Citizens Community Bancorp, Inc. Earnings Per Share Increase 81% to $0.58 Per Share in 4Q21 from 4Q20; Record Annual Earnings of $21.3 Million; Quarterly Lo Growth of $83 Million Excluding PPP Loan Paydowns; Annual Dividend Increase of 13% to $0.26 Per Share

Company Release - 1/31/2022 8:30 AM ET

EAU CLAIRE, Wisc., Jan. 31, 2022 (GLOBE NEWSWIRE) -- **Citizens Community Bancorp, Inc. (the "Company") (Nasdaq: CZWI),** the par Community Federal N.A. (the "Bank" or "CCFBank"), today reported earnings of $6.1 million and earnings per diluted share of $0.58 for the qua 31, 2021, compared to $5.0 million and $0.47 per diluted share for the quarter ended September 30, 2021, and $3.6 million and $0.32 per dilute ended December 31, 2020, respectively. Net income as adjusted (non-GAAP)[1] was $6.1 million and $0.58 per diluted share for the fourth quart net income as adjusted of $5.0 million and $0.47 per diluted share for the preceding quarter, and $3.7 million and $0.33 per diluted share for th ago. For the fiscal year ended December 31, 2021, earnings increased 67% to a record $21.3 million, or $1.98 per diluted share compared to e or $1.14 per diluted share, for the fiscal year ended December 31, 2020.

The Company's fourth quarter 2021 operating results reflected the following changes from the third quarter of 2021: (1) increase in loan interes growth and the resulting increase in the loan portfolio, partially offset by lower net accretion of SBA PPP fees and purchase accretion; (2) lower increase in net gains on the sale of investment securities; and (4) a slight increase in compensation expense of $0.3 million largely due to highe compensation based on performance, including loan growth.

Book value per share was $16.27 at December 31, 2021, compared to $15.77 at September 30, 2021, and $14.52 at December 31, 2020. Tang share (non-GAAP)[5] was $12.90 at December 31, 2021, compared to $12.37 at September 30, 2021, and $11.18 at December 31, 2020. Book v increased $1.75 over the past 12 months, a 12.1% increase from December 31, 2020. Tangible book value per share increased $1.72 over the 15.4% increase from December 31, 2020. These increases were net of the Company's payment of the annual shareholder dividend in the first q per share.

"We experienced a second consecutive quarter of exceptional loan growth in a period that typically shows decelerating business demand. How are very strong with unemployment below 2%, which drove commercial real estate, multi-family and commercial development lending opportun based rural communities are also very healthy. SBA PPP loan forgiveness exceeded 95% of originations at year end. The reduction in cash bal boosted our net interest margin and continued stability in asset quality was achieved. Expenses were well managed with compensation increas production and net income incentives. As the year ended, loan pipelines had softened and some payoff activity expected in Q4 slipped into 202 Bianchi, Chairman, President and Chief Executive Officer.

December 31, 2021 Highlights: (as of or for the 3-month period ended December 31, 2021 compared to September 30, 2021 and December

- Quarterly earnings of $6.1 million, or $0.58 per diluted share for the fourth quarter ended December 31, 2021, were the highest quarterly Company's history and up modestly from the quarter ended September 30, 2021 earnings of $5.0 million or $0.47 per diluted share, and quarter ended December 31, 2020 earnings of $3.6 million or $0.32 per diluted share. Fiscal 2021 earnings were up 67% and exceeded t record earnings. Year-over-year earnings for the fiscal year ended December 31, 2021, were $21.3 million, or $1.98 per share compared $1.14 per share for the fiscal year ended December 31, 2020.
- Total loans, exclusive of SBA PPP loans, increased $83.4 million, or 6.8% for the quarter ended December 31, 2021. Meanwhile, cash ar $81.3 million during the quarter ended December 31, 2021. The Company sold $28.6 million of investments, most of which were 100% ris

regulatory capital purposes, to help fund higher yielding loan growth and improve risk-based capital ratios. The reduction of $20.8 million was largely due to the withdrawal of temporary deposits by certain commercial depositors, who placed the net proceeds from sales of ass deposit with the Bank the prior quarter, along with maturing certificates of deposit that were neither renewed nor converted to non-maturit decreased slightly in the quarter to $1.74 billion from $1.75 billion.

- Stockholders' equity as a percent of total assets was 9.82% at December 31, 2021, compared to 9.46% at September 30, 2021. Tangible as a percent of tangible assets (non-GAAP)[5] was 7.95% at December 31, 2021, compared to 7.58% at September 30, 2021. Record qua modest decrease in assets drove the growth in the TCE ratio. Risk-based capital ratios remained flat, as risk-based capital generated fro investment sales offset the impact of loan growth.
- As of December 31, 2021, approximately 373 thousand shares remain available for repurchase under the share repurchase authorizatior balance the positive effect on earnings per share accretion with the need for capital to support loan growth and the impact on the TCE rat ratios. Maintaining our risk-based capital ratio led to very modest stock buybacks in the quarter. The Company had a net reduction in sha thousand due to the buyback in 2021," said James Broucek, Executive Vice President and CFO.
- No loan loss provision was realized during the quarters ended December 31, 2021 and September 30, 2021, due to lower CARES Act Se low net charge-off or low net recoveries, decreases in criticized assets and improving economic conditions in our markets. Our two MSA were under 2% for November 2021, which ranks in the lowest 10% of all United States MSA and down from the 4% range seen in Noven to improving trends for businesses most impacted by the pandemic and allowed the Company to reduce its general economic Q-Factor a calculation. Further reductions in loans deferred under Section 4013 of the CARES Act and improvements in our markets' business activi and efficacy of vaccinations, and related impact on consumer behavior and business activities may allow further reductions in this econor
- The Bank's COVID-19 related modifications under Section 4013 of the CARES Act decreased to $6.6 million, or 0.5% of gross loans at D versus $20.6 million, or 1.6% of gross loans at September 30, 2021. At December 31, 2021, hotel industry sector loans represent $6.0 m deferrals.
- The allowance for loan losses on originated loans, excluding SBA PPP loans, decreased to 1.43% at December 31, 2021, from 1.54% at due to loan growth and no provision for loan losses. Since SBA PPP loans are guaranteed by the SBA, they are excluded from this reser allowance for loan losses to total loans decreased to 1.29% at December 31, 2021, down from 1.35% at September 30, 2021, and 1.38% Additionally, loans resulting from Bank acquisitions were effectively marked to market value at the time of their acquisition and were also reserve calculation.
- Nonperforming assets increased $1.1 million to $13.2 million at December 31, 2021, compared to $12.1 million one quarter earlier. This i transfer of a closed acquired bank branch to OREO, on which we have a purchase agreement from a non-financial institution supporting $1.4 million. The Bank was able to construct a new, smaller facility that supports the Bank's needs on this site.
- Substandard loans decreased $4.3 million to $22.8 million at December 31, 2021, compared to $27.1 million at September 30, 2021. The due to the payoff of a $3.0 million accruing substandard TDR loan.
- On January 27, 2022, the Board of Directors approved a 13% increase in the annual cash dividend to $0.26 per share. The dividend will 28, 2022 to the shareholders of record on February 14, 2022.

Balance Sheet and Asset Quality

Total assets decreased $13.8 million during the quarter to $1.74 billion at December 31, 2021, compared to $1.75 billion at September 30, 202 was due to lower deposit levels, which reduced excess liquidity.

Securities available for sale decreased $31.3 million during the quarter ended December 31, 2021 to $203.1 million, from $234.4 million at Sep decrease was primarily due to the sale of $28.6 million of securities, primarily consisting of lower yielding trust preferred securities issued by lar companies, and senior debt of large bank holding companies along with the amortization on agency securities. The decrease was partially offs purchases of subordinated debt issued by banks.

Securities held to maturity increased $3.4 million to $71.1 million during the quarter ended December 31, 2021, from $67.7 million at Septembe to a net increase in agency mortgage-backed securities as purchases exceeded principal reductions.

Loans receivable increased by $62.3 million to $1.311 billion at December 31, 2021, from $1.249 billion as of September 30, 2021. The originat SBA PPP loans, increased $101.6 million in the quarter. The growth was largely in commercial real estate and multifamily loans, with agricultura showing modest growth. Acquired loans decreased by $18.3 million and total SBA PPP loans decreased $22.5 million during the current quarte

The allowance for loan losses was $16.9 million at December 31, 2021, representing 1.29% of total loans receivable compared to $16.8 million representing 1.35% of total loans receivable. Approximately 15% of the loan portfolio, excluding SBA loans at December 31, 2021, consists of l whole bank acquisitions resulting in these loans being recorded at fair market value at acquisition. The allowance for loan losses allocated to or percent of originated loans excluding SBA PPP loans was 1.43% at December 31, 2021, compared to 1.54% at September 30, 2021, with the c in the originated loan portfolio. For the quarter ended December 31, 2021, the Bank had modest net recoveries of $81 thousand.

Allowance for Loan Losses Percentages

(in thousands, except ratios)

	December 31, 2021	September 30, 2021	June 30, 2021
Originated loans, net of deferred fees and costs	$ 1,107,555	$ 1,006,159	$ 877,534
SBA PPP loans, net of deferred fees	8,457	29,753	71,508
Acquired loans, net of unamortized discount	194,951	212,742	232,516
Loans, end of period	$ 1,310,963	$ 1,248,654	$ 1,181,558
SBA PPP loans, net of deferred fees	(8,457)	(29,753)	(71,508)
Loans, net of SBA PPP loans and deferred fees	$ 1,302,506	$ 1,218,901	$ 1,110,050
Allowance for loan losses allocated to originated loans	$ 15,830	$ 15,505	$ 15,059
Allowance for loan losses allocated to other loans	1,083	1,327	1,786
Allowance for loan losses	$ 16,913	$ 16,832	$ 16,845
ALL as a percentage of loans, end of period	1.29 %	1.35 %	1.43 %
ALL as a percentage of loans, net of SBA PPP loans and deferred fees	1.30 %	1.38 %	1.52 %

ALL allocated to originated loans as a percentage of originated loans, net of deferred fees and costs	1.43 %	1.54 %	1.72 %

Nonperforming assets increased to $13.2 million or 0.76% of total assets at December 31, 2021, compared to $12.1 million or 0.69% of total as 2021. This increase was due to the addition of $1.4 million in OREO related to the transfer of a closed acquired branch facility at its carrying va by a current purchase agreement. The Bank was able to build and open a more appropriately sized branch on this site in the fourth quarter. Inc assets at December 31, 2021, are $5.3 million of nonperforming loans acquired during recent whole-bank acquisitions and $1.4 million of ORE whole-bank acquisitions. Originated nonperforming assets were $6.5 million, or 0.37% of total assets for the most recent quarter. Over the past loans decreased 22% from $35.2 million at December 31, 2020, to $27.4 million at December 31, 2021. In the fourth quarter, a $3.0 million acc loan was paid in full.

	(in thousands)			
	December 31, 2021	September 30, 2021	June 30, 2021	March 31 2021
Special mention loan balances	$ 4,536	$ 2,548	$ 12,308	$ 13,6
Substandard loan balances	22,817	27,137	25,890	26,(
Criticized loans, end of period	$ 27,353	$ 29,685	$ 38,198	$ 39,7

Deposits decreased $20.8 million to $1.388 billion at December 31, 2021, from $1.408 billion at September 30, 2021. As previously mentioned, deposits was largely due to commercial depositors, who temporarily placed the net proceeds from sales of assets/businesses on deposit with t quarter and withdrew the sale proceeds during the current quarter. Certificates of deposit decreased $22.5 million in the fourth quarter with som deposits moving to interest-bearing non-maturity deposits. The decrease in certificates of deposit was due to the Company choosing not to mat retail certificate competition, with some of these matured certificates being transferred to interest-bearing non-maturity deposits.

Review of Operations

Net interest income was $14.4 million for the fourth quarter ended December 31, 2021, compared to $13.7 million for the third quarter ended Se $13.4 million for the quarter ended December 31, 2020. Compared to the third quarter, net interest income benefited from increases in: (1) aver to strong loan growth; (2) $0.3 million of non-recurring loan interest income; and (3) lower deposit costs, partially offset by lower accretion on SI forgiveness of $0.6 million.

The net interest margin ("NIM") increased to 3.50% in the fourth quarter ended December 31, 2021, compared to 3.34% for the third quarter en 2021, and decreased from 3.51% for the quarter ended December 31, 2020. The increase in NIM from the third quarter is largely due to the gro yielding loan portfolio replacing lower yielding investment securities and lower yielding cash, approximately 8 basis points of one time loan inter deposit and borrowing costs. These positive influences on NIM were offset by lower net accretion of SBA PPP loans and purchase accretion.

In comparison to the quarter ended December 31, 2020, the current quarter NIM of 3.50% benefited from: (1) 30 basis points due to lower depo point improvement from replacing lower yielding cash; and (3) 4 basis points from increased SBA PPP net loan fee accretion. This increase wa decreases in NIM largely due to lower loan and investment yields due to reductions in market rates, and the increases in the balances of lower

The table below shows the impact of accretion related to purchased credit impaired loans and SBA PPP loans on interest income and NIM.

Net interest income and net interest margin analysis:
(in thousands, except yields and rates)

	Three months ended							
	December 31, 2021		September 30, 2021		June 30, 2021		March 31, 2021	
	Net Interest Income	Net Interest Margin	Net Interest Income	Net Interest Margin	Net Interest Income	Net Interest Margin	Net Interest Income	Net Interest Margin
As reported	$14,384	3.50%	$13,688	3.34 %	$12,831	3.22 %	$12,764	3.31 %
Less non-accretable difference realized as interest from payoff of purchased credit impaired ("PCI") loans	$ (2)	—%	$ (8)	— %	$ (37)	(0.01)%	$ (58)	(0.02)%
Less accelerated accretion from payoff of certain PCI loans with transferred non-accretable differences	$ (200)	(0.05)%	$ (12)	— %	$ —	— %	$ (90)	(0.02)%
Less scheduled accretion interest	$ (264)	(0.06)%	$ (261)	(0.06)%	$ (265)	(0.07)%	$ (266)	(0.07)%
Without loan purchase accretion	$13,918	3.39 %	$13,407	3.28 %	$12,529	3.14 %	$12,350	3.20 %
Less SBA PPP net loan fee accretion	$ (1,251)	(0.30)%	$ (1,878)	(0.46)%	$ (1,309)	(0.33)%	$ (1,750)	(0.45)%
Without SBA PPP purchase and net loan fee accretion	$12,667	3.09 %	$11,529	2.82 %	$11,220	2.81 %	$10,600	2.75 %

The table below lists the SBA PPP loans and net deferred loan fee accretion balances related to 2020 and 2021 SBA PPP loan originations:

	2020 Originations	2021 Originations	

	Balance	Net Deferred Fee Income	Balance	Net Deferred Fee Income	Balan
SBA PPP loans, December 31, 2020	$ 123,702	$ 2,991	$ —	$ —	$ 123,
2021 SBA PPP loan originations	—	—	47,467	1,770	47,
Less: 2021 SBA PPP loan forgiveness and fee accretion	(52,238)	(1,706)	—	(44)	(52,
SBA PPP loans, March 31, 2021	71,464	1,285	47,467	1,726	118,
2021 SBA PPP loan originations	—	—	8,323	1,715	8,
Less: 2021 SBA PPP loan forgiveness and fee accretion	(50,057)	(977)	(2,272)	(332)	(52,
SBA PPP loans, June 30, 2021	21,407	308	53,518	$ 3,109	74,
2021 SBA PPP loan originations	—	—	64	9	
Less: 2021 SBA PPP loan forgiveness and fee accretion	(18,286)	(279)	(25,402)	(1,599)	(43,
SBA PPP Loans, September 30, 2021	3,121	29	28,180	1,519	31,
2021 SBA PPP loan originations	—	—	—	—	
Less: 2021 SBA PPP loan forgiveness and fee accretion	(993)	(25)	(21,553)	(1,226)	(22,
SBA PPP Loans, December 31, 2021	$ 2,128	$ 4	$ 6,627	$ 293	$ 8,

The Bank continued to manage deposit interest rates, primarily as interest rates on new and renewed certificates of deposit were lower than the December 31, 2021, the Bank had approximately $64 million of certificate of deposit accounts (“CD’s”) maturing in the first quarter of 2022 with cost of approximately 1.50% and $73 million of CD’s maturing in the second quarter of 2022 with a weighted average cost of approximately 1.5 there is approximately $179 million of maturing certificate of deposit accounts with a weighted average cost of approximately 1.35%. The appro average cost of new certificates in the fourth quarter of 2021 was below 0.3%.

Loan loss provisions were zero for the quarters ended December 31, 2021 and September 30, 2021, and $2.5 million for the quarter ended De loan loss provision was realized during the quarters ended December 31, 2021, and September 30, 2021, due to lower CARES Act Section 40 charge-off or recovery activity, decreases in criticized assets and improving economic conditions in our markets from the last quarter of 2020. C economic conditions in our markets, as evidenced by unemployment rates below 2% in our two largest population centers, have resulted in imp trends for businesses. For the twelve-months ended December 31, 2021, provision for loan losses was zero compared to $7.75 million for the t December 31, 2020. For the twelve months ended December 31, 2020, the qualitative factor impact on the provision for loan losses expense d pandemic was an increase of approximately $4.8 million, with the remaining provision split due to loan growth and changes in credit quality.

Non-interest income increased to $4.4 million in the quarter ended December 31, 2021, compared to $3.4 million in the quarter ended Septemb decreased from $4.8 million in the quarter ended December 31, 2020. The increase in the fourth quarter compared to the third quarter was larg gain on sale of investment securities of $0.9 million and a $0.3 million increase in gain on sale of loans. The sale of securities helped fund loan 100% risk-weighted AFS investment securities. Relative to the comparable quarter one year earlier, non-interest income was lower as a result o (1) lower gain on sale of loans; (2) lower loan servicing income; and (3) lower loan fees and service charges. These decreases were partially of the sale of investment securities.

Total non-interest expense increased $0.2 million in the fourth quarter of 2021 to $10.5 million, compared to $10.3 million for the quarter ended and decreased from $10.8 million for the quarter ended December 31, 2020. The increase from the third quarter was largely due to: (1) an incre as incentives increased based on performance, including strong loan origination; (2) an increase in advertising, marketing and public relations a contributions to support community projects; and (3) higher mortgage servicing rights expensed due to lower reversals of previously recorded M fourth quarter of $0.15 million compared to $0.38 million in the third quarter. The increases were partially offset by lower data processing expen credits recognized in the fourth quarter. The decrease in non-interest expense from the fourth quarter of 2020 was due to the reversal of MSR i quarter of 2021 and a modest MSR impairment recorded in the fourth quarter of 2020. This was partially offset by $0.6 million of higher comper quarter due to higher incentives discussed above which more than offset the reduction in full time equivalent employees from a year ago.

Provisions for income taxes increased to $2.2 million in the fourth quarter of 2021 from the third quarter of 2021 at $1.8 million, due to higher pr effective tax rate for both current year quarters was 26.7%. The effective tax rate was 25.9% for the comparable prior year quarter.

These financial results are preliminary until the Form 10-K is filed in March 2022.

About the Company

Citizens Community Bancorp, Inc. (NASDAQ: “CZWI”) is the holding company of the Bank, a national bank based in Altoona, Wisconsin, curren primarily in Wisconsin and Minnesota through 25 branch locations. Its primary markets include the Chippewa Valley Region in Wisconsin, the T markets in Minnesota, and various rural communities around these areas. The Bank offers traditional community banking services to businesse consumers, including residential mortgage loans.

Cautionary Statement Regarding Forward-Looking Statements

Certain statements contained in this release are considered “forward-looking statements” within the meaning of the Private Securities Litigation These statements may be identified using forward-looking words or phrases such as “anticipate,” “believe,” “could,” “expect,” “estimates,” “inten “preliminary,” “planned,” “potential,” “should,” “will,” “would” or the negative of those terms or other words of similar meaning. Such forward-look release are inherently subject to many uncertainties arising in the operations and business environment of the Company and the Bank. These u conditions in the financial markets and economic conditions generally; adverse impacts to the Company or Bank arising from the COVID-19 pa a deterioration in the residential real estate markets; interest rate risk; lending risk; the sufficiency of loan allowances; changes in the fair value of our securities; competitive pressures among depository and other financial institutions; our ability to maintain our reputation; our ability to rea deferred tax assets; our ability to maintain or increase our market share; acts of terrorism and political or military actions by the United States o legislative or regulatory changes or actions, or significant litigation, adversely affecting the Company or Bank; increases in FDIC insurance prer assessments by the FDIC; disintermediation risk; our inability to obtain needed liquidity; our ability to successfully execute our acquisition growt by acquisitions and other expansion opportunities, including difficulties and delays in integrating the acquired business operations or fully realiz other benefits; our ability to raise capital needed to fund growth or meet regulatory requirements; the possibility that our internal controls and pr circumvented; our ability to attract and retain key personnel; our ability to keep pace with technological change; cybersecurity risks; changes in laws; changes in accounting principles, policies or guidelines and their impact on financial performance; restrictions on our ability to pay divider volatility of our stock price. Stockholders, potential investors, and other readers are urged to consider these factors carefully in evaluating the fo statements and are cautioned not to place undue reliance on such forward-looking statements. Such uncertainties and other risks that may affe

performance are discussed further in Part I, Item 1A, “Risk Factors,” in the Company’s Form 10-K, for the year ended December 31, 2020, filed
Exchange Commission (“SEC”) on March 8, 2021 and the Company’s subsequent filings with the SEC. The Company undertakes no obligation
to the forward-looking statements contained in this news release or to update them to reflect events or circumstances occurring after the date o

Non-GAAP Financial Measures

This press release contains non-GAAP financial measures, such as net income as adjusted, net income as adjusted per share, tangible book v
value per share, tangible common equity as a percent of tangible assets, return on average tangible common equity and return on average tan
adjusted, which management believes may be helpful in understanding the Company’s results of operations or financial position and comparing
periods.

Net income as adjusted and net income as adjusted per share are non-GAAP measures that eliminate the impact of certain expenses such as
closure costs and related data processing termination fees, legal costs, severance pay, accelerated depreciation expense and lease terminatio
of branch deposits and fixed assets and the net impact of the Tax Cuts and Jobs Act of 2017, which management believes enhances investors’
understand the underlying business performance and trends related to core business activities. Merger related charges represent expenses to
obligations of acquired entities without any useful benefit to the Company or to convert and consolidate customer records onto the Company pl
unique to each transaction based on the contracts in existence at the merger date. Tangible book value, tangible book value per share, tangible
percent of tangible assets and return on average tangible common equity are non-GAAP measures that eliminate the impact of preferred stock
intangible assets on our financial position. Management believes these measures are useful in assessing the strength of our financial position.

Where non-GAAP financial measures are used, the comparable GAAP financial measure, as well as the reconciliation to the comparable GAAF
be found in this press release. These disclosures should not be viewed as a substitute for operating results determined in accordance with GAA
necessarily comparable to non-GAAP performance measures that may be presented by other banks and financial institutions.

Contact: Steve Bianchi, CEO
(715)-836-9994

(CZWI-ER)

CITIZENS COMMUNITY BANCORP, INC.
Consolidated Balance Sheets
(in thousands, except shares and per share data)

	December 31, 2021 (unaudited)	September 30, 2021 (unaudited)	
Assets			
Cash and cash equivalents	$ 47,691	$ 102,341	$
Other interest-bearing deposits	1,511	1,512	
Securities available for sale “AFS”	203,068	234,425	
Securities held to maturity “HTM”	71,141	67,739	
Equity investments	1,328	327	
Other investments	15,305	14,965	
Loans receivable	1,310,963	1,248,654	
Allowance for loan losses	(16,913)	(16,832)	
Loans receivable, net	1,294,050	1,231,822	
Loans held for sale	6,670	1,675	
Mortgage servicing rights, net	4,161	4,082	
Office properties and equipment, net	21,169	21,730	
Accrued interest receivable	3,916	4,882	
Intangible assets	3,898	4,297	
Goodwill	31,498	31,498	
Foreclosed and repossessed assets, net	1,408	4	
Bank owned life insurance (“BOLI”)	24,312	24,149	
Other assets	8,502	8,029	
TOTAL ASSETS	$ 1,739,628	$ 1,753,477	$
Liabilities and Stockholders’ Equity			
Liabilities:			
Deposits	$ 1,387,535	$ 1,408,315	$
Federal Home Loan Bank (“FHLB”) advances	111,527	111,512	
Other borrowings	58,426	58,400	
Other liabilities	11,274	9,324	
Total liabilities	1,568,762	1,587,551	
Stockholders’ equity:			
Common stock— $0.01 par value, authorized 30,000,000; 10,502,442; 10,518,885 and 11,056,349 shares issued and outstanding, respectively	105	105	
Additional paid-in capital	119,925	119,929	
Retained earnings	50,675	44,660	

Accumulated other comprehensive income	161	1,232	
Total stockholders' equity	170,866	165,926	
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 1,739,628	$ 1,753,477	$

Note: Certain items previously reported were reclassified for consistency with the current presentation.

CITIZENS COMMUNITY BANCORP, INC.
Consolidated Statements of Operations
(in thousands, except per share data)

	Three Months Ended			Twelve I
	December 31, 2021 (unaudited)	September 30, 2021 (unaudited)	December 31, 2020 (unaudited)	December 31 2021 (unaudited)
Interest and dividend income:				
Interest and fees on loans	$ 15,158	$ 14,537	$ 15,463	$ 58,17
Interest on investments	1,604	1,638	1,052	5,86
Total interest and dividend income	16,762	16,175	16,515	64,03
Interest expense:				
Interest on deposits	1,261	1,354	1,958	5,85
Interest on FHLB and FRB borrowed funds	388	389	428	1,57
Interest on other borrowed funds	729	744	757	2,94
Total interest expense	2,378	2,487	3,143	10,36
Net interest income before provision for loan losses	14,384	13,688	13,372	53,66
Provision for loan losses	—	—	2,500	–
Net interest income after provision for loan losses	14,384	13,688	10,872	53,66
Non-interest income:				
Service charges on deposit accounts	470	463	496	1,72
Interchange income	577	600	520	2,35
Loan servicing income	762	842	1,014	3,32
Gain on sale of loans	1,268	1,014	2,108	5,39
Loan fees and service charges	158	118	342	70
Insurance commission income	—	—	—	–
Net gains (losses) on investment securities	879	73	13	1,22
Net gain on sale of acquired business lines	—	—	—	–
Settlement proceeds	—	—	—	–
Other	293	338	277	1,09
Total non-interest income	4,407	3,448	4,770	15,82
Non-interest expense:				
Compensation and related benefits	5,987	5,718	5,409	22,72
Occupancy	1,384	1,313	1,417	5,32
Data processing	1,186	1,582	1,384	5,56
Amortization of intangible assets	399	399	399	1,59
Mortgage servicing rights expense, net	163	37	720	19
Advertising, marketing and public relations	409	220	165	98
FDIC premium assessment	156	148	148	55
Professional services	350	328	420	1,54
Gains on repossessed assets, net	(50)	(3)	(64)	(19
Other	541	578	828	2,25
Total non-interest expense	10,525	10,320	10,826	40,53
Income before provision for income taxes	8,266	6,816	4,816	28,95
Provision for income taxes	2,209	1,819	1,246	7,69
Net income attributable to common stockholders	$ 6,057	$ 4,997	$ 3,570	$ 21,26
Per share information:				

Basic earnings	$ 0.58	$ 0.47	$ 0.32	$ 1.9
Diluted earnings	$ 0.58	$ 0.47	$ 0.32	$ 1.9
Cash dividends paid	$ —	$ —	$ —	$ 0.2
Book value per share at end of period	$ 16.27	$ 15.77	$ 14.52	$ 16.2
Tangible book value per share at end of period (non-GAAP)	$ 12.90	$ 12.37	$ 11.18	$ 12.9

Note: Certain items previously reported were reclassified for consistency with the current presentation.

Reconciliation of GAAP Net Income and Net Income as Adjusted (non-GAAP)
(in thousands, except per share data)

	Three Months Ended			Twelve I
	December 31, 2021	September 30, 2021	December 31, 2020	December 31 2021
GAAP pretax income	$ 8,266	$ 6,816	$ 4,816	$ 28,95
Branch closure costs (1)	—	—	165	–
Net gain on sale of acquired business lines (2)	—	—	—	–
Settlement proceeds (3)	—	—	—	–
FHLB borrowings prepayment fee (4)	—	—	—	10
Pretax income as adjusted (5)	8,266	6,816	4,981	29,06
Provision for income tax on net income as adjusted (6)	2,209	1,819	1,290	7,72
Net income as adjusted (non-GAAP) (5)	$ 6,057	$ 4,997	$ 3,691	$ 21,33
GAAP diluted earnings per share, net of tax	$ 0.58	$ 0.47	$ 0.32	$ 1.9
Branch closure costs, net of tax	—	—	0.01	–
Net gain on sale of acquired business lines	—	—	—	–
Settlement proceeds	—	—	—	–
FHLB borrowings prepayment fee	—	—	—	0.0
Diluted earnings per share, as adjusted, net of tax (non-GAAP)	$ 0.58	$ 0.47	$ 0.33	$ 1.9
Average diluted shares outstanding	10,516,130	10,622,595	11,128,628	10,726,53

(1) Branch closure costs include severance pay recorded in compensation and benefits, accelerated depreciation expense and lease terminatic occupancy and other costs included in other non-interest expense in the consolidated statement of operations.
(2) Net gain on sale of acquired business lines resulted from (1) the sale of Wells Insurance Agency and (2) the termination and sale of the wea business line sales contract acquired in a former acquisition.
(3) Settlement proceeds includes litigation income from a JP Morgan Residential Mortgage-Backed Security (RMBS) claim. This distribution rep the proceeds received in March 2017 from a JP Morgan RMBS previously owned by the Bank and sold in 2011.
(4) FHLB borrowings prepayment fee resulted from the early termination of $8 million in FHLB borrowings at a weighted average rate of 2.19% maturity of 8.75 months included in other non-interest expense in the consolidated statement of operations.
(5) Net income as adjusted is a non-GAAP measure that management believes enhances the market's ability to assess the underlying busines trends related to core business activities.
(6) Provision for income tax on net income as adjusted is calculated at our effective tax rate for each respective period presented.

Loan Composition (in thousands)	December 31, 2021	September 30, 2021	June 30, 2021
Originated Loans:			
Commercial/Agricultural real estate:			
Commercial real estate	$ 578,395	$ 508,540	$ 420,565
Agricultural real estate	52,372	49,082	42,925
Multi-family real estate	174,050	150,094	113,790
Construction and land development	78,613	84,399	89,586
C&I/Agricultural operating:			
Commercial and industrial	107,937	90,581	80,783
Agricultural operating	26,202	25,390	23,014
Residential mortgage:			
Residential mortgage	63,855	68,986	72,965

Purchased HELOC loans	3,871	3,921	4,949
Consumer installment:			
Originated indirect paper	15,971	17,689	20,377
Other consumer	8,473	9,414	10,296
Originated loans before SBA PPP loans	1,109,739	1,008,096	879,250
SBA PPP loans	8,755	31,301	74,925
Total originated loans	$ 1,118,494	$ 1,039,397	$ 954,175
Acquired Loans:			
Commercial/Agricultural real estate:			
Commercial real estate	$ 120,070	$ 129,784	$ 139,497
Agricultural real estate	26,123	27,552	29,740
Multi-family real estate	4,299	5,928	7,401
Construction and land development	907	1,139	1,202
C&I/Agricultural operating:			
Commercial and industrial	14,230	16,554	19,701
Agricultural operating	5,386	4,541	4,893
Residential mortgage:			
Residential mortgage	27,135	30,795	33,781
Consumer installment:			
Other consumer	401	516	648
Total acquired loans	$ 198,551	$ 216,809	$ 236,863
Total Loans:			
Commercial/Agricultural real estate:			
Commercial real estate	$ 698,465	$ 638,324	$ 560,062
Agricultural real estate	78,495	76,634	72,665
Multi-family real estate	178,349	156,022	121,191
Construction and land development	79,520	85,538	90,788
C&I/Agricultural operating:			
Commercial and industrial	122,167	107,135	100,484
Agricultural operating	31,588	29,931	27,907
Residential mortgage:			
Residential mortgage	90,990	99,781	106,746
Purchased HELOC loans	3,871	3,921	4,949
Consumer installment:			
Originated indirect paper	15,971	17,689	20,377
Other consumer	8,874	9,930	10,944
Gross loans before SBA PPP loans	1,308,290	1,224,905	1,116,113
SBA PPP loans	8,755	31,301	74,925
Gross loans	$ 1,317,045	$ 1,256,206	$ 1,191,038
Unearned net deferred fees and costs and loans in process	(2,482)	(3,486)	(5,133)
Unamortized discount on acquired loans	(3,600)	(4,066)	(4,347)
Total loans receivable	$ 1,310,963	$ 1,248,654	$ 1,181,558

Nonperforming Originated and Acquired Assets

(in thousands, except ratios)

	December 31, 2021 and Three Months Ended	September 30, 2021 and Three Months Ended	June 30, 2021 and Three Months Ended
Nonperforming assets:			
Originated nonperforming assets:			
Nonaccrual loans	$ 6,448	$ 6,408	$ 2,420
Accruing loans past due 90 days or more	63	295	88

Total originated nonperforming loans (“NPL”)	6,511	6,703	2,508
Other real estate owned (“OREO”)	—	—	—
Other collateral owned	2	2	16
Total originated nonperforming assets (“NPAs”)	$ 6,513	$ 6,705	$ 2,524
Acquired nonperforming assets:			
Nonaccrual loans	$ 5,217	$ 5,298	$ 5,655
Accruing loans past due 90 days or more	97	130	454
Total acquired nonperforming loans (“NPL”)	5,314	5,428	6,109
Other real estate owned (“OREO”)	1,406	2	129
Other collateral owned	—	—	—
Total acquired nonperforming assets (“NPAs”)	$ 6,720	$ 5,430	$ 6,238
Total nonperforming assets (“NPAs”)	$ 13,233	$ 12,135	$ 8,762
Loans, end of period	$ 1,310,963	$ 1,248,654	$ 1,181,558
Total assets, end of period	$ 1,739,628	$ 1,753,477	$ 1,714,472
Ratios:			
Originated NPLs to total loans	0.50%	0.54%	0.21%
Acquired NPLs to total loans	0.41%	0.43%	0.52%
Originated NPAs to total assets	0.37%	0.38%	0.15%
Acquired NPAs to total assets	0.39%	0.31%	0.36%

Nonperforming Total Assets

(in thousand, except ratios)

	December 31, 2021 and Three Months Ended	September 30, 2021 and Three Months Ended	June 30, 2021 and Three Months Ended
Nonperforming assets:			
Nonaccrual loans			
Commercial real estate	$ 5,374	$ 5,427	$ 1,027
Agricultural real estate	3,490	3,567	3,716
Commercial and industrial (“C&I”)	298	311	313
Agricultural operating	993	1,063	1,163
Residential mortgage	1,433	1,263	1,768
Consumer installment	77	75	88
Total nonaccrual loans	$ 11,665	$ 11,706	$ 8,075
Accruing loans past due 90 days or more	160	425	542
Total nonperforming loans (“NPLs”)	11,825	12,131	8,617
Foreclosed and repossessed assets, net	1,408	4	145
Total nonperforming assets (“NPAs”)	$ 13,233	$ 12,135	$ 8,762
Troubled Debt Restructurings (“TDRs”)	$ 12,523	$ 15,689	$ 16,597
Nonaccrual TDRs	$ 4,539	$ 4,324	$ 4,861
Loans, end of period	$ 1,310,963	$ 1,248,654	$ 1,181,558
Total assets, end of period	$ 1,739,628	$ 1,753,477	$ 1,714,472
Ratios:			
NPLs to total loans	0.90%	0.97%	0.73%
NPAs to total assets	0.76%	0.69%	0.51%

Deposit Composition

(in thousands)

	December 31, 2021	September 30, 2021	June 30, 2021
Non-interest bearing demand deposits	$ 276,631	$ 280,611	$ 253,097
Interest bearing demand deposits	396,231	381,315	375,005

Savings accounts	222,674	229,623	220,698
Money market accounts	288,985	291,242	263,390
Certificate accounts	203,014	225,524	259,036
Total deposits	$ 1,387,535	$ 1,408,315	$ 1,371,226

Average balances, Interest Yields and Rates
(in thousands, except yields and rates)

	Three months ended December 31, 2021			Three months ended September 30, 2021			Three months
	Average Balance	Interest Income/ Expense	Average Yield/ Rate (1)	Average Balance	Interest Income/ Expense	Average Yield/ Rate (1)	Average Balance
Average interest earning assets:							
Cash and cash equivalents	$ 45,758	$ 15	0.13%	$ 111,192	$ 50	0.18%	$ 79,225
Loans receivable	1,271,956	15,158	4.73%	1,192,636	14,537	4.84%	1,240,895
Interest bearing deposits	1,512	8	2.10%	1,512	8	2.10%	3,752
Investment securities (1)	296,444	1,404	1.88%	303,325	1,412	1.85%	176,802
Other investments	15,081	177	4.66%	14,961	168	4.46%	15,015
Total interest earning assets (1)	$1,630,751	$16,762	4.08%	$1,623,626	$16,175	3.95%	$1,515,689
Average interest bearing liabilities:							
Savings accounts	$ 217,460	$ 92	0.17%	$ 216,304	$ 95	0.17%	$ 187,474
Demand deposits	384,477	259	0.27%	392,080	280	0.28%	285,001
Money market accounts	288,683	207	0.28%	276,582	193	0.28%	243,631
CD's	183,137	607	1.31%	207,494	682	1.30%	284,728
IRA's	38,453	96	0.99%	39,525	104	1.04%	41,493
Total deposits	$1,112,210	$ 1,261	0.45%	$1,131,985	$ 1,354	0.47%	$1,042,327
FHLB advances and other borrowings	170,475	1,117	2.60%	169,891	1,133	2.65%	182,463
Total interest bearing liabilities	$1,282,685	$ 2,378	0.74%	$1,301,876	$ 2,487	0.76%	$1,224,790
Net interest income		$14,384			$13,688		
Interest rate spread			3.34%			3.19%	
Net interest margin (1)			3.50%			3.34%	
Average interest earning assets to average interest bearing liabilities			1.27			1.25	

(1) Fully taxable equivalent (FTE). The average yield on tax exempt securities is computed on a tax equivalent basis using a tax rate of 21% fo December 31, 2021, September 30, 2021 and December 31, 2020. The FTE adjustment to net interest income included in the rate calculations thousand for the three months ended December 31, 2021, September 30, 2021 and December 31, 2020, respectively.

	Twelve months ended December 31, 2021			Twelve months ende 202
	Average Balance	Interest Income/ Expense	Average Yield/ Rate (1)	Average Balance
Average interest earning assets:				
Cash and cash equivalents	$ 99,839	$ 122	0.12%	$ 52,016
Loans receivable	1,216,244	58,172	4.78%	1,234,732
Interest bearing deposits	2,047	45	2.20%	3,914
Investment securities (1)	271,715	5,009	1.84%	174,396
Other investments	15,025	687	4.57%	15,081
Total interest earning assets (1)	$ 1,604,870	$ 64,035	3.99%	$ 1,480,139
Average interest bearing liabilities:				

Savings accounts	$ 212,867	$ 369	0.17%	$ 174,184	$
Demand deposits	367,103	1,047	0.29%	268,311	1,
Money market accounts	269,620	783	0.29%	244,632	1,
CD's	224,708	3,200	1.42%	316,264	6,
IRA's	39,699	451	1.14%	42,039	
Total deposits	$ 1,113,997	$ 5,850	0.53%	$ 1,045,430	$ 10,
FHLB advances and other borrowings	173,029	4,518	2.61%	186,724	4,
Total interest bearing liabilities	$ 1,287,026	$ 10,368	0.81%	$ 1,232,154	$ 14,
Net interest income		$ 53,667			$ 50,
Interest rate spread			3.18%		
Net interest margin (1)			3.34%		
Average interest earning assets to average interest bearing liabilities			1.25		

(1) Fully taxable equivalent (FTE). The average yield on tax exempt securities is computed on a tax equivalent basis using a tax rate of 21% for ended December 31, 2021 and December 31, 2020, respectively. The FTE adjustment to net interest income included in the rate calculations to thousand for the twelve months ended December 31, 2021 and December 31, 2020, respectively.

The following table reports key financial metric ratios based on a net income and net income as adjusted basis:

	Three Months Ended			Twelve
	December 31, 2021	September 30, 2021	December 31, 2020	December 3 2021
Ratios based on net income:				
Return on average assets (annualized)	1.37%	1.13%	0.87%	1.23
Return on average equity (annualized)	14.29%	12.00%	8.93%	12.97
Return on average tangible common equity[5] (annualized)	18.13%	15.34%	11.67%	16.64
Efficiency ratio	56%	60%	60%	58
Net interest margin with loan purchase accretion	3.50%	3.34%	3.51%	3.34
Net interest margin without loan purchase accretion	3.39%	3.28%	3.13%	3.25
Ratios based on net income as adjusted (non-GAAP):				
Return on average assets as adjusted[2] (annualized)	1.37%	1.13%	0.90%	1.24
Return on average equity as adjusted[3] (annualized)	14.29%	12.00%	9.24%	13.01
Return on average tangible common equity as adjusted[5] (annualized)	18.13%	15.34%	12.06%	16.70
Efficiency ratio[4] as adjusted (non-GAAP)	56%	60%	59%	58

Reconciliation of Return on Average Assets as Adjusted (non-GAAP)
(in thousands, except ratios)

	Three Months Ended			Twelve M
	December 31, 2021	September 30, 2021	December 31, 2020	December 31, 2021
GAAP earnings after income taxes	$ 6,057	$ 4,997	$ 3,570	$ 21,266
Net income as adjusted after income taxes (non-GAAP) (1)	$ 6,057	$ 4,997	$ 3,691	$ 21,339
Average assets	$ 1,751,609	$ 1,748,065	$ 1,634,459	$ 1,722,483
Return on average assets (annualized)	1.37%	1.13%	0.87%	1.23%
Return on average assets as adjusted (non-GAAP) (annualized)	1.37%	1.13%	0.90%	1.24%

(1) See Reconciliation of GAAP Net Income and Net Income as Adjusted (non-GAAP)

Reconciliation of Return on Average Equity as Adjusted (non-GAAP)
(in thousands, except ratios)

	Three Months Ended			Twelve M
	December 31, 2021	September 30, 2021	December 31, 2020	December 31, 2021
GAAP earnings after income taxes	$ 6,057	$ 4,997	$ 3,570	$ 21,266
Net income as adjusted after income taxes (non-GAAP) (1)	$ 6,057	$ 4,997	$ 3,691	$ 21,339
Average equity	$ 168,165	$ 165,203	$ 158,968	$ 163,987
Return on average equity (annualized)	14.29%	12.00%	8.93%	12.97%
Return on average equity as adjusted (non-GAAP) (annualized)	14.29%	12.00%	9.24%	13.01%

(1) See Reconciliation of GAAP Net Income and Net Income as Adjusted (non-GAAP)

Reconciliation of Return on Average Tangible Common Equity and Reconciliation of Return on Average Tangible Common Equity, as
(in thousands, except ratios)

	Three Months Ended			Twelve M
	December 31, 2021	September 30, 2021	December 31, 2020	December 31, 2021
Total stockholders' equity	$ 170,866	$ 165,926	$ 160,564	$ 170,866
Less: Goodwill	(31,498)	(31,498)	(31,498)	(31,498)
Less: Intangible assets	(3,898)	(4,297)	(5,494)	(3,898)
Tangible common equity (non-GAAP)	$ 135,470	$ 130,131	$ 123,572	$ 135,470
Average tangible common equity (non-GAAP)	$ 132,569	$ 129,208	$ 121,752	$ 127,793
GAAP earnings after income taxes	$ 6,057	$ 4,997	$ 3,570	$ 21,266
Net income as adjusted after income taxes (non-GAAP) (1)	$ 6,057	$ 4,997	$ 3,691	$ 21,339
Return on average tangible common equity (annualized)	18.13%	15.34%	11.67%	16.64%
Return on average tangible common equity as adjusted (non-GAAP) (annualized)	18.13%	15.34%	12.06%	16.70%

(1) See Reconciliation of GAAP Net Income and Net Income as Adjusted (non-GAAP)

Reconciliation of Efficiency Ratio as Adjusted (non-GAAP)
(in thousands, except ratios)

	Three Months Ended			Twelve Mon
	December 31, 2021	September 30, 2021	December 31, 2020	December 31, 2021
Non-interest expense (GAAP)	$ 10,525	$ 10,320	$ 10,826	$ 40,532
Branch Closure Costs (1)	—	—	(165)	—
FHLB borrowings prepayment fee (1)	—	—	—	(102)
Non-interest expense as adjusted (non-GAAP)	10,525	10,320	10,661	40,430
Non-interest income	4,407	3,448	4,770	15,824
Net interest margin	14,384	13,688	13,372	53,667
Efficiency ratio denominator (GAAP)	$ 18,791	$ 17,136	$ 18,142	$ 69,491
Net gain on acquired business lines (1)	—	—	—	—
Settlement proceeds (1)	—	—	—	—
Efficiency ratio denominator (non-GAAP)	$ 18,791	$ 17,136	$ 18,142	$ 69,491
Efficiency ratio (GAAP)	56%	60%	60%	58%
Efficiency ratio as adjusted (non-GAAP)	56%	60%	59%	58%

(1) See Reconciliation of GAAP Net Income and Net Income as Adjusted (non-GAAP)

Reconciliation of tangible book value per share (non-GAAP)
(in thousands, except per share data)

Tangible book value per share at end of period	December 31, 2021	September 30, 2021	I
Total stockholders' equity	$ 170,866	$ 165,926	$
Less: Goodwill	(31,498)	(31,498)	
Less: Intangible assets	(3,898)	(4,297)	
Tangible common equity (non-GAAP)	$ 135,470	$ 130,131	$
Ending common shares outstanding	10,502,442	10,518,885	
Book value per share	$ 16.27	$ 15.77	$
Tangible book value per share (non-GAAP)	$ 12.90	$ 12.37	$

Reconciliation of tangible common equity as a percent of tangible assets (non-GAAP)
(in thousands, except ratios)

Tangible common equity as a percent of tangible assets at end of period	December 31, 2021	September 30, 2021	[
Total stockholders' equity	$ 170,866	$ 165,926	$
Less: Goodwill	(31,498)	(31,498)	
Less: Intangible assets	(3,898)	(4,297)	
Tangible common equity (non-GAAP)	$ 135,470	$ 130,131	$
Total Assets	$ 1,739,628	$ 1,753,477	$
Less: Goodwill	(31,498)	(31,498)	
Less: Intangible assets	(3,898)	(4,297)	
Tangible Assets (non-GAAP)	$ 1,704,232	$ 1,717,682	$
Total stockholders' equity to total assets ratio	9.82%	9.46%	
Tangible common equity as a percent of tangible assets (non-GAAP)	7.95%	7.58%	

[1] *Net income as adjusted and net income as adjusted per share are non-GAAP financial measures that management believes enhances invest understand the underlying business performance and trends related to core business activities. For a detailed reconciliation of GAAP to non-G accompanying financial table "Reconciliation of GAAP Net Income and Net Income as Adjusted (non-GAAP)".*

[2] *Return on average assets as adjusted is a non-GAAP measure that management believes enhances investors' ability to better understand th performance and trends relative to average assets. For a detailed reconciliation of GAAP to non-GAAP results, see the accompanying financia Return on Average Assets as Adjusted (non-GAAP)".*

[3] *Return on average equity as adjusted is a non-GAAP measure that management believes enhances investors' ability to better understand the performance and trends relative to average equity. For a detailed reconciliation of GAAP to non-GAAP results, see the accompanying financial Return on Average Equity as Adjusted (non-GAAP)".*

[4] *The efficiency ratio as adjusted (non-GAAP) is a non-GAAP measure that management believes enhances investors' ability to better understa business performance and the Company's ability to use what it has to generate the most profit possible for shareholders relative to core busine detailed reconciliation of GAAP to non-GAAP results, see the accompanying financial table "Reconciliation of Efficiency Ratio as Adjusted (non*

[5] *Tangible book value, tangible book value per share, tangible common equity as a percent of tangible assets, return on tangible common equit common equity as adjusted are non-GAAP measures that management believes enhances investors' ability to better understand the Company a detailed reconciliation of GAAP to non-GAAP results, see the accompanying financial table "Reconciliation of tangible book value per share ("Reconciliation of tangible common equity as a percent of tangible assets (non-GAAP)", and "Reconciliation of return on average tangible comm Reconciliation of Return on Average Tangible Common Equity as Adjusted (non-GAAP)".*

Citizens Community Bancorp Inc.

Source: Citizens Community Bancorp, Inc.

Copyright 2024, © Powered By Q4 Inc.

CONTACT US 800-590-9920

ROUTING NUMBER 291880330

print logo

Member FDIC

© 2020 Citizens Community Federal. Portions Copyright © Kasasa, Ltd. All rights reserved.