



3rd Quarter

2017

September 30th



To Our Shareholders, Customers and Friends:

We are pleased to report Citizens Bancorp's financial results for the nine months ended September 30, 2017 and 2016, respectively. 2017 year-to-date net income of approximately \$4.6 million is an increase of nearly \$1.2 million or 34% over the same period in 2016. These results remain largely in line with our internal forecasts for 2017, although interest rate increases implemented by the Federal Reserve Bank have provided additional benefits beyond our projections.

Total assets improved to \$774 million as of September 30, 2017, increased \$70 million or 10% over the past twelve months. This expansion continues to be led by deposit growth, up \$74 million or 13% as of September 30, 2017. While deposit growth continues to outstrip our loan growth, loans increased nearly \$32 million or 9% as of September 30, 2017. Excess liquidity remains invested in a conservative mix of short term government backed investment securities. Our balance sheet remains very liquid and well positioned to meet our customer needs through the foreseeable future. Our loan quality remains strong and the portfolio is strategically diversified. We are fortunate to have a strong team of employees who remain dedicated to our institution, our customers and the communities we serve.

Sixty years ago this month, seven founding board members joined by 300 plus shareholders raised \$375,000 in capital to form Citizens Bank just a block away from today's corporate headquarters in Corvallis, Oregon. Your Bank finished that year with \$1.4 million in deposits, \$200 thousand in loans and a small deficit of \$23 thousand after incurring all organizational and opening costs. For the next 59 years and counting, your Bank has remained profitable each and every year. Dividends on these earnings have been paid for 58 straight years. Several generations of shareholders, directors and bankers later, our Mission remains the same. We are committed to remaining an independent high performing community bank that is owned, directed, managed and operated by those that live and work in the communities we serve.

Thank you for your support and continued loyalty,

Gordon Zimmerman
President/CEO

CONSOLIDATED BALANCE SHEETS

Unaudited
(Dollars in thousands)

	AT SEPTEMBER 30,	
	2017	2016
ASSETS		
Cash and due from banks	\$ 23,007	\$ 16,366
Interest-bearing deposits in banks	99,834	69,615
Securities	209,815	214,892
Loans, net	400,702	369,031
Bank-owned life insurance	15,345	10,780
Accrued interest receivable	2,461	2,152
Other real estate owned	888	1,498
Premises and equipment, net	11,645	12,119
Other assets	9,987	6,786
Total assets	\$ 773,684	\$ 703,239
LIABILITIES		
Deposits	660,620	586,835
Repurchase agreements	30,757	38,237
Other liabilities	8,285	8,011
Total liabilities	699,662	633,083
SHAREHOLDERS' EQUITY		
Series A preferred stock	2,224	2,272
Common stock	41,422	40,777
Retained earnings	31,095	26,916
Accumulated other comprehensive income	(719)	191
Total shareholders' equity	74,022	70,156
Total liabilities & shareholders' equity	\$ 773,684	\$ 703,239

Citizens Bank established October 5, 1957
Citizens Bancorp established July 1, 1997
Citizens Bancorp is the holding company for Citizens Bank

FINANCIAL HIGHLIGHTS

(Dollars in thousands)

	AT SEPTEMBER 30,		
	2017	2016	2015
Net Income	\$ 4,640	\$ 3,470	\$ 2,819
Total Assets	\$ 773,684	\$ 703,239	\$ 623,032
Total Deposits	\$ 660,620	\$ 586,835	\$ 510,472
Total Net Loans	\$ 400,702	\$ 369,031	\$ 342,130

Rev. 10/17

CONSOLIDATED STATEMENTS OF INCOME

Unaudited
(Dollars in thousands, except per share data)

	NINE MONTHS ENDED SEPTEMBER 30,	
	2017	2016
INTEREST INCOME		
Loans	\$ 15,894	\$ 14,764
Securities	2,285	1,401
Interest-bearing deposits in banks	426	354
Total interest income	18,605	16,519
INTEREST EXPENSE		
Deposits	366	334
Repurchase agreements	52	52
Total interest expense	418	386
NET INTEREST INCOME	18,187	16,133
Provision for loan losses	900	750
Net interest income after provision	17,287	15,383
NONINTEREST INCOME		
Service charges on deposit accounts	680	682
BankCard income	763	703
Other noninterest income	865	652
Total noninterest income	2,308	2,037
NONINTEREST EXPENSE		
Salaries and employee benefits	8,694	8,309
Occupancy and equipment	1,166	1,264
Data processing expense	582	565
Other noninterest expense	2,004	1,893
Total noninterest expense	12,446	12,031
Income before taxes	7,149	5,389
Provision for income taxes	2,509	1,919
NET INCOME	\$ 4,640	\$ 3,470
BASIC EARNINGS PER COMMON SHARE		
Basic	\$ 0.80	\$ 0.60

SHAREHOLDER INFORMATION

Shareholder Relations:

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