), by and between Citizens Community Bancorp, Inc., a Maryland corporation, (the "Holding Company") and its wholly-owned subsidiary, Citizens Community Federal, N.A., a national banking association (the "Bank"), collectively, the "Company", and James S. Broucek ("Executive"). WHEREAS, the Company and Executive entered into an Executive Employment Agreement effective October 31, 2017 (the "Executive Employment Agreement"); and WHEREAS, the Company and Executive entered into an Amended and Restated Executive Employment Agreement dated November 1, 2019 (the "Amended Executive Employment Agreement") that superseded and replaced the Executive Employment Agreement; and WHEREAS, the Company and Executive entered into an Addendum No. 1 to the Amended and Restated Executive Employment Agreement dated April 23, 2020 (the "2020 Addendum") that superseded and replaced certain provisions of Section 5(d) the Amended Executive Employment Agreement; and WHEREAS, the Company and Executive entered into a Second Amended and Restated Executive Employment Agreement dated April 21, 2022 (the "Second Amended Executive Employment Agreement") that superseded and replaced the Amended Executive Employment Agreement as modified by the 2020 Addendum; and WHEREAS, the Company and Executive entered into an Addendum No. 1 to the Second Amended and Restated Executive Employment Agreement dated December 13, 2023 (the "2023 Addendum") that superseded and replaced Section 3(i) the Second Amended Executive Employment Agreement; and WHEREAS, the Company and Executive desire to amend and restate certain terms of the Second Amended Executive Employment Agreement as modified by the 2023 Addendum; and WHEREAS, the Company desires to employ Executive upon the amended and restated terms and conditions set forth herein, and Executive desires to be so employed by the Company: NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth in this Agreement, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows: 1. Term of Employment. Executive's employment hereunder shall commence as of the Effective Date and continuing thereafter until December 31, 2025, unless and until terminated pursuant to the terms of Section 4 of this Agreement (the "Term"). Notwithstanding the foregoing, the Term shall automatically be extended for additional one-year periods (each, a "Renewal Term") on the terms and conditions provided herein, unless either party shall give the other party no less than ninety (90) days' written notice prior to the expiration of the Term or Renewal Term, Exhibit 10.2



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132400423v1 2 as applicable. The Term and the Renewal Term, if applicable, shall be collectively referred to as the "Employment Term." 2. Position and Duties. (a) Position. During the Employment Term, Executive shall serve as the Chief Financial Officer of the Bank, and the Chief Financial Officer of the Holding Company, reporting exclusively to the Bank's [REDACTED] and [REDACTED] By: [REDACTED] James S Broucek, EVP, CFO, the Holding Company's Board of Directors (the "Board"). In such positions, Executive shall have such duties, authority and responsibility as shall be determined from time to time by the President and Secretary LENDER, CHIPPEWA VALLEY BANK By: [REDACTED] Rick Gerber, [REDACTED] and the Board and as are customarily performed by persons situated in a similar executive capacity. (b) Duties. During the Employment Term, Executive shall devote substantially all of his business time and attention to the performance of Executive's duties hereunder and will not engage in any other business, profession or occupation for compensation or otherwise which would conflict or interfere with the performance of such services either directly or indirectly. Notwithstanding the foregoing, nothing herein shall preclude Executive from (i) acting or serving as a director, trustee, committee member or principal of any type of business, civic or charitable organization, or (ii) owning any interest in any other corporation, business or enterprise, subject to Section 6 below. 3. Compensation and Benefits. (a) Salary. The Company shall pay Executive a salary of Two Hundred Forty- One Thousand Twenty and 00/100 Dollars (\$241,020.00) per year, payable in regular biweekly installments, in accordance with the Company's usual payroll procedures (the "Salary"). Executive's base Salary shall be subject to at least annual review on each December 31, and may be increased based on Executive's performance and contribution to the Company, as determined by the Board. (b) Short Term Incentive Plan Awards. Executive shall be eligible to receive an annual incentive award pursuant to the terms of the Bank's Executive Short Term Incentive Plan and Executive's individual incentive goal sheet appended thereto, and any successor plan thereto. (c) Long Term Incentive Plan Awards. Executive shall be eligible to receive incentive awards pursuant to the terms of the Bank's Executive Long Term Incentive Plan and the Holding Company's 2018 Equity Incentive Plan, and any successor plans thereto. (d) Benefits. Executive shall be entitled to participate in any and all benefit programs, such as health insurance and retirement plans, subject to applicable plan or policy terms, that the Company establishes and makes available to its other similarly situated senior executives from time to time, provided that Executive is eligible to participate under the plan documents governing those programs. The Company reserves the right to modify or discontinue, either on a company-wide basis or as applicable to all comparably-situated Company employees, any employee benefit already provided or as may be provided in the future.



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132400423v1 3 (e) Paid Time Off. During the Employment Term, Executive will be entitled to paid time off (PTO) at the maximum accrual rate, and pursuant to the other terms, as set forth in the Bank's Paid Time Off policy effective July 1, 2017, or any successor policy thereto or as otherwise approved by the Compensation Committee. Executive shall receive other paid time-off in accordance with the Company's policies for executive officers as such policies may exist from time to time. Executive shall receive payment for all accrued but unused PTO, if any, within thirty (30) days following the termination of Executive's employment. (f) Business Expenses. Executive shall be entitled to reimbursement for all reasonable and necessary out-of-pocket business, entertainment and travel expenses incurred by Executive in connection with the performance of Executive's duties hereunder in accordance with the Company's expense reimbursement policies and procedures. The amount of reimbursable expenses incurred in one taxable year shall not affect the expenses eligible for reimbursement in any other taxable year. Reimbursement shall be paid as soon as administratively practicable, but in no event shall any such reimbursement be paid after the last day of the calendar year following the calendar year in which the expense was incurred. The right hereunder to reimbursement is not subject to liquidation or exchange for other benefits. (g) Withholdings and Taxes. All payments to Executive will be payable pursuant to the Company's normal payroll practices. The Company shall deduct from all payments to Executive hereunder any federal, state or local withholding or other taxes or charges which the Company is from time to time required to deduct under applicable law, and all amounts payable to Executive hereunder are stated herein before any such deductions. (h) Liability Insurance; Indemnification. The Bank shall provide the Executive (including his heirs, executors and administrators) with coverage under a standard directors' and officers' liability insurance policy at the Bank's expense or, in lieu thereof, shall indemnify the Executive (and his heirs, executors and administrators) to the fullest extent permitted under applicable law against all expenses and liabilities reasonably incurred by him in connection with or arising out of any action, suit or proceeding in which he may be involved by reason of his having been a director or officer of the Bank (whether or not he continues to be a director or officer at the time of incurring such expenses or liabilities). Such expenses and liabilities shall include, but are not limited to, judgments, court costs, attorneys' fees and the cost of reasonable settlements, and such settlements shall be approved by the Board; provided, however, that such indemnification shall not extend to matters as to which the Executive is finally adjudged to be liable for willful misconduct or gross negligence in the performance of his duties as a director or officer of the Bank. (i) Clawback of Incentive Compensation. The Company may terminate Executive's right to the unpaid or unvested incentive compensation under Sections 3(b) and 3(c), and may require reimbursement to the Company by Executive of any incentive compensation previously paid or vested pursuant to any applicable incentive compensation plan or award agreement, in the event the Company is required to prepare an accounting



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132400423v1 4 restatement of its financial statements due to the Company's material noncompliance with any financial reporting requirement under securities laws, or Executive is otherwise obligated to disgorge to or reimburse the Company for such compensation paid or payable to Executive by reason of application of Section 304 of the Sarbanes-Oxley Act of 2002, Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, or any other applicable law or regulation requiring recapture, reimbursement or disbursement of incentive-based pay. The incentive compensation received by Executive during the three completed fiscal years immediately preceding the date on which the Company is required to prepare an accounting restatement is subject to forfeiture or reimbursement pursuant to the terms of this Section 3(i). In the event Executive fails to make prompt reimbursement of any such incentive compensation previously paid, the Company may, to the extent permitted by applicable law, deduct the amount required to be reimbursed from Executive's compensation otherwise due under this Agreement. 4. Termination of Employment. During the Employment Term, Executive's employment and this Agreement may be terminated only under the following circumstances: (a) Termination by the Company for Cause, or by Executive without Good Reason. The Employment Term and Executive's employment hereunder may be terminated immediately by the Company for Cause, and shall terminate upon Executive's resignation without Good Reason; provided, that Executive will be required to give the Company at least thirty (30) days advance written notice of a resignation without Good Reason. (b) Definition of Cause. For purposes of this Agreement, "Cause" shall mean a good faith determination by the Board that Executive has: (A) committed a material act of dishonesty or disloyalty involving the Company; (B) committed a felony or misdemeanor involving dishonesty or moral turpitude which has a material adverse effect on the business of the Company; (C) engaged in willful conduct which is materially injurious to the Company; or (D) materially breached any provision of this Agreement, which breach is not cured within thirty (30) days after written notice thereof is given to Executive, explaining in reasonable detail the nature of such asserted breach. (c) Definition of Good Reason. For purposes of this Agreement, "Good Reason" shall mean, without the consent of Executive, (A) the material diminution of Executive's position (including status, offices, titles, and reporting requirements), authorities, duties, or other such responsibilities as exist immediately prior to the diminution; (B) the material reduction in Executive's Salary, or benefits under Section 3(d), unless such reduction is part of a reduction in compensation for all Executives of the Company on a pro rata basis; (C) the relocation of Executive's principal place of employment of greater than 50 miles from Executive's location immediately prior to the relocation; (d) Notice Requirements for Good Reason Termination. If Executive intends to terminate Executive's employment for Good Reason; (i) Executive must give the Company written notice of the facts or events giving rise to Good Reason within thirty (30) days following Executive's knowledge of the facts or event alleged to give rise to Good



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132400423v1 5 Reason, (i) the Company must fail to cure the act or omission within thirty (30) days following the Company's receipt of such notice; and (ii) Executive must give the Company written notice that his employment is terminated for Good Reason within thirty (30) days following such failure to cure. The failure by Executive to give such notice of Good Reason shall be deemed a waiver of the right to terminate Executive's employment for Good Reason based on such fact or event. (e) Definition of Change in Control. For the purposes of this Agreement, "Change in Control" shall mean any of the following: i. a change-in-control of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), whether or not the Holding Company is then subject to such reporting requirement; or ii. the public announcement (which, for purposes of this definition, shall include, without limitation, a report filed pursuant to Section 13(d) of the Exchange Act) by the Holding Company or any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) that such person has become the "beneficial owner" (as defined in Rule 13d-3 promulgated under the Exchange Act), directly or indirectly, of securities of the Holding Company (i) representing 30% or more, but not more than 50%, of the combined voting power of the Holding Company's then outstanding securities unless the transaction resulting in such ownership has been approved in advance by the Continuing Directors (as hereinafter defined); or (ii) representing more than 50% of the combined voting power of the Holding Company's then outstanding securities (regardless of any approval by the Continuing Directors); provided, however, that notwithstanding the foregoing, no Change-in-Control shall be deemed to have occurred for purposes of this Agreement by reason of the ownership of 30% or more of the total voting capital stock of the Holding Company then issued and outstanding by the Holding Company, any subsidiary of the Holding Company or any employee benefit plan of the Holding Company or of any subsidiary of the Holding Company or any entity holding shares of the Common Stock organized, appointed or established for, or pursuant to the terms of, any such plan (any such person or entity described in this clause is referred to herein as a "Company Entity"); or iii. the Continuing Directors (as hereinafter defined), cease to constitute a majority of the Holding Company's Board of Directors; or iv. the shareholders of the Holding Company approve (i) any consolidation or merger of the Holding Company in which the Holding Company is not the continuing or surviving company or pursuant to which shares of Holding Company stock would be converted into cash, securities or other property, other than a merger of the Holding Company in which shareholders



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132400423v1 6 immediately prior to the merger have the same proportionate ownership of stock of the surviving company immediately after the merger; (ii) any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all or substantially all of the assets of the Holding Company; or (iii) any plan of liquidation or dissolution of the Holding Company. For purposes of this definition, "Continuing Director" shall mean any person who is a member of the Board of Directors of the Holding Company, while such person is a member of the Board of Directors, who is not an Acquiring Person (as defined below) or an Affiliate or Associate (as defined below) of an Acquiring Person, or a representative of an Acquiring Person or of any such Affiliate or Associate, and who (i) was a member of the Board of Directors on the date of this Agreement; or (ii) subsequently becomes a member of the Board of Directors, if such person's initial nomination for election or initial election to the Board of Directors is recommended or approved by a majority of the then Continuing Directors. For purposes of this definition, "Acquiring Person" shall mean any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) who or which, together with all Affiliates and Associates of such person, is the "beneficial owner" (as defined in Rule 13d-3 promulgated under the Exchange Act) directly or indirectly, of securities of the Holding Company representing 30% or more of the combined voting power of the Holding Company's then outstanding securities, but shall not include any Holding Company Entity; and "Affiliate" and "Associate" shall have their respective meanings ascribed to such terms in Rule 12b-2 promulgated under the Exchange Act. (f) Termination by Reason of Death or Disability. Executive's employment hereunder shall terminate automatically upon Executive's death during the Employment Term. If the Company determines in good faith that a Disability (as defined below) of Executive has occurred during the Employment Term, the Company may give to Executive written notice of its intention to terminate Executive's employment. In such event, Executive's employment with the Company shall terminate effective on the thirtieth (30th) day after receipt of such notice by Executive; provided, that within thirty (30) days after such receipt, Executive shall not have returned to full-time performance of Executive's duties. For purposes of this Agreement, "Disability" has the same meaning as in the Company's long-term disability plan, or if there is no such plan, or no definition in such plan, "Disability" means a mental or physical condition which, in the opinion of the Board, renders Executive unable or incompetent to carry out the material job responsibilities which such Executive held or the material duties to which Executive was assigned at the time the disability was incurred, which has existed for at least one hundred eighty (180) consecutive days and, which condition, in the opinion of an independent physician selected by the Company, is expected to be permanent or to have a duration of more than one (1) year. (g) Termination by the Company without Cause, or Resignation by Executive for Good Reason. The Employment Term and Executive's employment hereunder may be



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132400423v1 7 terminated by the Company without Cause (other than by reason of death or Disability) or by resignation by Executive for Good Reason. (h) Termination by the Company without Cause, or Resignation by Executive for Good Reason Following a Change in Control. If a Change in Control occurs during the Employment Term, and the Employment Term and Executive's employment hereunder is terminated by the Company without Cause (other than by reason of death or Disability) or by resignation by Executive for Good Reason, in each case, within 12 months following the Change in Control, then Executive shall receive the benefits set forth in Section 5(d). Payment of the benefits set forth in Section 5(d) shall be made promptly pursuant to the terms of this Agreement and without unreasonable delay. (i) Notice of Termination. Any purported termination of Executive's employment by either party shall be communicated by written Notice of Termination to the other party. As used herein, "Termination Date" shall mean in the case of Executive's death, his date of death, or in all other cases of termination by the Company, the date specified in the Notice of Termination which shall be at least 30 days following the date of the Notice of Termination, except for termination for Cause which may be on or after the date of the Notice of Termination. (j) Director and Officer Positions. Upon the voluntary or involuntary termination of Executive's employment for any reason, Executive will be deemed to have resigned from all director and officer positions he then holds with the Bank, the Holding Company and any related or affiliated entity, and Executive agrees that this Agreement shall constitute affirmation of such resignations. (k) Return of Records and Property. Upon termination of Executive's employment with the Company for any reason, or at the Company's earlier request, Executive shall deliver promptly to the Company originals and all copies of all records, manuals, books, blank forms, documents, letters, memoranda, notes, notebooks, reports, data, tables or calculations, whether in tangible or electronic format or media, which are the property of the Company or which relate in any way to the business, products, practices or techniques of the Company, and all other property, trade secrets and Confidential Information (as defined herein) of the Company, including, but not limited to, all office keys, security cards, credit cards, office equipment, computer hardware and software, company products and prototypes, and all documents or electronic records which in whole or in part contain any trade secrets or Confidential Information of the Company, which in any of these cases are in Executive's possession or under Executive's control. Executive may not retain any copies of the documents referred to in this Section 4(k). To the extent that Executive has downloaded or stored any proprietary, privileged, confidential or trade secret information belonging to the Company on any personal, non-Company electronic media in Executive's possession, custody, or control, such as computers, cell phones, hand-held devices, back-up devices, zip drives, and the like, Executive agrees to promptly contact the Company to arrange for transfer of such documents and information back to the Company and for destruction of such documents and information on Executive's personal electronic media. Executive also agrees to return to the Company any and all passwords used by Executive with regard to the computer, electronic or communication.



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132400423v1.8 systems of the Company and to transition all administrative rights used by Executive with regard to all social media and internet-based accounts related to the business operations of the Company, so that the Company has immediate, full and complete access to all data and information stored, used or maintained on or in such systems or accounts. Executive further agrees to not access or interfere with or attempt to access or interfere with any of the Company's computer systems, networks or files. 5. Obligations Upon Termination. (a) Termination by the Company for Cause, or by Executive without Good Reason. If Executive's employment with the Company is terminated by the Company for Cause, or is voluntarily terminated by Executive without Good Reason, the Company will pay or provide Executive with the following: (i) Executive's Salary earned but unpaid as of the Termination Date, payable in a lump sum within thirty (30) days after the Termination Date (or earlier to the extent required by law); and (ii) all vested benefits to which Executive is entitled under any benefit plans set forth in the benefits section hereof in accordance with the terms of such plans through the Termination Date, including, without limitation, PTO (collectively, the "Accrued Obligations"). Executive shall forfeit any other unvested amounts, including any unearned bonuses. (b) Termination by Reason of Disability or Death. If Executive's employment with the Company is terminated during the Employment Term by reason of Executive's Disability or death, the Company will pay and/or provide Executive or Executive's legal representative, as the case may be, (i) the Accrued Obligations; (ii) a pro-rated incentive award pursuant to the terms of the Bank's Executive Short Term Incentive Plan; and (iii) a pro-rated incentive award pursuant to the terms of the Bank's Executive Long Term Incentive Plan. (c) Termination by the Company without Cause, or Resignation by Executive with Good Reason. If Executive's employment with the Company is terminated by the Company without Cause or by Executive with Good Reason and as to (ii)-(iv) below Executive irrevocably executes the Release as specified in Section 5(e), promptly upon expiration of any revocation period applicable to the Release but no later than five (5) business days thereafter, the Company will pay or provide Executive with the following: i. the Accrued Obligations; ii. an incentive award pursuant to the terms of the Bank's Executive Short Term Incentive Plan for the plan year in which the termination occurs at Level II (i.e. Plan/30% of Salary) or, if higher, at actual performance at the time of termination, such amount as prorated through Employee's termination date; iii. a payment equal to fifty percent (50%) of (A) the Executive's annual Salary at the time of termination and (B) the greater of (x) the amount of an incentive award pursuant to the terms of the Bank's Executive Short Term Incentive Plan for the plan year in which the termination occurs at Level III



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132400423v1 9 (i.e. Plan/30% of Salary) as prorated through Employee's termination date or (y) the amount of the average Executive Short Term Incentive Plan awards that Executive received for the two plan years immediately prior to the plan year in which termination occurs, such amount as prorated through Employee's termination date; and iv. provided that Executive or his spouse or dependents timely elect continuation coverage under a group health plan of the Company pursuant to the requirements of Section 4980B of the Code, as amended, and any similar applicable law, ("COBRA"), continued participation in the Company's medical and dental plans with the full monthly premiums to be paid by the Company until the earlier of (A) Executive's eligibility for coverage under another employer's group health plan, (B) termination of Executive's rights to continuation coverage under COBRA, or (C) six (6) months following the termination of Executive's employment with the Company. Executive agrees and acknowledges that the period of coverage under such plans shall run concurrently with such plans' obligations to provide continuation coverage pursuant to COBRA, and that this subsection shall not limit such plans' obligations to provide continuation coverage under COBRA. (d) Termination by the Company without Cause, or Resignation by Executive with Good Reason Following a Change in Control. If Executive's employment with the Company is terminated by the Company without Cause or by Executive with Good Reason following a Change in Control pursuant to Section 4(h) and as to (ii)-(iv) below Executive irrevocably executes the Release as specified in Section 5(e), promptly upon expiration of any revocation period applicable to the Release but no later than five (5) business days thereafter, the Company will pay or provide Executive with the following in lieu of any payments under Section 5(c) herein: i. the Accrued Obligations; ii. an incentive award pursuant to the terms of the Bank's Executive Short Term Incentive Plan for the plan year in which the termination occurs at Level II (i.e. Plan/30% of Salary) or, if higher, at actual performance at the time a definitive agreement is announced, such amount as prorated through Employee's termination date; iii. a payment equal to two hundred percent (200%) of (A) the Executive's annual Salary at the time of termination and (B) the greater of (x) the amount of an incentive award pursuant to the terms of the Bank's Executive Short Term Incentive Plan for the plan year in which the termination occurs at Level II (i.e. Plan/30% of Salary) as prorated through Employee's termination date or (y) the amount of the average Executive Short Term Incentive Plan awards that Executive received for the two plan years immediately prior to the plan year in which termination occurs, such amount as prorated through Employee's termination date; and



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132400423v1 10 iv, provided that Executive or his spouse or dependents timely elect continuation coverage under a group health plan of the Company pursuant to the requirements of Section 4980B of the Code, as amended, and any similar applicable law, ("COBRA"), continued participation in the Company's medical and dental plans with the full monthly premiums to be paid by the Company until the earlier of (A) Executive's eligibility for coverage under another employer's group health plan, (B) termination of Executive's rights to continuation coverage under COBRA, or (C) twenty-four (24) months following the termination of Executive's employment with the Company. Executive agrees and acknowledges that the period of coverage under such plans shall run concurrently with such plans' obligations to provide continuation coverage pursuant to COBRA, and that this subsection shall not extend such plans' obligations to provide continuation coverage under COBRA. In the event that Executive timely elects COBRA continuation and remains covered under the Company's group health plan, but his right to COBRA continuation terminates under (B) above due to expiration of the maximum COBRA continuation period, and is not extended after 18 months of coverage, then the Company will at that time pay Executive a lump sum amount equal to six (6) months of Executive's monthly COBRA premiums which he may direct toward future health insurance premium payments. (e) Release. No obligations of the Company or the Bank with respect to payments to Executive pursuant to Section 5(c)(i)-(iv) or Section 5(d)(i)-(iv) shall exist or apply unless Executive has on or after the Termination Date timely executed a separation agreement containing a general release in substantially the form attached hereto as Exhibit A as may be updated for legal compliance (the "Release") and any applicable revocation periods in the Release have expired without rescission by Executive. (f) Vesting. All unvested equity interests held by Executive as of the Termination Date shall terminate and be forfeited, unless those unvested grants shall be deemed to have vested in their entirety as of the Termination Date pursuant to the terms of the applicable grant agreement, the Bank's Executive Long Term Incentive Plan, or the Holding Company's 2018 Equity Incentive Plan, or any successor plans thereto. (g) Section 280G. Notwithstanding anything to the contrary herein contained, under no circumstances shall the payments made to Executive result in an "excess parachute payment" as defined under Section 280G of the Internal Revenue Code of 1986, as amended. To the extent that such payments could result in an "excess parachute payment," the payments shall be reduced to avoid such result, the manner of which reduction shall be in the sole discretion of the Board of Directors of the Company. Any amounts reduced pursuant to this Section 5(g) shall be deemed forfeited by Executive, and Executive shall have no authority whatsoever to determine the order in which benefits under this Agreement shall be so reduced. (h) Timing of Severance Payments. The payments, if any, owed to Executive under Section 5(c)(i)-(iii) or Section 5(d)(i)-(iii) will be paid in a lump sum on or before



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132400423v1 11 the sixtieth (60th) day following Employee's termination, provided that all statutory rescission periods contained in the Release have expired without revocation by Executive, and subject to Section 16 herein. Where the period available to execute (and to not revoke) the Release spans more than one calendar year, the payment shall not be made until the second calendar year as required by the applicable terms of this Agreement and Section 409A of the Internal Revenue Code. 6. Restrictive Covenants. (a) Need for Restrictions. Executive acknowledges and agrees that the Company's business, technical, and customer information is established and maintained at great expense to the Company and is of significant value to the Company, and that by virtue of employment with the Company, Executive will have information pertaining to, unique and extensive exposure to, and personal contact with, the Company's business, technical and customer information which would enable Executive to compete unfairly with the Company. As a result, and in consideration of the Company's severance obligations under Section 5(c) and Section 5(d), Executive acknowledges and agrees that the following restrictions are necessary to protect the Company's business. (b) Confidential Information. For purposes of this Agreement, "Confidential Information" means information disclosed to Executive or known by him as a result of or as disclosed in the course of Executive's employment with the Company which is not generally known to the public pertaining to the Company's business, including, but not limited to, operations, contracts, customers, customer lists, proposals, research and development, procedures and protocols, operating models, financial information, pricing, price lists, marketing methods, strategic planning information, information stored in or developed for use with Company's computer systems, insurance plans, risk management information, or marketing programs, and third-party information that the Company may learn from its customers or clients. Confidential information shall include any such information developed or created by Executive if the information was developed or created by Executive while executing Executive's duties for the Company or if the information was developed or created by Executive based upon any Confidential Information that Executive learned by virtue of Executive's employment with the Company. Confidential Information shall not include any information that Executive can demonstrate is in the public domain by means other than disclosure by Executive, but shall include non-public compilations, combinations, or analyses of otherwise public information. (c) Non-Disclosure or Use of Confidential Information. For as long as Executive shall remain employed by the Company, and after termination of employment with the Company for any reason, Executive shall not directly or indirectly, under any circumstances, communicate or disclose to any person, firm, association, corporation, company or any other third party, or use for Executive's own benefit or the benefit of any person or entity other than the Company, any Confidential Information, and Executive will keep secret and in strict confidence and hold inviolate said Confidential Information. Executive further agrees, however, not to disclose to others or use at any time after the



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132400423v1 12 termination of his employment with the Company any Confidential Information that constitutes and remains a trade secret under the Wisconsin Trade Secrets Act, as amended (Section 134.90 Wis. Stats.), any Confidential Information that the Company received from a third party and continues to hold in confidence, and any Confidential Information that he is otherwise prohibited by law from disclosing to others or using. The prohibitions of this paragraph do not apply to Confidential Information after it has become generally known and/or in the public domain through no fault of Executive. The prohibitions of this paragraph also do not prohibit use of Executive's general skills and knowledge acquired during and prior to his employment by the Company, as long as such use does not involve the use or disclosure of Confidential Information. This non-disclosure provision does not prohibit Executive from providing truthful information to any governmental entity as required by law or as part of an agency investigation without prior notice to the Company. (d) Defend Trade Secrets Act. Executive understands that if Executive breaches the provisions of Section 6(c) above, Executive may be liable to the Company under the Defend Trade Secrets Act of 2016 ("DTSA"). Executive further understands that by providing Executive with the following notice, the Company may recover from Executive its attorney fees and exemplary damages if it brings a successful claim against Executive under the DTSA: Under the federal Defend Trade Secrets Act of 2016, Executive shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made: (a)(i) in confidence to a federal, state, or local governmental official, either directly or indirectly, or to an attorney and (ii) solely for the purpose of reporting or investigating a suspected violation of law or (b) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Without limiting the foregoing, if Executive files a lawsuit for retaliation by the Company for reporting a suspected violation of law, Executive may disclose the trade secret to Executive's attorney and use the trade secret information in the court proceeding, if Executive (i) files any document containing the trade secret under seal and (ii) does not disclose the trade secret, except pursuant to court order. (e) Nonsolicitation of Customers. During Executive's employment, and for a period of twenty-four (24) months following the earlier of (i) the termination of Executive's employment with the Company, whether voluntary or involuntary and whether with or without Cause, or (ii) the date of a Change in Control, Executive shall not, directly or indirectly canvass, contact or solicit any "Active Customer" (as defined below) of the Company for the purpose of selling, offering or providing products or services which are the same as or substantially similar to the products or services provided by the Company at any time during the "Reference Period" (as defined below). "Active Customer" shall mean any person or entity which, within the 12-month period prior to the termination of Executive's employment with the Company (the "Reference Period"), received any products or services supplied by or on behalf of the Company; provided, however, "Active Customer" shall be further limited to those customers of the Company: (i) with whom Executive had material business contact as an Executive of the Company during the Reference Period; (ii) whose dealings with the Company were coordinated or supervised, in whole or in part, by Executive during the Reference Period; or (iii) about whom Executive obtained Special Knowledge (as defined below) as a result of Executive's position with the Company during the Reference Period. "Special Knowledge" means



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132400423v1 13 Confidential Information that is used, possessed by or developed for the Company in the course of soliciting, selling to or servicing a customer, including, but not limited to, existing or proposed bids, pricing and cost information, margins, negotiation strategies, sales strategies and information generated for customer engagements. (f) Non-Solicitation of Company Personnel. During Executive's employment and for a further period of twenty-four (24) months beginning on the earlier of (i) the termination of Executive's employment with the Company under any circumstances or (ii) the date of a Change of Control, Executive agrees that Executive shall not, directly or indirectly, solicit, encourage or induce any employee, consultant, contractor, or other agent of the Company with whom Executive had substantial contact during the Reference Period and who has knowledge of Confidential Information to terminate a relationship (employment or otherwise), or breach any agreement with the Company. (g) Noncompetition. During Executive's employment, and for a period of eighteen (18) months following the earlier of (i) the termination of Executive's employment with the Company, whether voluntary or involuntary and whether with or without Cause, or (ii) the date of a Change of Control, Executive shall not, directly or indirectly, have a financial interest in, or act in a "Prohibited Capacity" (as defined below) on behalf of, any entity which competes with the Company anywhere within the "Restricted Territory" (as defined below). This restriction shall not apply to any activities conducted on behalf of an entity that is not a financial institution or owned or controlled by a financial institution, except to the extent such activities are for the benefit of a competitor. Further, this restriction shall not apply to a financial institution with deposit market share of less than 5% in the Eau Claire, Wisconsin market (as published by S&P Global Market Intelligence). A "financial interest" shall not include the ownership of less than 5% of the securities of any corporation or other entity that is listed on a national securities exchange or traded in the national over-the-counter market. "Prohibited Capacity" means a capacity that directly competes with the Company within the Restricted Territory as required by (i) duties or responsibilities substantially similar to those of Executive's position with the Company at any time during the Reference Period or (ii) management, sales or marketing duties or responsibilities. The "Restricted Territory" means the territory within a 50-mile radius of the Company's headquarters office in Eau Claire, Wisconsin. 7. Enforcement. (a) If, at the time of enforcement of the covenants contained in Section 6 above (collectively, the "Restrictive Covenants"), a court shall hold that the duration, scope or area restrictions stated are unreasonable under circumstances then existing, the parties agree that the maximum duration, scope or area reasonable under such circumstances shall be substituted for the stated duration, scope or area and that the court shall be allowed to revise the Restrictive Covenants to cover the maximum duration, scope and area permitted by law. Executive has had the opportunity to consult with Executive's own legal counsel regarding the Restrictive Covenants and agrees that the Restrictive Covenants are reasonable in terms of duration, scope and area restrictions and are necessary to protect the goodwill of the Company's businesses and agrees not to challenge the validity of



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132400423v1 14 enforceability of the Restrictive Covenants. In exchange for Executive agreeing to be bound by these reasonable and necessary covenants, the Company is providing Executive with the benefits as set forth in this Agreement, including without limitation the severance described in Sections 5(c) and 5(d). Executive acknowledges and agrees that these benefits constitute full and adequate consideration for Executive's obligations hereunder and will be provided only if Executive signs this Agreement. (b) If Executive breaches, or threatens to commit a breach of any of the Restrictive Covenants, the Company shall have the following rights and remedies, each of which rights and remedies shall be independent of the others and severally enforceable, and each of which is in addition to, and not in lieu of, any other rights and remedies available to the Company at law or in equity: i. The right and remedy to have the Restrictive Covenants specifically enforced by any court of competent jurisdiction, including, for example, by temporary or permanent injunctive or other equitable relief without the necessity of proving actual damages, it being agreed that any breach or threatened breach of the Restrictive Covenants would cause irreparable injury to the Company and that money damages would not provide an adequate remedy to the Company; and ii. The right and remedy to require Executive to account for and pay over to the Company any profits, monies or other benefits derived or received by Executive as the result of any transactions constituting a breach of the Restrictive Covenants. 8. Notices. All notices, demands or other communications shall be sent to Executive and the Company at the addresses indicated below to such other addresses or to the attention of such other persons as the recipient party has specified by prior written notice to the sending party, or in the case of the Executive, to the most recent address on record with the Company's Human Resource Department. Notice to Executive 5449 North Shore Drive Eau Claire, WI 54703 Notice to Company 2174 Eastridge Center Eau Claire WI 54701 Attn: Steve Bianchi, President and Chief Executive Officer 9. Attorneys' Fees. In the event that the either Party brings any action to enforce any of the provisions of this Agreement, or to obtain money damages for the breach thereof, all expenses, including reasonable attorneys' fees, incurred by the party prevailing on substantially all of the claims finally decided in the action, shall be paid by the other party with 120 days of the date that entry of judgment on the claims brought in the action becomes final and non –appealable. In addition, the Company shall pay Executive any reasonable legal fees and reasonable expenses



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132400423v1 15 incurred by Executive in connection with any dispute with any Federal state, or local governmental agency with respect to benefits claimed under this Agreement. Such reimbursement must be requested no later than two (2) months after the conclusion of the dispute and shall be paid within two (2) months after the request for reimbursement. 10. Severability. Whenever possible, each provision of this Agreement shall be interpreted in such a manner to be effective and valid under applicable law, but if any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision or any other jurisdiction, but this Agreement shall be reformed, construed and enforced in such jurisdiction as if such invalid or illegal provision had never been contained herein. 11. Complete Agreement. This Agreement contains the complete agreement and understanding between the parties related to Executive's employment, and supersedes, replaces, and preempts any prior understandings, agreements, or representations by or among the parties related to such employment, whether written or oral, which may have related to the subject matter herein in any way, including without limitation the Second Amended Executive Employment Agreement as modified by the 2023 Addendum. 12. Survival. The provisions of Sections 4, 5, 6, 7, and 9 shall survive the termination of this Agreement and Executive's employment with the Company. 13. Counterparts. This Agreement may be executed in separate counterparts, each of which is deemed to be an original and all of which taken together constitute one and the same agreement. 14. Choice of Law. All issues concerning the construction, validity, enforcement and interpretation of this Agreement shall be governed by and construed in accordance with the laws of the State of Wisconsin, without giving effect to any choice of law or conflict of law rules or provisions.

(whether of the State of Wisconsin or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Wisconsin. 15. Amendments and Waiver. The provisions of this Agreement may be amended or waived only by a written instrument, with written consent by both the Company and Executive, and no course of conduct or failure or delay in enforcing the provisions of this Agreement shall affect the validity, binding effect or enforceability of this Agreement. 16. Code Section 409A. Notwithstanding any other provision of this Agreement to the contrary, Executive and the Company agree that the payments hereunder shall be exempt from, or satisfy the applicable requirements, if any, of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code") in a manner that will preclude the imposition of penalties described in Code Section 409A. Payments made pursuant to this Agreement are intended to satisfy the short-term deferral rule or separation pay exception within the meaning of Code Section 409A. Executive and the Company agree that this Agreement shall be interpreted to the extent possible to be exempt from or satisfy the requirements described above. References to termination of employment or similar terms hereunder shall mean a "separation from service" within the meaning of Code Section 409A. Notwithstanding anything herein to the contrary, this Agreement shall, to



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132400423v1 16 the maximum extent possible, be administered, interpreted and construed in a manner consistent with Code Section 409A, provided, that in no event shall the Company have any obligation to indemnify Executive from the effect of any taxes under Code Section 409A. If any payment or benefit provided to Executive in connection with Executive's termination of employment is determined to constitute "nonqualified deferred compensation" within the meaning of Section 409A of the Code and Executive is determined to be a "specified employee" as defined in Section 409A(a)(2)(b)(i) of the Code, then such payment or benefit shall not be paid until the first payroll date to occur following the six-month anniversary of the termination or, if earlier, on Executive's death (the "Specified Employee Payment Date"). The aggregate of any payments that would otherwise have been paid before the Specified Employee Payment Date shall be paid to Executive in a lump sum on the Specified Employee Payment Date and thereafter, any remaining payments shall be paid without delay in accordance with their original schedule. 17. Assignment. This Agreement and all rights hereunder are personal to Executive and shall not be assignable by Executive; provided, however, that any amounts that shall have become payable under this Agreement prior to Executive's death shall inure to the benefit of Executive's heirs or other legal representatives, as the case may be. This Agreement shall be binding upon and inure to the benefit of the Company and any successor of the Company. The Company shall require any successor to all or substantially all of the business and/or assets of the Company to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no succession had taken place, unless such obligations have been assumed by the successor as a matter of law. [SIGNATURE PAGE FOLLOWS]



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132400423v1.17 IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the day and year first above written. CITIZENS COMMUNITY BANCORP. INC. James S. Broucek By: Its: CITIZENS COMMUNITY FEDERAL, N.A., By: Its: [Signature Page to Third Amended and Restated Executive Employment Agreement by and between Citizens Community Bancorp., Inc., Citizens Community Federal, N.A., and James S. Broucek]



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A-1 EXHIBIT A CONFIDENTIAL SEPARATION AGREEMENT AND RELEASE This Separation Agreement and Release ("Agreement") is entered into by and between Citizens Community Bancorp, Inc., a Maryland corporation, and its wholly-owned subsidiary, Citizens Community Federal, N.A., a national banking association (collectively, the "Company"), and James S. Broucek ("Executive"). RECITALS WHEREAS, Executive has been employed by the Company pursuant to the terms of a [•] Amended and Restated Employment Agreement (the "Employment Agreement"); and WHEREAS, the Employment Agreement provides for the payment of severance in the event of certain termination circumstances; and WHEREAS, Executive's employment with the Company is being terminated under circumstances which trigger the payment of severance; and WHEREAS, the Employment Agreement requires as a condition to the payment of the severance that Executive first sign and not rescind a separation agreement containing a general release in a form provided by and acceptable to the Company; NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth in this Agreement, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows: AGREEMENT 1. Separation. Executive's position as an employee of the Company shall hereby end effective as of \_\_\_\_\_, 202\_\_ (the "Separation Date"). As of the Separation Date, Executive will be deemed to have resigned from all director and officer positions; if any, Executive then holds with the Company or any related or affiliated entity, and Executive agrees to provide any requested documentation to confirm any such resignation. Any requests for employment references should be made to [•]. Prospective employers will be provided only the dates of Executive's employment, the position held and its primary duties. 2. Accrued Obligations. Executive shall receive a final payroll check, which fully compensates Executive for Executive's current base salary or wage through the Separation Date, including payment for accrued but unused PTO pursuant to the Employment Agreement and Company policy. It is agreed that such lump sum payment shall be made by Company to Executive in accordance with the Company's regularly scheduled payroll dates and procedures within 30 days following the Separation Date (or earlier to the extent required by law). Executive acknowledges and agrees that Executive is not entitled to or owed any additional compensation



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A-2 from the Company, except as may be specified herein. All unvested equity interests held by Executive as of the Separation Date, if any, shall terminate and be forfeited, unless those unvested grants shall be deemed to have vested in their entirety as of the Separation Date pursuant to the terms of the applicable grant agreement, the Company's Executive Long Term Incentive Plan, or Citizen Community Bancorp, Inc.'s 2018 Equity Incentive Plan, or any successor plans thereto. 3. Company-Sponsored Benefit Plans. Commencing 1, 202 , Executive may elect to continue to participate in the group health and dental insurance programs, as allowed by law and the terms of those benefit plans. A COBRA/continuation notice more specifically advising Executive of Executive's rights will be provided to Executive separately, in exchange for the terms of this Agreement, and as set forth in the Employment Agreement, provided that Executive or his spouse or dependents timely elect continuation coverage under a group health plan of the Company pursuant to the requirements of Section 4980B of the Code, as amended, and any similar applicable law, ("COBRA"). Executive shall be eligible for continued participation in the Company's medical and dental plans with the full monthly premiums to be paid by the Company until the earlier of (A) Executive's eligibility for coverage under another employer's group health plan, (B) termination of Executive's rights to continuation coverage under COBRA, or (C) 12 (12) months following the termination of Executive's employment with the Company. Executive agrees and acknowledges that the period of coverage under such plans shall run concurrently with such plans' obligations to provide continuation coverage pursuant to COBRA, and that this subsection shall not extend such plans' obligations to provide continuation coverage under COBRA. (In the event that Executive timely elects COBRA continuation and remains covered under the Company's group health plan, but his right to COBRA continuation terminates under (B) above due to expiration of the maximum COBRA continuation period, and is not extended after 18 months of coverage, then the Company will at that time pay Executive a lump sum amount equal to 12 (12) months of Executive's monthly COBRA premiums, which he may direct toward future health insurance premium payments.) Executive's participation and interest in the Company's 401(k) plan shall be governed by the terms of that benefit plan. All other benefits, including without limitation Executive's disability insurance, if any, will be cancelled as of the Separation Date. The Company shall pay or provide to Executive all vested benefits to which Executive is entitled under any applicable benefit plans of the Company in accordance with the terms of such plans through the Separation Date. 4. Separation Payment. If Executive signs and returns to the Company this Agreement within the period of time specified in paragraph 11 herein, as set forth in Executive's Employment Agreement, Executive shall be paid as separation compensation, less applicable withholdings, (a) an incentive award pursuant to the terms of the Bank's Executive Short Term Incentive Plan for the plan year in which the termination occurs at Level II (i.e. Plan/30% of Salary) or, if higher, at actual performance at the time [of termination][a definitive agreement is announced], such amount as prorated through Employee's termination date, and (b) a payment equal to 12 (12) percent (12%) of (A) the Executive's annual salary at the time of termination and (B) the greater of (x) the amount of an incentive award pursuant to the terms of the Bank's Executive Short Term Incentive Plan for the plan year in which the termination occurs at Level II (i.e. Plan/30% of Salary) as prorated through Employee's termination date or (y) the amount of the average Executive Short Term Incentive Plan awards that Executive received



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A-3 for the two plan years immediately prior to the plan year in which termination occurs, such amount as prorated through Employee's termination date. For purposes of unemployment insurance benefits, the Company and Executive agree that the payment described above is termination pay as defined under Wisc. Stat. § 108.05(5), and that the separation payment will be attributed to and allocated as Executive's benefit year weekly wages for each week beginning with the week of \_\_\_\_\_, 202\_\_\_\_\_, and ending the week of \_\_\_\_\_, 202\_\_\_\_\_. Executive understands that this separation compensation is effective and will be paid only if Executive first signs this Agreement within 21 calendar days after initially receiving it and does not rescind within the 7-day period described in paragraph 12. Executive must sign and return this Agreement, if at all, so that the Agreement is effective (taking into account the rescission period provided for in paragraph 12) by no later than the twenty-eighth (28th) calendar day following the Separation Date. Subject to the provisions of paragraph 24 of this Agreement, this separation payment will be made to Executive in a lump sum no later than five (5) business days following the expiration of the rescission period provided for in paragraph 12, provided that Executive has not rescinded this Agreement. Where the period available to execute (and to not revoke) this Agreement spans more than one calendar year, the payment shall not be made until the second calendar year as required by the applicable terms of this Agreement and Section 409A of the Internal Revenue Code. Executive understands that this separation payment shall not be subject to retirement plan or deferred compensation plan contribution election by Executive or matching contribution by the Company. Executive represents and warrants that Executive is legally entitled to receive this severance payment and that such payment is not subject to a child support, garnishment, bankruptcy, dissolution, or other order requiring that such payment be made to any other person. 5. Consideration. Executive specifically acknowledges and agrees that the separation payment set forth in paragraph 4 constitutes full and adequate consideration for this Agreement and that, if Executive does not sign this Agreement, rescinds pursuant to paragraph 12, or breaches any of Executive's obligations contained in this Agreement at any time, the Company shall have no obligation to provide this consideration. 6. Release. In exchange for the consideration stated and acknowledged herein, Executive (including anyone who has or obtains any legal rights or claims through or from Executive) hereby unconditionally releases and discharges the Company and its affiliates and related entities, including without limitation Citizens Community Bancorp, Inc., predecessors, successors, (collectively "the Company and its Affiliates"), any Company or Affiliate pension, welfare or other employee benefit plan, and the Company's and its Affiliates' owners, officers, directors, shareholders, members, partners, employees, agents, insurers, consultants, representatives, attorneys, trustees, administrators, and any entity affiliated with any of the foregoing, from any and all past or present claims, demands, obligations, actions, causes of action, damages, costs, debts, liabilities, expenses and compensation of any nature, whether for compensatory or punitive damages, and whether based in tort, contract, or other theory of recovery (collectively the "Claims" and individually a "Claim"), including but not limited to any Claims arising under Title VII of the Civil Rights Act of 1964, the Age Discrimination in Employment Act, the Civil Rights Act of 1991, the Americans with Disabilities Act, the Family and Medical Leave Act, the Employee Retirement Income Security Act of 1974 (ERISA) (other than vested benefits under a retirement plan), each as may have been amended, or any other federal, state, or



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A-4 local law, including without limitation, the Wisconsin Fair Employment Act, Wisconsin Wage Claim and Payment Law, Wisconsin Business Closing and Mass Layoff Law, Wisconsin Cessation of Health Care Benefits Law, Wisconsin Family and Medical Leave Law, Wisconsin Personnel Records Statute, Wisconsin Employment Peace Act, Wisconsin Internet Privacy Protection Act, and Claims based on wrongful discharge, breach of an implied or express contract, promissory estoppel, emotional distress, defamation, misrepresentation, fraud, public policy, common law, good faith and fair dealing, negligence, invasion of privacy, retaliation, or any other Claim that Executive now has or that may hereafter arise out of the relationship between the parties to date, including the termination of Executive's employment, whether known or unknown, foreseen or unforeseen, at the time of signing this Agreement. Executive states and represents the Executive has not and agrees to not institute any lawsuit against or otherwise sue the Company or its Affiliates or any of those named in this paragraph based on any Claim relating in any way to Executive's relationship with the Company or its Affiliates up to the time of signing this Agreement. In the event that any such Claim or action has been or is asserted by Executive or anyone acting directly or indirectly on Executive's behalf, Executive agrees that this release includes a complete waiver of any right to money damages or other individual remedies or relief awarded by a court or any governmental agency, including the Equal Employment Opportunity Commission (EEOC) or similar state agency with which Executive may file a charge or participate in an investigation notwithstanding the terms of this release and promise not to sue or other terms of this Agreement. The foregoing release and promise not to sue shall not apply to and shall not affect the parties' right to enforce, or under the Older Workers Benefit Protection Act (OWBPA) challenge the enforceability of, the terms of this Agreement; to seek remedy for breach of this Agreement; to assert claims which cannot legally be waived under applicable law; to subsequently assert any Claim arising from acts occurring after the date of signing this Agreement; or to assert any claims for defense or indemnification under applicable law or under the terms of the Employment Agreement or an applicable officers' and directors' liability insurance policy. In particular, this release does not prevent Executive from filing a claim for unemployment compensation benefits. 7. Administrative Proceeding. Notwithstanding the release and promise not to sue set forth in paragraph 6 or the other terms of this Agreement, Executive acknowledges that Executive may file a charge or complaint with, participate in an investigation conducted by, or contact or communicate with the EEOC, NLRB, SEC, FINRA or any other governmental agency. Executive agrees, however, that Executive has waived any right to money damages or other individual remedies or relief which might be awarded as a result of any such administrative proceeding, except where such a waiver is prohibited under SEC rules or other applicable law. 8. Return of Property. On the Separation Date, Executive agrees to return promptly all files, documents, manuals or property of any kind, whether in written, electronic, computerized or other form, in Executive's possession or control relating to, or constituting the property of, the Company, its Affiliates, their employees or customers including, but not limited to, all office keys, keys to Company or Affiliate vehicles, credit cards, access cards, security cards, office equipment, cellular phones, computer hardware, software products, agreements or Company or Affiliate products or prototypes. Executive acknowledges that this obligation is continuing and agrees to promptly return to the Company any subsequently discovered property as described above. To the extent that Executive has downloaded or stored any proprietary, privileged, trade secret or confidential information belonging or relating to the Company or its Affiliates, their employees or customers on any personal, non-Company electronic media in Executive's possession, custody, or



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A-5 control, such as computers, cell phones, hand-held devices, back-up devices, zip drives, USBs, PDAs, and the like, Executive agrees to promptly contact [•], to arrange for transfer of such documents and information back to the Company and for destruction of such documents and information on Executive's personal electronic media. Executive agrees to not retain any copies of such documents or information. Executive represents that Executive has returned to the Company any and all passwords used by Executive with regard to the computer, electronic or communication systems of the Company or its Affiliates and has transitioned all administrative rights used by Executive with regard to all social media and internet-based accounts related to the business operations of the Company, so that the Company has immediate, full and complete access to all data and information stored, used or maintained on or in such systems or accounts. Executive agrees to not access or interfere with or attempt to access or interfere with any of the Company's computer systems, networks or files. 9. Non-Disparagement. Executive agrees not to make any defamatory or maliciously false remarks or comments about the Company or its Affiliates, or any of the foregoing entities' directors, officers, members, employees, or products or services in any respect, including without limitation any such remarks made on or through social media sites or blogs such as Facebook, LinkedIn, Glass Door, or X (aka Twitter). This provision does not prohibit Executive from providing truthful information to any governmental agency or in any legal or administrative agency proceeding from discussing or disclosing information concerning terms and conditions of employment, or from exercising any rights protected by Section 7 of the National Labor Relations Act. 10. Cooperation. Executive agrees to be reasonably available for a period of up to six (6) weeks following the Separation Date for consultation with and assistance to Company or Affiliate representatives with respect to matters and issues within Executive's job responsibilities or knowledge during Executive's employment by the Company. Executive acknowledges and agrees that such cooperation with the Company is necessary for a proper and orderly transition and that the consideration set forth herein fully compensates Executive for this reasonable cooperation. 11. Consideration of Agreement. Executive may consider this Agreement prior to signing for up to 21 calendar days from the Separation Date. Executive understands, however, that Executive is free to sign and return this Agreement at any time within the 21-day period. The parties agree that any changes in this Agreement made prior to signing whether material or not do not restart the 21-day period for consideration. If a signed Agreement is not returned to the Company by the end of this 21-day period, or if Executive breaches any of the provisions set forth herein prior to signing this Agreement, the offer of this Agreement is withdrawn. 12. Rescission. Executive may rescind and revoke this Agreement within seven (7) calendar days after signing it to assert alleged claims under the Age Discrimination in Employment Act. To be effective, Executive agrees that the rescission or revocation must be in writing and hand-delivered or mailed to the Company, c/o [•], 2174 EastRidge Center, Eau Claire, WI 54701, within the 7-day period. If mailed, the rescission or revocation must be (a) postmarked within the 7-day period, (b) properly addressed as set forth in the preceding sentence, and (c) sent by Certified Mail, Return Receipt Requested. If delivered by hand, it must be given to [•] within the 7-day period. Should Executive choose to rescind this Agreement, all terms hereof are canceled and thereby ineffective.



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A-6.13. Non-Admission. The Company, and all those named in paragraph 6 above, expressly deny any and all liability to Executive and the parties agree that nothing in this Agreement is intended to be, nor shall be deemed to be, an admission of liability or wrongdoing, an admission of the existence of any facts upon which liability or wrongdoing could be based, or a waiver of any defense to any such liability or wrongdoing. 14. Third Party Claims. Executive agrees that Executive will not voluntarily assist or encourage any third party regarding claims or litigation against the Company or its Affiliates. Executive agrees to promptly notify the Company and provide it a copy, prior to responding, if Executive is served with or otherwise receives any subpoena or any other legal process, demand or request seeking Executive's testimony or the production of other evidence or other information. Notwithstanding the foregoing, Executive is not prohibited from filing a charge with or participating in any investigation conducted by the EEOC or other governmental agency without prior notice to the Company. 15. Merger. Except as set forth in paragraph 17 below,

this Agreement and any employee benefit plans in which Executive is a participant supersede all prior oral and written agreements and communications between the parties regarding the subject matter hereof. 16. Confidentiality. Executive agrees to keep the terms and conditions of this Agreement strictly confidential and not disclose them to any person other than Executive's immediate family, taxing authorities, attorneys, or accountants as necessary or as required by law. Executive understands and agrees that any disclosure in violation of this confidentiality agreement made by or through Executive, or those listed in the preceding sentence, constitutes a material breach of this Agreement. Executive agrees to not introduce this Agreement in any litigation or proceeding involving the Company, except any action to enforce, or challenge the enforceability of, the terms of this Agreement. This provision does not prohibit Executive from providing truthful information to any governmental entity. 17. Restrictive Covenants. Executive acknowledges and agrees that any agreement with the Company that Executive has previously signed which contains restrictive covenants, such as non-competition, non-solicitation and non-disclosure/confidentiality provisions, including in particular the restrictive covenants and remedies provisions set forth in Executive's Employment Agreement: (i) remain in full force and effect, (ii) such restrictive covenants are supported by separate consideration, and (iii) Executive is fully bound to the continuing obligations under those provisions for the periods specified therein. 18. Breach. If Executive breaches any of Executive's obligations contained in this Agreement, all contingent amounts paid to Executive hereunder or yet to be paid pursuant hereto, shall be considered unearned and, at the election of the Company and as consistent with applicable law, be either not paid and forfeited, or if previously paid, returned to the Company. This provision shall not prevent the Company from pursuing its other remedies and seeking damages for breach of this Agreement. Executive shall be responsible for the payment of the Company's reasonable attorney fees and costs of litigation incurred in successfully enforcing the terms of this Agreement. Executive acknowledges that breach by Executive of the provisions of this Agreement, particularly paragraphs 6, 8, 9, 10, 14, and 17 will cause the Company irreparable harm that is not fully remedied by monetary damages. Accordingly, Executive acknowledges that the Company may



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A.7 seek injunctive relief regarding Executive's breach or threatened breach of the terms of this Agreement without posting a bond or other security, in addition to any other available legal or equitable remedies and, that such relief may be granted without the necessity of proving actual damages. Executive agrees that both damages at law and equitable relief shall be proper modes of relief and are not to be considered alternative remedies. 19. Severability and Blue Pencil. Executive agrees that the scope and terms of this Agreement are reasonable and that it is Executive's intent and desire that this Agreement be enforced to the fullest extent permissible. In case any one or more of the provisions of this Agreement (other than its release provisions) should be determined invalid, illegal, or unenforceable in any respect, the validity, legality, and enforceability of the remaining provisions contained in this Agreement will not in any way be affected or impaired thereby. If any particular provision of this Agreement shall be adjudicated to be invalid or unenforceable, Executive and the Company specifically authorize the tribunal making such determination to edit the invalid or unenforceable provision to allow this Agreement, and the provisions thereof to be valid and enforceable to the fullest extent allowed by law and/or public policy. 20. Assignment. This Agreement shall be binding upon Executive's heirs, administrators, representatives, or executors. No assignment of this Agreement shall be made by Executive, and any such purported assignment shall be null and void. This Agreement may be assigned by the Company to any successor or assignee. 21. Governing Law. This Agreement shall be construed and interpreted in accordance with the internal laws of the State of Wisconsin, without regard to conflicts of laws provisions. 22. Waiver. No term or condition of this Agreement shall be deemed to have been waived except by a statement in writing signed by the party against whom the enforcement of the waiver is sought. The waiver by the Company of the breach or nonperformance of any provision of this Agreement by Executive will not operate or be construed as a waiver of any future breach or nonperformance under any such provision of this Agreement or any similar agreement with any other employee. 23. Voluntary and Knowing Action. Executive acknowledges that Executive has read and understands the terms of this Agreement and that Executive is voluntarily and without duress entering into this Agreement with full knowledge of its implications. In that this Agreement establishes certain legally enforceable rights and obligations, the Company expressly advises Executive to consult with an attorney prior to signing this Agreement. 24. Section 409A. Notwithstanding any other provision of this Agreement to the contrary, Executive and the Company agree that the payments hereunder shall be exempt from, or satisfy the applicable requirements, if any, of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code") in a manner that will preclude the imposition of penalties described in Code Section 409A. Payments made pursuant to this Agreement are intended to satisfy the short-term deferral rule or separation pay exception within the meaning of Code Section 409A. Executive's termination of employment shall mean a "separation from service" within the meaning of Code Section 409A. Notwithstanding anything herein to the contrary, this Agreement shall, to the maximum extent possible, be administered, interpreted and construed in a manner consistent



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A-8 with Code Section 409A; provided, that in no event shall the Company have any obligation to indemnify Executive from the effect of any taxes under Code Section 409A. If any payment or benefit provided to Executive in connection with Executive's termination of employment is determined to constitute "nonqualified deferred compensation" within the meaning of Section 409A of the Code and Executive is determined to be a "specified employee" as defined in Section 409A(a)(2)(b)(i) of the Code, then such payment or benefit shall not be paid until the first payroll date to occur following the six-month anniversary of the termination or, if earlier, on Executive's death (the "Specified Employee Payment Date"). The aggregate of any payments that would otherwise have been paid before the Specified Employee Payment Date shall be paid to Executive in a lump sum on the Specified Employee Payment Date and thereafter, any remaining payments shall be paid without delay in accordance with their original schedule. 25. Counterparts. This Agreement may be executed in separate counterparts, each of which is deemed to be an original and all of which taken together constitute one and the same agreement. 26. Entire Agreement. This Agreement contains the entire agreement between the parties relating to the termination of Executive's employment and supersedes all prior agreements and understandings, whether written or oral, between the parties relating to such subject matter; provided, however, that nothing in this Agreement supersedes or otherwise alters the terms of any restrictive covenant agreement previously entered into by Executive as set forth in paragraph 17, which Executive acknowledges and agrees remain in full force and effect. This Agreement may not be amended or changed except in writing executed by both parties. IN WITNESS WHEREOF, the parties have caused this Separation Agreement and Release to be executed on the date set forth below. CITIZENS COMMUNITY BANCORP, INC. JAMES S. BROUCEK By: ITS: CITIZENS COMMUNITY FEDERAL, N.A. By: ITS:

EXHIBIT 31.1

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER  
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Stephen M. Bianchi, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Citizens Community Bancorp, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the

period in which this report is being prepared;

- (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2024 August 6, 2024

By: /s/ Stephen M. Bianchi

Stephen M. Bianchi

President and Chief Executive Officer, Chairman of the Board (Principal Executive Officer)

EXHIBIT 31.2

**CERTIFICATION OF CHIEF FINANCIAL OFFICER  
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, James S. Broucek, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Citizens Community Bancorp, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2024 August 6, 2024

By: /s/ James S. Broucek

James S. Broucek

Executive Vice President, Chief Financial Officer, Treasurer and Secretary  
(Principal Financial Officer and Principal Accounting Officer)

EXHIBIT 32.1

**CERTIFICATION OF PERIODIC FINANCIAL REPORT  
PURSUANT TO 18 U.S.C. SECTION 1350**

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, each of the undersigned officers of Citizens Community Bancorp, Inc. (the "Company") certifies that the Quarterly Report of the Company on Form 10-Q for the quarter ended March 31, 2024 June 30, 2024, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that the information contained in such report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods presented in the financial statements included in such report.

Date: May 8, 2024 August 6, 2024

By: /s/ Stephen M. Bianchi

Stephen M. Bianchi

President and Chief Executive Officer, Chairman of the Board (Principal Executive Officer)

Date: May 8, 2024 August 6, 2024

By: /s/ James S. Broucek

James S. Broucek

Executive Vice President, Chief Financial Officer, Treasurer and Secretary  
(Principal Financial Officer and Principal Accounting Officer)

The above certifications are made solely for the purpose of 18 U.S.C. Section 1350, subject to the knowledge standard contained therein, and not for any other purpose.



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Clawback Policy 1.0 Introduction The Board of Directors of the Company (the "Board") believes that it is in the best interests of the Company and its shareholders to create and maintain a culture that emphasizes integrity and accountability and that reinforces the Company's pay-for-performance compensation philosophy. The Board has therefore adopted this policy which provides for the recoupment of certain executive compensation in the event of an accounting restatement resulting from material noncompliance with financial reporting requirements under the federal securities laws (the "Policy"). This Policy is designed to comply with Section 10D of the Securities Exchange Act of 1934 (the "Exchange Act"). 2.0 Administration This Policy shall be administered by the Compensation Committee of the Board (the "Compensation Committee") or, if so designated by the Board, another committee of the Board comprised of at least two independent directors, in which case references herein to the Compensation Committee shall be deemed references to such other committee. Any determinations made by the Compensation Committee shall be final and binding on all affected individuals. 3.0 Covered Executives This Policy applies to the Company's current and former executive officers, as determined by the Compensation Committee in accordance with Section 10D of the Exchange Act and the listing standards of the national securities exchange on which the Company's securities are listed, and such other senior executives and employees who may from time to time be deemed subject to the Policy by the Compensation Committee ("Covered Executives"). 4.0 Recoupment; Accounting Restatement In the event the Company is required to prepare an accounting restatement of its financial statements due to the Company's material noncompliance with any financial reporting requirement under the securities laws, the Compensation Committee will require reimbursement or forfeiture of any excess Incentive Compensation received by any Covered Executive during the three completed fiscal years immediately preceding the date on which the Company is required to prepare an accounting restatement. 5.0 Incentive Compensation For purposes of this Policy, Incentive Compensation means any of the following: provided that, such compensation is granted, earned, or vested based wholly or in part on the attainment of a financial reporting measure: B a n k E n d o r s e m e n t Business Owner Type Name Here Jim Broucek Date Original Issue Date Sign / Date Here 10/20/2022 Committee or 2nd LOD Type Name Here Michael Swenson Date Revision Date Sign / Date Here Bank Executive or BOD Subcommittee Chair Type Name Here Stephen Bianchi Date Effective Date Sign / Date Here 10/20/2023 B o a r d A p p r o v a l Approved by Board Subcommittee on 8/1/2023 D e p a r t m e n t Compensation Committee Approved by the Board of Directors on 10/20/2023 Exhibit 99.1



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74336353-v1 Clawback Policy, continued Classification: Internal Page 2 of 3 • Annual bonuses and other short- and long-term cash incentives • Stock options • Stock appreciation rights • Restricted stock • Restricted stock units • Performance shares • Performance units. Financial reporting measures may include, among other things: • Company stock price • Total shareholder return • Revenues • Net income • Earnings before interest, taxes, depreciation,

and amortization (EBITDA). • Funds from operations. • Liquidity measures such as working capital or operating cash flow. • Return measures such as return on invested capital or return on assets. • Earnings measures such as earnings per share. 6.0 Excess Incentive Compensation: Amount Subject to Recovery The amount to be recovered will be the excess of the Incentive Compensation paid to the Covered Executive based on the erroneous data over the Incentive Compensation that would have been paid to the Covered Executive had it been based on the restated results, as determined by the Compensation Committee. If the Compensation Committee cannot determine the amount of excess Incentive Compensation received by the Covered Executive directly from the information in the accounting restatement, then it will make its determination based on a reasonable estimate of the effect of the accounting restatement. 7.0 Method of Recoupment The Compensation Committee will determine, in its sole discretion, the method for recouping Incentive Compensation hereunder which may include, without limitation: (a) Requiring reimbursement of cash Incentive Compensation previously paid; (b) Seeking recovery of any gain realized on the vesting, exercise, settlement, sale, transfer, or other disposition of any equity-based awards; (c) Offsetting the recouped amount from any compensation otherwise owed by the Company to the Covered Executive; (d) Cancelling outstanding vested or unvested equity awards; and/or (e) Taking any other remedial and recovery action permitted by law, as determined by the Compensation Committee. 8.0 No Indemnification The Company shall not indemnify any Covered Executives against the loss of any incorrectly awarded Incentive Compensation. 9.0 Interpretation The Compensation Committee is authorized to interpret and construe this Policy and to make all determinations necessary, appropriate, or advisable for the administration of this Policy. It is intended that this Policy be interpreted in a manner that is consistent with the requirements of Section 10D of the Exchange Act and any applicable rules or standards adopted by the Securities and Exchange Commission or any national securities exchange on which the Company's securities are listed. 10.0 Effective Date This Policy shall be effective as of the date it is adopted by the Compensation Committee (the "Effective Date") and shall apply to Incentive Compensation that is approved, awarded or granted to Covered Executives on or after that date.



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74336353-v1 Clawback Policy, continued Classification: Internal Page 3 of 3 11.0 Amendment, Termination The Compensation Committee may amend this Policy from time to time in its discretion and shall amend this Policy as it deems necessary. The Compensation Committee may terminate this Policy at any time. Notwithstanding anything in this Section 11.0 to the contrary, no amendment or termination of this Policy shall be effective if such amendment or termination would (after taking into account any actions taken by the Company contemporaneously with such amendment or termination) cause the Company to violate any federal securities laws, any rules of the Securities and Exchange Commission, or any rules or standards adopted by a national securities exchange on which the Company's securities are listed. 12.0 Other Recoupment Rights The Compensation Committee intends that this Policy will be applied to the fullest extent of the law. Any employment agreement, equity award agreement, or similar agreement entered into with a Covered Executive on or after the Effective Date shall be deemed to include, as a condition to the grant of any benefit thereunder, an agreement by the Covered Executive to abide by the terms of this Policy. Any right of recoupment under this Policy is in addition to, and not in lieu of, any other remedies or rights of recoupment that may be available to the Company pursuant to the terms of any similar policy in any employment agreement, equity award agreement, or similar agreement and any other legal remedies available to the Company. 13.0 Impracticability The Compensation Committee shall recover any excess Incentive Compensation in accordance with this Policy unless such recovery would be impracticable, as determined by the Compensation Committee in accordance with Rule 10D-1 of the Exchange Act and the listing standards of the national securities exchange on which the Company's securities are listed. 14.0 Successors This Policy shall be binding and enforceable against all Covered Executives and their beneficiaries, heirs, executors, administrators, or other legal representatives.

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