



3rd Quarter



2018



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, 2018 and 2017, respectively. Year-to-date 2018 net income of \$6.6 million increased \$2.0 million or 43% over the prior year nine months of \$4.6 million. This growth resulted in earnings of \$1.13 per common share, increasing approximately 41% over the prior period. Pre-tax income of \$8.8 million increased \$1.6 million or 23% over the prior year first nine months of \$7.2 million. These results were in line with our expectations and recognized the benefits of the December 2017 changes to Federal income tax laws as well as the gradual increases in interest rates by the Federal Reserve. Pre-tax net income growth continues to be driven equally by higher effective yields on both the loan and investment portfolios.

Asset growth has largely stabilized, resulting in a \$14 million or 2% year over year growth as of September 30, 2018. While Oregon's economy remains strong, both loan and deposit growth has decreased in line with national trends. The Federal Reserve continues to forecast additional gradual increases in its rates, which will most likely lead to a tempering of economic growth.

Regardless of the economic conditions, Citizens Bank is consistently well positioned to meet the needs of the communities we serve. Our commitment to a conservative disciplined credit culture has served our shareholders well. Our customers and employees continue to be our most valued assets, and we remain focused on delivering quality products and services each and every day. By simply "doing the right thing" in all aspects of our institution, our future remains secure.

Thank you for your continued support and loyalty,

Gordon Zimmerman  
President/CEO

## CONSOLIDATED BALANCE SHEETS

Unaudited  
(Dollars in thousands)

	AT SEPTEMBER 30,	
	2018	2017
<b>ASSETS</b>		
Cash and due from banks	\$ 18,141	\$ 23,007
Interest-bearing deposits in banks	34,608	99,834
Securities	292,942	209,815
Loans, net	400,712	400,702
Bank-owned life insurance	15,788	15,345
Accrued interest receivable	3,639	2,461
Other real estate owned	815	888
Premises and equipment, net	11,639	11,645
Other assets	9,403	9,987
Total assets	<b>\$ 787,687</b>	<b>\$ 773,684</b>
<b>LIABILITIES</b>		
Deposits	671,398	660,620
Repurchase agreements	31,807	30,757
Other liabilities	7,411	8,285
Total liabilities	710,616	699,662
<b>SHAREHOLDERS' EQUITY</b>		
Series A preferred stock	2,224	2,224
Common stock	42,209	41,422
Retained earnings	36,638	31,095
Accumulated other comprehensive loss	(4,000)	(719)
Total shareholders' equity	77,071	74,022
Total liabilities & shareholders' equity	<b>\$ 787,687</b>	<b>\$ 773,684</b>

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,		
	2018	2017	2016
Net Income	\$ 6,643	\$ 4,640	\$ 3,470
Total Assets	\$ 787,687	\$ 773,684	\$ 703,239
Total Deposits	\$ 671,398	\$ 660,620	\$ 586,835
Total Net Loans	\$ 400,712	\$ 400,702	\$ 369,031

Rev. 10/18

## CONSOLIDATED STATEMENTS OF INCOME

Unaudited  
(Dollars in thousands, except per share data)

	NINE MONTHS ENDED SEPTEMBER 30,	
	2018	2017
<b>INTEREST INCOME</b>		
Loans	\$ 16,691	\$ 15,894
Securities	3,276	2,285
Interest-bearing deposits in banks	651	426
Total interest income	20,618	18,605
<b>INTEREST EXPENSE</b>		
Deposits	389	366
Repurchase agreements	41	52
Total interest expense	430	418
<b>NET INTEREST INCOME</b>	20,188	18,187
Provision for loan losses	675	900
Net interest income after provision	<b>19,513</b>	<b>17,287</b>
<b>NONINTEREST INCOME</b>		
Service charges on deposit accounts	707	680
BankCard income	719	763
Other noninterest income	823	865
Total noninterest income	2,249	2,308
<b>NONINTEREST EXPENSE</b>		
Salaries and employee benefits	9,094	8,694
Occupancy and equipment	1,299	1,166
Data processing expense	559	582
Other noninterest expense	2,045	2,004
Total noninterest expense	12,997	12,446
Income before taxes	8,765	7,149
Provision for income taxes	2,122	2,509
<b>NET INCOME</b>	<b>\$ 6,643</b>	<b>\$ 4,640</b>
<b>BASIC EARNINGS PER COMMON SHARE</b>		
Basic	\$ 1.13	\$ 0.80

## SHAREHOLDER INFORMATION

Shareholder Relations:

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