CITIZENS BANCORP

Letter to Shareholders

2nd Quarter	2026	June 30

To Our Shareholders, Customers, and Friends:

The ongoing conflict in Iran has led to volatility in global energy markets, adding further complexity to an already challenging inflationary environment. Continued elevated fuel costs affect more than the price paid at the pump; they flow through transportation, food, utilities as well as every business and household budget.

Businesses and consumers weigh spending plans carefully during these times of rapidly changing conditions. We have remained close to our customers, assisting them through these economic challenges. We also remain committed to our conservative community bank fundamentals, retaining strong capital, reserves, and liquidity to weather any potential disruptions. Cash and securities available for sale total 46.5% of our balance sheet as of June 30, 2026.

Our actions have led to renewed loan growth, with loan commitments exceeding $31.5 million recorded in June of 2026 alone. Initial profitability is immediately impacted by required provisions for potential future loan losses recorded on day one of this new loan volume. The economic benefits of this growth will be realized in the remainder of 2026.

Select Q2 2026 Highlights:

- Net income of $98 thousand decreased $473 thousand from the prior year's $571 thousand, directly related to increased loan production and provisioning for potential future loan losses of $590 thousand. Pre-tax, pre-provision income decreased marginally by $18 thousand or 2.6%, as loan growth occurred largely in the latter part of the second quarter.
- The average yield on the loan portfolio remains stable at 5.8% as of June 30, 2026, vs. 5.7% from the same period in 2025.
- Total cost-of-funds increased to 0.57% as of June 30, 2026, vs. 0.53% in the same period in 2025.
- All investment securities are held as available-for-sale and reported at fair value. The Bank has no intent to sell these securities and as such, the unrealized losses are deemed to be temporary.

Select First Half 2026 Highlights:

- Net income of $707 thousand decreased $380 thousand or 33.7% from 2025's $1.09 million, directly related to increased loan production and provisioning for potential future loan losses of $623 thousand. Pre-tax, pre-provision income increased $107 thousand or 7.4%.
- Data processing expense of $888 thousand increased $304 thousand in 2026 due to the Bank's significant investments in its technology infrastructure in previous years.
- Total loans of $389.6 million increased 5.2% or $19.2 million during the last twelve months.
- Total deposits of $702.4 million decreased 3.0% or $21.9 million over the past twelve months, directly related to a large transitory deposit from one customer that was received at quarter end 2025.
- Total assets of $823.4 million decreased $9.4 million or 1.1% from the same period in 2025.
- Shareholders' equity of $87.2 million increased $7.0 million or 8.7% over the past twelve months. Total risk-based capital of 24.2% continues to reflect our conservative low risk and highly liquid balance sheet.

The role of a community bank is critical during challenging economic times. We remain disciplined, well-capitalized and highly liquid, committed to the communities we are privileged to serve. The continued support from our long-term loyal shareholders and customers who understand the value of a community bank remains central to our continued success. Thank you for your continued support.

Gordon Zimmerman President/CEO	Eric Thompson Chairman of the Board

CONSOLIDATED BALANCE SHEETS

Unaudited

(Dollars in thousands)

	As of June 30, 2026	
	2026	2025
ASSETS		
Cash and due from banks	$ 15,011	$ 19,343
Interest-bearing deposits in banks	59,852	80,076
Securities	307,745	308,810
Loans	389,620	370,389
Allowance	(6,561)	(5,930)
Loans, net of allowance	383,059	364,459
Bank-owned life insurance	23,041	22,420
Accrued interest receivable	3,923	3,619
Deferred tax assets, net	13,441	15,764
Premises and equipment, net	13,314	13,873
Other assets	4,017	4,423
Total assets	**$ 823,403**	**$ 832,787**
LIABILITIES		
Deposits	702,427	724,328
Repurchase agreements	22,818	17,722
Other liabilities	10,923	10,458
Total liabilities	736,168	752,508
SHAREHOLDERS' EQUITY		
Series A Preferred stock	1,934	1,934
Common stock	45,961	45,539
Retained earnings	65,644	64,731
Accumulated other comprehensive loss	(26,304)	(31,925)
Total shareholders' equity	87,235	80,279
Total liabilities & shareholders' equity	**$ 823,403**	**$ 832,787**

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)

	As of June 30		
	2026	2025	2024
Net Income	$ 707	$ 1,087	$ 1,568
Total Assets	$ 823,403	$ 832,787	$ 918,937
Total Net Loans	$ 383,059	$ 364,459	$ 382,042
Total Deposits	$ 702,427	$ 724,328	$ 713,592
Loan-to-Deposit Ratio	54.53%	50.32%	53.54%
Net Interest Margin	3.56%	3.66%	3.08%
Return on Assets	0.17%	0.27%	0.31%
Return on Equity	1.62%	2.89%	4.65%

CONSOLIDATED STATEMENTS OF INCOME

Unaudited

(Dollars in thousands, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
INTEREST INCOME				
Loans	$ 5,457	$ 5,391	$ 10,707	$ 10,749
Interest-bearing deposits in banks	566	619	1,100	977
Securities	1,581	1,515	3,290	3,180
Total interest income	7,604	7,525	15,097	14,906
INTEREST EXPENSE				
Deposits	985	899	1,860	1,611
Repurchase agreements	45	55	101	93
Total interest expense	1,030	954	1,961	1,704
Net interest income	6,574	6,571	13,136	13,202
Provision for credit losses	590	64	623	97
Net interest income after provision	5,984	6,507	12,513	13,105
NONINTEREST INCOME				
Service charges on deposit accounts	121	138	242	272
Debit and ATM interchange fee income, net	189	215	365	394
Other noninterest income	367	342	706	658
Total noninterest income	677	695	1,313	1,324
NONINTEREST EXPENSE				
Salaries and employee benefits	4,571	4,621	9,080	9,358
Premises and equipment, net	458	434	902	929
Data processing expense	440	276	888	584
Other noninterest expense	1,094	1,229	2,134	2,317
Total noninterest expense	6,563	6,560	13,004	13,188
Income before taxes	98	642	822	1,241
Provision for income taxes	-	71	115	154
Net income	**$ 98**	**$ 571**	**$ 707**	**$ 1,087**
EARNINGS PER COMMON SHARE				
Basic & Diluted	$0.02	$0.09	$0.12	$0.18

SHAREHOLDER INFORMATION

Shareholder Relations:

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Visit us online at: www.citizensEbank.com