

CITIZENS  BANCORP

Letter to Shareholders

3rd Quarter

2025

September 30

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
ASSETS		
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	\$ 846,183	\$ 831,658
LIABILITIES		
Deposits	715,840	718,508
Repurchase agreements	33,007	20,425
Other borrowings	-	-
Other liabilities	10,932	9,772
Total liabilities	759,779	748,705
SHAREHOLDERS' EQUITY		
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	86,404	82,953
Total liabilities & shareholders' equity	\$ 846,183	\$ 831,658

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 September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
INTEREST INCOME				
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	7,874	8,791	22,780	28,482
INTEREST EXPENSE				
Deposits	1,065	743	2,676	2,172
Repurchase agreements	143	52	236	154
Other borrowings	-	1,096	-	5,200
Total interest expense	1,208	1,891	2,912	7,526
Net interest income	6,666	6,900	19,868	20,956
Provision for credit losses	175	121	272	500
Net interest income after provision	6,491	6,779	19,596	20,456
NONINTEREST INCOME				
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	647	678	1,971	1,982
NONINTEREST EXPENSE				
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	6,708	6,253	19,896	19,272
Income before taxes	430	1,204	1,671	3,166
Provision for income taxes	33	218	187	613
Net income	\$ 397	\$ 986	\$ 1,484	\$ 2,553
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

