



3rd Quarter

2019

September 30th

To Our Shareholders, Customers, and Friends:

We are pleased to report continued strong financial performance for the nine months ended September 30, 2019 and 2018, respectively. Our Team of 166 talented employees remain committed to a conservative set of credit and banking fundamentals, leaving your Bank well positioned for the future. Loan quality is strong, and we have ample liquidity to continue meeting the needs of our customers and communities. We are well positioned to take advantage of opportunities regardless of economic cycle.

Select 2019 year-to-date financial highlights include:

- Net income of \$7.9 million for the first nine months of 2019, an increase of \$1.3 million or 20% over the \$6.6 million reported during the first nine months of 2018.
- Net interest margin of 4.22% for the first nine months of 2019, an increase 43 basis points compared to 3.79% for the first nine months of 2018.
- Year-to-date ROA and ROE remains steady at 1.37% and 12.42%, respectively, on September 30, 2019.
- Earnings per common share of \$1.35 as of September 30, 2019, an increase of \$0.22 or 19.5% over the prior period.

These results continue in-line with our expectations, with nominal loan and deposit growth leading total assets to \$805 million as of September 30, 2019.

Global, national, and regional forecasts all continue to signal a slowing in economic growth coupled with recessionary fears. Regardless of economic cycle, our commitment remains steadfast. We continue to invest in both people and infrastructure to prepare your bank for the future. Citizens Bank has proudly served its customers and communities for over 62 years, which is only the beginning.

Thank you for your continued support and loyalty,

Gordon Zimmerman

President/CEO

CONSOLIDATED BALANCE SHEETS

Unaudited
(Dollars in thousands)

	AT SEPTEMBER 30,	
	2019	2018
ASSETS		
Cash and due from banks	\$ 22,688	\$ 18,141
Interest-bearing deposits in banks	47,318	34,608
Securities	286,057	292,942
Loans, net	406,814	400,712
Bank-owned life insurance	17,705	15,788
Accrued interest receivable	3,666	3,639
Other real estate owned	783	815
Premises and equipment, net	12,467	11,639
Other assets	7,786	9,403
Total assets	<u>\$ 805,284</u>	<u>\$ 787,687</u>
LIABILITIES		
Deposits	675,457	671,398
Repurchase agreements	30,424	31,807
Other liabilities	7,654	7,411
Total liabilities	<u>713,535</u>	<u>710,616</u>
SHAREHOLDERS' EQUITY		
Series A preferred stock	2,198	2,224
Common stock	43,287	42,209
Retained earnings	44,356	36,638
Accumulated other comprehensive income (loss)	1,908	(4,000)
Total shareholders' equity	<u>91,749</u>	<u>77,071</u>
Total liabilities & shareholders' equity	<u>\$ 805,284</u>	<u>\$ 787,687</u>

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,		
	2019	2018	2017
Net Income	\$ 7,979	\$ 6,643	\$ 4,640
Total Assets	\$ 805,284	\$ 787,687	\$ 773,684
Total Net Loans	\$ 406,814	\$ 400,712	\$ 400,702
Total Deposits	\$ 675,457	\$ 671,398	\$ 660,620
Loan-to-Deposit Ratio	60.23%	59.68%	60.66%
Net Interest Margin	4.22%	3.79%	3.61%
Return on Assets	1.37%	1.15%	0.85%
Return on Equity	12.42%	11.93%	8.66%

CONSOLIDATED STATEMENTS OF INCOME

Unaudited
(Dollars in thousands, except per share data)

	NINE MONTHS ENDED SEPTEMBER 30,	
	2019	2018
INTEREST INCOME		
Loans	\$ 17,951	\$ 16,691
Securities	4,282	3,276
Interest-bearing deposits in banks	862	651
Total interest income	<u>23,095</u>	<u>20,618</u>
INTEREST EXPENSE		
Deposits	370	389
Repurchase agreements	42	41
Total interest expense	<u>412</u>	<u>430</u>
NET INTEREST INCOME	22,683	20,188
Provision for loan losses	475	675
Net interest income after provision	<u>22,208</u>	<u>19,513</u>
NONINTEREST INCOME		
Service charges on deposit accounts	617	707
Debit and ATM interchange fee income, net	554	476
Other noninterest income	977	1,067
Total noninterest income	<u>2,148</u>	<u>2,250</u>
NONINTEREST EXPENSE		
Salaries and employee benefits	9,861	9,094
Occupancy and equipment	1,363	1,299
Data processing expense	591	559
Other noninterest expense	1,948	2,045
Total noninterest expense	<u>13,763</u>	<u>12,997</u>
Income before taxes	10,593	8,766
Provision for income taxes	2,614	2,122
NET INCOME	<u>\$ 7,979</u>	<u>\$ 6,644</u>
BASIC EARNINGS PER COMMON SHARE		
Basic	\$ 1.35	\$ 1.13

SHAREHOLDER INFORMATION

Shareholder Relations:

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