

## Letter to the Shareholders

To Our Shareholders, Customers, and Friends:

It has been two years since COVID was first detected in Oregon as it spread quickly across the globe. While we continue to process the pandemic's medical, social, and economic effects, much progress has been made. Our government has provided unprecedented economic support at levels not previously imagined, resulting in the shortest recession on record. Our technological and health care solutions provided social and medical options that did not exist prior to the pandemic's inception. Our first responders and health care workers met the pandemic's challenge during our darkest hours, a debt of gratitude that cannot be understated.

As noted in last year's letter, Citizens Bank took immediate action in early 2020, in response to the forthcoming pandemic. Measures included the development of specific loan products and accommodations to help our customers, supporting our communities with financial and volunteer contributions, as well as fortifying our reserves for any potential losses due to economic pressures.

We supported local jobs with \$132.5 million in PPP loans during the pandemic and over the last year we assisted nearly all with obtaining full forgiveness. Only \$6.6 million in PPP loans remain as of year-end 2021. Our credit quality has remained strong throughout the pandemic, with no credit losses experienced to date and all customers resuming payments under terms originally granted. As such, our reserves were reduced during 2021 to reflect the consistent strength of our loan portfolio. Our balance sheet continued to expand due to unprecedented deposit growth, which has increased nearly 40% during the pandemic. Our strong capital position reinforced this rapid growth, leaving us well positioned to continue supporting our local customers who appreciate the safety of Citizens Bank.

Select 2021 year-end highlights include:

- Net income of \$10.3 million, increased \$6.2 million from the \$4.1 million reported the prior year. This was directly related to the \$6.9 million provision for loan losses during 2020.
- Income before taxes and the provision for loan losses decreased 23.9% or \$2.9 million from 2020, directly related to the Federal Reserve interest rate reductions.
- Total assets increased 8.5% or \$83.7 million to \$1.07 billion as of year-end 2021.
- Total deposits increased 10% or \$83.1 million to \$916.4 million as of year-end 2021.
- Core loans, net of PPP loan, decreased 4.5% or \$16.9 million as of year-end 2021. This decline is consistent with our Bank's historical recessionary trends.

Our employees have met this challenging environment, consistently and continually providing our customers and communities with exceptional support when most needed. We are proud to work alongside this dedicated and committed team and are humbled by their outstanding efforts. We remain confident in your Bank's strength and stability and look forward to continued growth and prosperity of your Bank for years to come.

We greatly appreciate our shareholders' continued support.

Gordon Zimmerman  
President/CEO

Bill Humphreys Sr.  
Chairman of the Board