

CITIZENS BANCORP



1st Quarter

2019

March 31st

To Our Shareholders, Customers, and Friends:

We are pleased to report Citizens Bancorp's financial results for the three months ended March 31, 2019 and 2018, respectively. Growth remains conservative at this point in our economic cycle. Total assets were \$775 million at March 31, 2019, increasing \$3 million over the past 12 months. Net loans increased \$13 million or 3%, total deposits declined slightly by \$7 million or 1%, while shareholders' equity increased \$11 million or 15%.

Net income for the first three months ended March 31, 2019 was \$2.4 million, an increase of \$467 thousand or 24% over the amount reported during the first three months of 2018. These results were balanced between growth in both loan and securities interest income and resulted in a ROA of 1.30% and ROE of 12.2%. These increases were due in part to temperate loan growth as well as overall increases in both loan and investment securities rates due to actions by the Federal Reserve.

Our economy continues to reflect signs of reaching its peak, with strong earnings across the financial sector coupled with cautious comments from the Federal Reserve Board of Governors. Slowing growth and GDP forecasts reflect a more muted approach to further increases in the interest rates.

Regardless of economic cycle or conditions, our commitment remains focused on serving the needs of our customers and communities. Our balance sheet is structured in line with our consistent pledge to our conservative lending fundamentals. We have strong liquidity to meet the needs of our partners today and into the future. Our Team of dedicated employees remains focused on our relationships with our customers and communities. Your institution remains safe and sound, well positioned and committed to remaining an independent high performing community bank.

Thank you for your continued support and loyalty,

Gordon Zimmerman

President/CEO

CONSOLIDATED BALANCE SHEETS

Unaudited
(Dollars in thousands)

	AT MARCH 31,	
	2019	2018
ASSETS		
Cash and due from banks	\$ 13,999	\$ 14,241
Interest-bearing deposits in banks	60,068	55,722
Securities	250,247	265,560
Loans, net	409,506	396,275
Bank-owned life insurance	15,977	15,564
Accrued interest receivable	3,142	2,730
Other real estate owned	807	823
Premises and equipment, net	11,887	11,728
Other assets	8,884	9,362
Total assets	<u>\$ 774,517</u>	<u>\$ 772,005</u>
LIABILITIES		
Deposits	650,779	658,193
Repurchase agreements	31,809	32,941
Other liabilities	8,103	7,906
Total liabilities	<u>690,691</u>	<u>699,040</u>
SHAREHOLDERS' EQUITY		
Series A preferred stock	2,224	2,224
Common stock	43,287	42,209
Retained earnings	38,825	31,976
Accumulated other comprehensive loss	(510)	(3,444)
Total shareholders' equity	<u>83,826</u>	<u>72,965</u>
Total liabilities & shareholders' equity	<u>\$ 774,517</u>	<u>\$ 772,005</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 MARCH 31,		
	2019	2018	2017
Net Income	\$ 2,448	\$ 1,981	\$ 1,302
Total Assets	\$ 774,517	\$ 772,005	\$ 728,214
Total Net Loans	\$ 409,506	\$ 396,275	\$ 374,047
Total Deposits	\$ 650,779	\$ 658,193	\$ 607,966
Loan-to-Deposit Ratio	62.93%	60.21%	61.52%
Net Interest Margin	4.22%	3.68%	3.55%
Return on Assets	1.30%	1.04%	0.73%
Return on Equity	12.19%	11.03%	7.57%

CONSOLIDATED STATEMENTS OF INCOME

Unaudited
(Dollars in thousands, except per share data)

	THREE MONTHS ENDED MARCH 31,	
	2019	2018
INTEREST INCOME		
Loans	\$ 5,873	\$ 5,389
Securities	1,409	1,080
Interest-bearing deposits in banks	224	162
Total interest income	<u>7,506</u>	<u>6,631</u>
INTEREST EXPENSE		
Deposits	119	134
Repurchase agreements	14	14
Total interest expense	<u>133</u>	<u>148</u>
NET INTEREST INCOME	7,373	6,483
Provision for loan losses	100	225
Net interest income after provision	<u>7,273</u>	<u>6,258</u>
NONINTEREST INCOME		
Service charges on deposit accounts	211	243
Debit and ATM interchange fee income, net	171	157
Other noninterest income	298	323
Total noninterest income	<u>680</u>	<u>723</u>
NONINTEREST EXPENSE		
Salaries and employee benefits	3,367	3,088
Occupancy and equipment	428	411
Data processing expense	197	177
Other noninterest expense	721	699
Total noninterest expense	<u>4,713</u>	<u>4,375</u>
Income before taxes	3,240	2,606
Provision for income taxes	792	625
NET INCOME	<u>\$ 2,448</u>	<u>\$ 1,981</u>
BASIC EARNINGS PER COMMON SHARE		
Basic	\$ 0.41	\$ 0.34

SHAREHOLDER INFORMATION

Shareholder Relations:

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