



THOMAS F. PRISBY, CHAIRMAN

707 RIDGE ROAD ♦ MUNSTER, INDIANA 46321-1678

May 13, 2010

Fellow shareholders:

With 2010's halfway point rapidly approaching, I wanted to reach out and update you on the progress we are making at CFS Bancorp, Inc. and Citizens Financial Bank. We continue to make measured incremental progress towards our objectives.

Annual Meeting Summary

At our Annual Meeting of Shareholders held at The Center for Visual and Performing Arts in Munster, IN on April 27, 2010, shareholders elected two directors and ratified the appointment of BKD, LLP as the Company's independent public accounting firm for the fiscal year ending December 31, 2010. I was honored to be reelected to a three year term to the Board, and I thank you for your support. John Palmer, managing member of PL Capital LLC, was also elected to the Board of Directors for a three year term. Our Board will continue to work together to move the organization forward for the benefit of all shareholders.

As always, we appreciated the opportunity to interact with our shareholders and listen to and address their comments and concerns. We enjoyed a healthy dialogue, consisting of an extended open forum question and answer session followed by individual and small group discussions between board, senior management team members, and shareholders. For those shareholders who expressed support, we thank you. For those who expressed concerns, we heard you. Changes and improvements are forthcoming.

First Quarter Results

We also reported our first quarter 2010 financial results on April 27, 2010. We reported first quarter earnings of \$698,000, or \$0.07 per share despite the continued challenging economic environment. We are encouraged by increases in key operating metrics, including our self-funding ratio and net interest margin. As detailed further in the [First Quarter Earnings Press Release](#), we continue to make progress on our Strategic Growth and Diversification Plan. While short term earnings will continue to be impacted by credit issues in this economy, we believe we are building a strong foundation for growth over the long term.

As a reminder, as managers of your Company, we are open to your questions, comments, and concerns year-round, not just at the Annual Meeting. If you have questions you would like to ask or views you would like to express, feel free to call me at 219-836-2960 or email me at tfprisby@citiz.com.

Thank you for your continued confidence and support.

Best regards,

A handwritten signature in black ink, appearing to read 'Tom', is written below the text 'Best regards,'.