

Letter to the Shareholders

1st Quarter

2026

March 31st

To Our Shareholders, Customers, and Friends:

We have undergone tremendous change over the past five years, from a worldwide pandemic, economic stimulus to stave off the financial impacts, followed by inflation, tariff volatility, and now a renewed conflict in the Middle East. The impacts of the Middle East standoff in the Strait of Hormuz have shocked the world's oil supply chain. Our citizens feel it immediately every time we visit our local gas stations. While America is blessed to be a net exporter of oil for several years, it's still sold on the world markets to the highest bidder. As a result, we feel the pain at the pump immediately.

Rates will remain volatile and fuel prices will remain high until the latest Middle East conflict is resolved. This further impacts an already stressed agricultural market in the Willamette Valley. The longer this conflict continues, the greater the potential for inflationary impacts through all aspects of the economy. Oil is central to every aspect of the world-wide economy.

Our balance sheet continues to restructure as long term loans reprice to interest rates post pandemic. While earnings remain under pressure, asset yields continue to improve, and the Bank's cost of funds has declined with interest rate cuts from the Federal Reserve in late 2025. Shareholders' equity remains strong and increasing, benefiting from additional investment purchases with excess liquidity at market rates as well as reductions in marks against the securities portfolio. The Bank remains highly liquid with 48% of the total balance sheet in cash and securities.

Select Q1 2026 Highlights:

- Net income of \$609 thousand increased 17.8% or \$92 thousand from the prior year's \$517 thousand. Pre-tax, pre-provision net income increased 19.6% or \$124 thousand from the prior year's \$633 thousand.
- Total loans decreased by 1.4% or \$5.1 million during the last twelve months, net of \$16 million of unscheduled loan payoffs from customers deploying excess liquidity or sold assets.
- The average yield on the loan portfolio was 5.8% as of March 31, 2026, unchanged from the same period in 2024.
- Credit quality continues to be solid, with reserves against future credit losses at 1.69% of total loans at quarter end with no net charge offs.
- Total securities decreased 0.6% or \$1.9 million year-over-year, with \$45 million in new investments made at market rates. No investment securities have been or are planned to be sold. All securities continue to be classified as available-for-sale and are reported at fair value.
- Total deposits and repurchase agreements increased 0.6% or \$4.2 million year-over-year, in line with historical seasonality.
- Total cost-of-funds was 0.52% as of March 31, 2026, increasing from 0.42% in the same period in 2024 due to higher average deposit balances.
- Tangible equity increased to 10.7%, and total risk-based capital increased to 24.7% at March 31, 2026 due to the Bank's continued low risk and highly liquid balance sheet.

The Bank remains focused on our customers and communities as we transition through the continued challenging economic times. The Bank remains safe, solid, and secure.

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 March 31, 2026 | |
|------------------------------------------|----------------------|-------------------|
| | 2026 | 2025 |
| ASSETS | | |
| Cash and due from banks | \$ 12,485 | \$ 16,787 |
| Interest-bearing deposits in banks | 59,758 | 33,323 |
| Securities | 318,958 | 320,906 |
| Loans | 367,779 | 372,892 |
| Allowance | (6,224) | (5,927) |
| Loans, net of allowance | 361,555 | 366,965 |
| Bank-owned life insurance | 22,849 | 22,233 |
| Accrued interest receivable | 3,809 | 3,806 |
| Deferred tax assets, net | 13,511 | 16,109 |
| Premises and equipment, net | 13,466 | 14,059 |
| Other assets | 4,057 | 4,326 |
| Total assets | \$ 810,448 | \$ 798,514 |
| LIABILITIES | | |
| Deposits | 686,067 | 692,405 |
| Repurchase agreements | 26,899 | 16,387 |
| Other liabilities | 10,649 | 10,412 |
| Total liabilities | 723,615 | 719,204 |
| SHAREHOLDERS' EQUITY | | |
| Series A Preferred stock | 1,934 | 1,934 |
| Common stock | 45,961 | 45,539 |
| Retained earnings | 65,546 | 64,162 |
| Accumulated other comprehensive loss | (26,608) | (32,325) |
| Total shareholders' equity | 86,833 | 79,310 |
| Total liabilities & shareholders' equity | \$ 810,448 | \$ 798,514 |

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 March 31 | | |
|-----------------------|----------------|------------|--------------|
| | 2026 | 2025 | 2024 |
| Net Income | \$ 609 | \$ 517 | \$ 764 |
| Total Assets | \$ 810,448 | \$ 798,514 | \$ 1,095,490 |
| Total Net Loans | \$ 361,555 | \$ 366,965 | \$ 394,802 |
| Total Deposits | \$ 686,067 | \$ 692,405 | \$ 726,076 |
| Loan-to-Deposit Ratio | 52.70% | 53.00% | 54.37% |
| Net Interest Margin | 3.56% | 3.72% | 3.05% |
| Return on Assets | 0.30% | 0.26% | 0.30% |
| Return on Equity | 2.78% | 2.85% | 4.46% |

CONSOLIDATED STATEMENTS OF INCOME

Unaudited

(Dollars in thousands, except per share data)

| | Three Months Ended March 31, | |
|-------------------------------------------|---------------------------------|---------------|
| | 2026 | 2025 |
| INTEREST INCOME | | |
| Loans | \$ 5,250 | \$ 5,358 |
| Interest-bearing deposits in banks | 534 | 358 |
| Securities | 1,709 | 1,665 |
| Total interest income | 7,493 | 7,381 |
| INTEREST EXPENSE | | |
| Deposits | 875 | 712 |
| Repurchase agreements | 56 | 38 |
| Total interest expense | 931 | 750 |
| Net interest income | 6,562 | 6,631 |
| Provision for credit losses | 33 | 33 |
| Net interest income after provision | 6,529 | 6,598 |
| NONINTEREST INCOME | | |
| Service charges on deposit accounts | 121 | 134 |
| Debit and ATM interchange fee income, net | 176 | 179 |
| Other noninterest income | 339 | 316 |
| Total noninterest income | 636 | 629 |
| NONINTEREST EXPENSE | | |
| Salaries and employee benefits | 4,509 | 4,737 |
| Premises and equipment, net | 444 | 495 |
| Data processing expense | 448 | 308 |
| Other noninterest expense | 1,040 | 1,087 |
| Total noninterest expense | 6,441 | 6,627 |
| Income before taxes | 724 | 600 |
| Provision for income taxes | 115 | 83 |
| Net income | \$ 609 | \$ 517 |

EARNINGS PER COMMON SHARE

| | | |
|-----------------|--------|--------|
| Basic & Diluted | \$0.10 | \$0.09 |
|-----------------|--------|--------|

SHAREHOLDER INFORMATION

Shareholder Relations:

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Visit us online at: www.citizensEbank.com

