

CITIZENS  BANCORP

Letter to Shareholders

3rd Quarter

2026

September 30

To Our Shareholders, Customers, and Friends:

The U.S. economy remained resilient during the third quarter of 2026 despite sustained geopolitical uncertainty and energy-market volatility. Persistent cost pressures, including elevated fuel, financing, and operating expenses, continued to challenge agricultural producers, small businesses, and households across our footprint.

We remain steadfast in our commitment to customers and communities as economic conditions evolve. Our disciplined community banking fundamentals, strong capital, ample liquidity, and reserves position us to serve our customers in all environments while pursuing prudent lending opportunities and delivering sustainable long-term value to our shareholders.

Select Q3 2026 Highlights:

- Net income of \$1.065 million increased \$668 thousand from the prior year's \$397 thousand, primarily attributable to increased loan production during 2026. Pre-tax, pre-provision net income of \$1.013 million increased by \$408 thousand or 67.4% from the prior year's \$605 thousand.
- The average yield on the loan portfolio increased to 5.88% for the three months ended September 30, 2026, compared with 5.78% for the same period in 2025.
- Total cost of funds remained stable at 0.65% as of September 30, 2026, and 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.

Year to Date 2026 Highlights:

- Net income of \$1.772 million increased \$288 thousand or 19.4% from 2025's \$1.484 million, primarily attributable to increased loan production during 2026. Pre-tax, pre-provision net income of \$2.458 million increased \$515 thousand or 26.5% from the prior year's \$1.943 million.
- Total loans of \$385.8 million increased 6.4% or \$23.3 million during the last twelve months.
- Total deposits, including repurchase agreements, have remained stable during the last twelve months.
- Total assets of \$838.9 million decreased \$7.2 million or 0.9% from the same period in 2025 as the balance sheet continues to shift to higher earning assets and build momentum for the future.
- Shareholders' equity of \$83.5 million decreased \$2.9 million or 3.4% over the past twelve months as the unrealized loss on the bank's investment portfolio increased by \$4.9 million due to the increased interest rate environment. Total risk-based capital of 24.0% continues to reflect our conservative low risk balance sheet structured for the long term.

We remain disciplined, well-capitalized, and highly liquid, with an unwavering commitment to the communities we are privileged to serve. That commitment has carried us through economic cycles, periods of uncertainty, and significant change. The deposits entrusted to us have helped fund local families, businesses, and opportunities, putting those dollars back to work in the communities we serve. While the world around us continues to change, our purpose does not: to be a strong, trusted financial partner today and for generations to come.

Thank you for your trust and support.

Gordon Zimmerman
President/CEO

Eric Thompson
Chairman of the Board

CONSOLIDATED BALANCE SHEETS

Unaudited

(Dollars in thousands)

	As of September 30, 2026	
	2026	2025
ASSETS		
Cash and due from banks	\$ 13,726	\$ 15,706
Interest-bearing deposits in banks	88,697	93,884
Securities	296,027	321,482
Loans	385,762	362,505
Allowance	(6,504)	(6,088)
Loans, net of allowance	379,258	356,417
Bank-owned life insurance	23,199	22,569
Accrued interest receivable	4,762	4,274
Deferred tax assets, net	15,837	13,551
Premises and equipment, net	13,260	13,747
Other assets	4,188	4,553
Total assets	<u>\$ 838,954</u>	<u>\$ 846,183</u>
LIABILITIES		
Deposits	728,776	715,840
Repurchase agreements	14,830	33,007
Other liabilities	11,877	10,932
Total liabilities	<u>755,483</u>	<u>759,779</u>
SHAREHOLDERS' EQUITY		
Series A Preferred stock	1,934	1,934
Common stock	45,961	45,539
Retained earnings	66,709	65,129
Accumulated other comprehensive loss	(31,133)	(26,198)
Total shareholders' equity	<u>83,471</u>	<u>86,404</u>
Total liabilities & shareholders' equity	<u>\$ 838,954</u>	<u>\$ 846,183</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)

	As of September 30		
	2026	2025	2024
Net Income	\$ 1,772	\$ 1,484	\$ 2,553
Total Assets	\$ 838,954	\$ 846,183	\$ 831,658
Total Net Loans	\$ 379,258	\$ 356,417	\$ 372,444
Total Deposits	\$ 728,776	\$ 715,840	\$ 718,508
Loan-to-Deposit Ratio	52.04%	49.79%	51.84%
Net Interest Margin	3.58%	3.59%	3.15%
Return on Assets	0.29%	0.24%	0.35%
Return on Equity	2.70%	2.55%	4.90%

CONSOLIDATED STATEMENTS OF INCOME

Unaudited

(Dollars in thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
INTEREST INCOME				
Loans	\$ 5,846	\$ 5,358	\$ 16,553	\$ 16,107
Interest-bearing deposits in banks	746	1,062	1,846	2,039
Securities	1,600	1,454	4,890	4,634
Total interest income	8,192	7,874	23,289	22,780
INTEREST EXPENSE				
Deposits	1,166	1,065	3,026	2,676
Repurchase agreements	30	143	131	236
Total interest expense	1,196	1,208	3,157	2,912
Net interest income	6,996	6,666	20,132	19,868
Provision for credit losses	(119)	175	504	272
Net interest income after provision	7,115	6,491	19,628	19,596
NONINTEREST INCOME				
Service charges on deposit accounts	123	145	365	417
Debit and ATM interchange fee income, net	203	210	568	604
Other noninterest income	339	292	1,045	950
Total noninterest income	665	647	1,978	1,971
NONINTEREST EXPENSE				
Salaries and employee benefits	4,671	4,716	13,751	14,074
Premises and equipment, net	470	449	1,372	1,378
Data processing expense	424	411	1,312	995
Other noninterest expense	1,083	1,132	3,217	3,449
Total noninterest expense	6,648	6,708	19,652	19,896
Income before taxes	1,132	430	1,954	1,671
Provision for income taxes	67	33	182	187
Net income	<u>\$ 1,065</u>	<u>\$ 397</u>	<u>\$ 1,772</u>	<u>\$ 1,484</u>
EARNINGS PER COMMON SHARE				
Basic & Diluted	\$0.17	\$0.07	\$0.29	\$0.25

SHAREHOLDER INFORMATION

Shareholder Relations:

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Visit us online at: www.citizensEbank.com

