

Letter to the Shareholders

To Our Shareholders, Customers, and Friends:

By all measures, 2020 has been an extraordinary year. We remain within our generation's most significant health care crisis due to the ongoing COVID-19 pandemic. This has adversely impacted all corners of the globe and substantially affected our Country, our communities, and its citizens. Our thoughts remain with those stricken by this virus, while our gratitude abounds for our health care system, front-line workers and first responders. Their continued efforts drive our ultimate success and recovery.

Citizens Bank was in strong footing as we entered this pandemic. The actions undertaken during 2020 assure that we will remain on this strong footing into the future. We have taken decisive action to intentionally forgo short-term profits to aggressively fund our allowance for potential loan losses, deploying the majority of our 2020 earnings to these reserves. While we do not anticipate using this level of reserves, our economy remains fragile until COVID-19 is defeated. Our capital levels are strong and have improved through the actions we have taken during 2020. We have substantial liquidity to meet the needs of our businesses and communities. Our balance sheet is well structured to benefit from the pending economic recovery that is now underway.

Select 2020 year-to-date highlights include:

- Net income of \$4.1 million decreased \$6.4 million from 2019's \$10.5 million, directly related to the \$6.9 million provision for loan losses during 2020.
- Income before taxes and the provision for loan losses decreased 17.6% or \$2.6 million from 2019, directly related to the Federal Reserve interest rate reductions.
- Total assets increased 24.5% or \$193.4 million to \$984 million as of year-end 2020.
- Total deposits increased 26.7% or \$186.9 million to \$833 million as of year-end 2020.
- Loans funded through the Small Business Administration's (SBA) Payroll Protection Program (PPP) totaled approximately 760 loans for nearly \$100 million in funding to our local businesses and communities, supporting 10,500 jobs and 100% funded with local community deposits.

What cannot be understated is the continued outstanding dedication and service delivered by our employees. We have contributed untold hours providing support to our communities through our PPP loan efforts. We have donated both time and funding to support those most impacted by the pandemic as well as the Oregon wildfires. In the face of this enormous challenge, our Corporate Culture guides our continued commitment to our customers and communities.

Over this past year, we have faced a profound health care crisis that drove a global economic recession. We have met this challenge head on with conviction, dedication, and commitment to our conservative fundamentals – the foundation of Citizens Bank. We remain confident in your Bank's strength and stability. We are well positioned to continue our legacy for generations to come.

We greatly appreciate our shareholders' continued support.

Gordon Zimmerman
President/CEO

Bill Humphreys Sr.
Chairman of the Board