

PUBLIC DISCLOSURE

June 16, 2014

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Citizens State Bank
Certificate Number: 16753

155 Eighth Street
Somerville, Texas 77879

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

1601 Bryan Street
Dallas, Texas 75201

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

INSTITUTION RATING

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

The Lending Test is rated: **Satisfactory**.

The Community Development Test is rated: **Satisfactory**.

Satisfactory ratings regarding the Lending and Community Development Tests support the overall rating. Examiners did not identify any discriminatory or other illegal credit practices; therefore, this factor did not affect the overall rating. The following discussion summarizes performance regarding each test, discussed in detail elsewhere.

Lending Test

Citizens State Bank (CSB) demonstrated a good record regarding the Lending Test. Excellent records regarding the borrower profile and geographic loan distributions sufficiently hampered by a reasonable record regarding the loan-to-deposit ratio and a majority of loans granted inside the assessment area support this conclusion. The following points summarize the bank's records regarding the Lending Test performance factors, discussed in detail elsewhere.

- The bank exhibited a reasonable record regarding its loan-to-deposit ratio. Reasonable performances regarding the overall level and the comparative level support this conclusion.
- The institution granted a majority of its loans inside its assessment areas. Reasonable performance regarding small business loans supports this conclusion.
- The bank established an excellent record regarding its borrower profile loan distribution. Excellent performance regarding small business loans supports this conclusion.
- The institution achieved an excellent record regarding its geographic loan distribution. Excellent performance regarding small business loans supports this conclusion.
- The bank did not receive any CRA-related complaints since the previous evaluation; therefore, this performance factor did not affect the Lending Test rating.

Community Development Test

CSB demonstrated a good record regarding the Community Development Test. A good record regarding community development loans, without simply ignoring the other community development activity types, primarily supports this conclusion.

Qualified Investments Whole Bank						
Qualifying Category	Activity Year					Totals Per Category
	Prior Period	2011	2012	2013	YTD 2014	
Affordable Housing:						
Number	0	0	0	1	1	2
Dollar Amount (000s)	0	0	0	610	1,000	1,610
CD Organizations:						
Number	0	0	9	10	5	24
Dollar Amount (000s)	0	0	5	5	3	13
Economic Development:						
Number	10	0	3	7	1	21
Dollar Amount (000s)	1,222	0	1,456	2,328	947	5,953
Revitalize or Stabilize:						
Number	0	0	0	0	0	0
Dollar Amount (000s)	0	0	0	0	0	0
Abandoned/Foreclosed Homes:						
Number	0	0	0	0	0	0
Dollar Amount (000s)	0	0	0	0	0	0
Totals Per Year:						
Number	10	0	12	18	7	47
Dollar Amount (000s)	1,222	0	1,461	2,943	1,950	7,576

Source: Bank records.

The following points provide examples of the bank's qualified investment activities:

- **Affordable Housing** – The bank purchased an investment, with a qualifying underlying security, benefitting the Senior Housing Crime Prevention Foundation for \$610,000. The yield from the investment provided usable funds totaling \$5,651 since the purchase to this organization. This investment provides safe, secure, crime free affordable housing to low- or moderate-income senior citizens in the College Station MSA AA.
- **Community Service** – The bank contributed to organizations that provide education, youth programs, food, and health and human services, to low- and moderate-income individuals and families. During the evaluation period, the bank granted \$12,530 in qualified donations.

Community Development Services

The bank established an adequate record of providing community development services. Adequate performance regarding the types of services primarily supports this conclusion. Examiners evaluated the types of services and the availability of services relative to the considerations noted for the Community Development Test when arriving at this conclusion.