



## Letter to Shareholders

3rd Quarter	2025	September 30
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To Our Shareholders, Customers, and Friends:

The Federal Reserve reduced interest rates by 25 basis points in September of 2025, the first reduction this year and welcomed by our agricultural and small business customers. The latest inflationary period has resulted in high interest rates combined with increased input and labor costs, putting tremendous pressure on our communities and customers. Additional pressures from geopolitical trade negotiations add to continued uncertainty.

Citizens Bank has been through many such cycles over the past 68 years. While loan demand remains constrained, we stand with our customers and communities. The Bank continues to maintain significant liquidity with over 50% of our total assets in cash and securities available for sale. Capital remains strong with total risk-based capital of 24.01%. Our loan portfolio continues to reflect solid credit quality and conservative reserves against future credit losses total 1.68% of outstanding loans as of September 30, 2025. Our commitment to our customers is steadfast, and we remain ready to assist our customers in whatever economic adversities may arise.

### Select Q3 2025 Highlights:

- Net income of \$397 thousand decreased \$589 thousand from the prior year's \$986 thousand. This change was driven by a decline in loan balances related to sale of one customer's business, as well increased data processing costs related to technology enhancements.
- Total deposits and repurchase agreements increased \$9.9 million during the third quarter as deposits continue the return to historical seasonality trends.
- The quarter-to-date average yield on the loan portfolio was 5.91% as of September 30, 2025, an increase of 11 basis points over the same period in 2024.

### Select 2025 Year-to-Date Highlights:

- Net income of \$1.48 million decreased \$1.07 million from 2024's \$2.55 million as a result of continued tepid loan demand coupled with customer sales of underlying collateral securing multiple loans during 2025.
- The year-to-date average yield on the loan portfolio was 5.81% as of September 30, 2025, an increase of 5 basis points from the same period in 2024.
- Total assets of \$846.2 million increased \$14.5 million year-over-year.
- Shareholders' equity of \$86.4 million increased \$3.5 million or 4.2% year-over-year, largely due to continued reductions in the Bank's unrealized losses on its investment portfolio.

Our long-standing commitment to our communities continues to guide us. Thanks to the loyalty of our customers and the confidence of our shareholders, we maintain strong capital and liquidity that position us for continued sustainable growth. As we move forward, we do so with optimism and gratitude—ready to serve, invest in, and strengthen the communities we serve.

Gordon Zimmerman  
President/CEO

Eric Thompson  
Chairman of the Board

## CONSOLIDATED BALANCE SHEETS

Unaudited  
(Dollars in thousands)

	At September 30,	
	2025	2024
<b>ASSETS</b>		
Cash and due from banks	\$ 15,706	\$ 20,424
Interest-bearing deposits in banks	93,884	26,555
Securities	321,482	352,034
Loans	362,505	378,470
Allowance	(6,088)	(6,026)
Loans, net of allowance	356,417	372,444
Bank-owned life insurance	22,569	21,955
Accrued interest receivable	4,274	4,538
Deferred tax assets, net	13,551	15,158
Premises and equipment, net	13,747	14,381
Other assets	4,553	4,169
Total assets	<b>\$ 846,183</b>	<b>\$ 831,658</b>
<b>LIABILITIES</b>		
Deposits	715,840	718,508
Repurchase agreements	33,007	20,425
Other borrowings	-	-
Other liabilities	10,932	9,772
Total liabilities	<b>759,779</b>	<b>748,705</b>
<b>SHAREHOLDERS' EQUITY</b>		
Series A Preferred stock	1,934	1,934
Common stock	45,539	45,238
Retained earnings	65,129	64,737
Accumulated other comprehensive loss	(26,198)	(28,956)
Total shareholders' equity	<b>86,404</b>	<b>82,953</b>
Total liabilities & shareholders' equity	<b>\$ 846,183</b>	<b>\$ 831,658</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,		
	2025	2024	2023
Net Income	\$ 1,484	\$ 2,553	\$ 4,622
Total Assets	\$ 846,183	\$ 831,658	\$ 1,035,678
Total Net Loans	\$ 356,417	\$ 372,444	\$ 395,096
Total Deposits	\$ 715,840	\$ 718,508	\$ 779,036
Loan-to-Deposit Ratio	49.79%	51.84%	50.72%
Net Interest Margin	3.59%	3.15%	3.28%
Return on Assets	0.24%	0.35%	0.61%
Return on Equity	2.55%	4.90%	10.00%

## CONSOLIDATED STATEMENTS OF INCOME

Unaudited  
(Dollars in thousands, except per share data)

	Three Months Ended		Nine Months Ended	
	September 30, 2025	2024	September 30, 2025	2024
<b>INTEREST INCOME</b>				
Loans	\$ 5,358	\$ 5,550	\$ 16,107	\$ 17,021
Interest-bearing deposits in banks	1,062	1,426	2,039	5,646
Securities	1,454	1,815	4,634	5,815
Total interest income	<b>7,874</b>	<b>8,791</b>	<b>22,780</b>	<b>28,482</b>
<b>INTEREST EXPENSE</b>				
Deposits	1,065	743	2,676	2,172
Repurchase agreements	143	52	236	154
Other borrowings	-	1,096	-	5,200
Total interest expense	<b>1,208</b>	<b>1,891</b>	<b>2,912</b>	<b>7,526</b>
Net interest income	<b>6,666</b>	<b>6,900</b>	<b>19,868</b>	<b>20,956</b>
Provision for credit losses	<b>175</b>	<b>121</b>	<b>272</b>	<b>500</b>
Net interest income after provision	<b>6,491</b>	<b>6,779</b>	<b>19,596</b>	<b>20,456</b>
<b>NONINTEREST INCOME</b>				
Service charges on deposit accounts	145	137	417	425
Debit and ATM interchange fee income, net	210	210	604	613
Other noninterest income	292	331	950	944
Total noninterest income	<b>647</b>	<b>678</b>	<b>1,971</b>	<b>1,982</b>
<b>NONINTEREST EXPENSE</b>				
Salaries and employee benefits	4,716	4,437	14,074	13,618
Premises and equipment, net	449	445	1,378	1,409
Data processing expense	411	257	995	782
Other noninterest expense	1,132	1,114	3,449	3,463
Total noninterest expense	<b>6,708</b>	<b>6,253</b>	<b>19,896</b>	<b>19,272</b>
Income before taxes	<b>430</b>	<b>1,204</b>	<b>1,671</b>	<b>3,166</b>
Provision for income taxes	<b>33</b>	<b>218</b>	<b>187</b>	<b>613</b>
Net income	<b>\$ 397</b>	<b>\$ 986</b>	<b>\$ 1,484</b>	<b>\$ 2,553</b>

## EARNINGS PER COMMON SHARE

Basic & Diluted \$0.07 \$0.17 \$0.25 \$0.43

## SHAREHOLDER INFORMATION

Shareholder Relations:

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Visit us online at: [www.citizensEbank.com](http://www.citizensEbank.com)

