

CITIZENS BANCORP



2nd Quarter



2019



June 30th

To Our Shareholders, Customers, and Friends:

Your Bank continues to perform well in 2019. Credit quality remains strong, we have ample liquidity, and our employees remain steadfast in adhering to disciplined credit and banking fundamentals. We are pleased to report Citizens Bancorp's financial results for the six months ending on June 30, 2019 and 2018.

- Year-to-date 2019 net income was \$5.2 million through June 30, 2019. This was an increase of \$976 thousand (or 23%) over the \$4.2 million reported in 2018.
- Year-to-date ROA and ROE continued to improve and settled at 1.34% and 12.43%, respectively, on June 30, 2019.
- This progression resulted in earnings of \$0.87 per common share as of June 30, 2019, increasing approximately 23% over the same period in 2018.

These results are in-line with our expectations. They are the product of moderate loan growth paired with increased margins spurred by the actions of the Federal Reserve over the last several years. By June 30, 2019, Citizens Bancorp's total assets had increased slightly to \$774 million. Excess liquidity continued to be conservatively invested in short-term government-backed investment securities. While loan balances increased by \$14 million (or 4%) over the last twelve months, deposit balances contracted by \$4 million. This was due to increased deposit competition in our markets and rate sensitivity.

Although many voices are focusing on current economic conditions and recessionary fears, our focus remains long-term with unwavering commitment to the customers and communities we proudly serve. The Board and employees alike remain engaged in thinking strategically. We are enhancing our Team with exceptional personnel both externally and from within. We are implementing new technologies to improve the customer experience and we remain committed to our Corporate Culture that has served as our foundation since inception in 1957.

Thank you for your continued support and loyalty,

Gordon Zimmerman

President/CEO

CONSOLIDATED BALANCE SHEETS

Unaudited
(Dollars in thousands)

	AT JUNE 30,	
	2019	2018
ASSETS		
Cash and due from banks	\$ 16,735	\$ 15,247
Interest-bearing deposits in banks	53,636	61,797
Securities	252,790	247,259
Loans, net	410,821	396,472
Bank-owned life insurance	16,063	15,670
Accrued interest receivable	3,224	2,783
Other real estate owned	805	823
Premises and equipment, net	12,160	11,816
Other assets	8,116	9,350
Total assets	<u>\$ 774,350</u>	<u>\$ 761,217</u>
LIABILITIES		
Deposits	645,182	648,960
Repurchase agreements	32,294	29,799
Other liabilities	8,094	7,485
Total liabilities	<u>685,570</u>	<u>686,244</u>
SHAREHOLDERS' EQUITY		
Series A preferred stock	2,224	2,224
Common stock	43,287	42,209
Retained earnings	41,526	34,168
Accumulated other comprehensive income (loss)	<u>1,743</u>	<u>(3,628)</u>
Total shareholders' equity	<u>88,780</u>	<u>74,973</u>
Total liabilities & shareholders' equity	<u>\$ 774,350</u>	<u>\$ 761,217</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 JUNE 30,		
	2019	2018	2017
Net Income	\$ 5,150	\$ 4,174	\$ 2,862
Total Assets	\$ 774,350	\$ 761,217	\$ 729,574
Total Net Loans	\$ 410,821	\$ 396,472	\$ 388,233
Total Deposits	\$ 645,182	\$ 648,960	\$ 611,408
Loan-to-Deposit Ratio	63.68%	61.09%	63.50%
Net Interest Margin	4.22%	3.73%	3.58%
Return on Assets	1.34%	1.09%	0.80%
Return on Equity	12.43%	11.47%	8.16%

CONSOLIDATED STATEMENTS OF INCOME

Unaudited
(Dollars in thousands, except per share data)

	SIX MONTHS ENDED JUNE 30,	
	2019	2018
INTEREST INCOME		
Loans	\$ 11,948	\$ 10,941
Securities	2,713	2,122
Interest-bearing deposits in banks	557	377
Total interest income	<u>15,218</u>	<u>13,440</u>
INTEREST EXPENSE		
Deposits	243	262
Repurchase agreements	28	28
Total interest expense	<u>271</u>	<u>290</u>
NET INTEREST INCOME	14,947	13,150
Provision for loan losses	250	450
Net interest income after provision	<u>14,697</u>	<u>12,700</u>
NONINTEREST INCOME		
Service charges on deposit accounts	407	486
Debit and ATM interchange fee income, net	367	329
Other noninterest income	604	655
Total noninterest income	<u>1,378</u>	<u>1,470</u>
NONINTEREST EXPENSE		
Salaries and employee benefits	6,626	6,096
Occupancy and equipment	876	845
Data processing expense	397	370
Other noninterest expense	1,340	1,344
Total noninterest expense	<u>9,239</u>	<u>8,655</u>
Income before taxes	6,836	5,515
Provision for income taxes	<u>1,686</u>	<u>1,341</u>
NET INCOME	<u>\$ 5,150</u>	<u>\$ 4,174</u>
BASIC EARNINGS PER COMMON SHARE		
Basic	\$ 0.87	\$ 0.71

SHAREHOLDER INFORMATION

Shareholder Relations:

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