

CITIZENS BANCORP INVESTMENT, INC.

May 4, 2022

Dear Stockholder:

Our board of directors approved a *dividend of \$0.16 per share*, to shareholders of record on April 27, 2022, payable on May 4, 2022. Enclosed is a check or notice of direct deposit for your dividend.

Earnings for the first three months of 2022 totaled \$4.4 million (unaudited) versus \$4.6 million in 2021, a 3.2% decrease. The slight decrease in earnings is due primarily to a decline in net interest income of \$823,000, partially offset by a reduction in loan loss provision of \$223,000, and a decrease in operating expenses of \$325,000. Lower interest rates on loans and lower loan fees, primarily from Paycheck Protection Program loans, reduced interest income in 2022 versus 2021, and was only partially offset by lower interest rates on deposits in 2022 compared to 2021. Non-interest income was flat, as increases in mortgage serving income, debit card income, and overdraft income were offset by a decline in gains on sale of mortgage loans. Higher mortgage rates have significantly reduced mortgage refinancing activity; mortgage volume for purchases is modest at present.

Total assets grew \$99 million to almost \$1.5 billion at March 31, 2022 versus almost \$1.4 billion in 2021, a 7.1% increase. Total deposits were \$1.33 billion at March 31, 2022, a 10.3% increase versus 2021. The amount of government stimulus injected into the economy since early 2020 continues to factor significantly in the \$124 million growth in Citizens Bank's deposits since March 31, 2021. Total loans were \$819 million at March 31, 2022, a 3.3% increase versus 2021. Citizens Bancorp's capital remained strong at \$122 million at March 31, 2022; this represents a healthy 8.18% of total assets. Capital declined approximately 4.8% from March 2021 levels due to unrealized losses in investment portfolio values, net of retained earnings. Management expects to hold the securities and thus does not expect to realize those losses. On the back page of this letter are the financial highlights for the quarter.

Trading in Citizens Bancorp stock on OTCQX has been modest, but encouraging. While weekly trading volume has averaged below 10,000 shares, the stock price has held above \$40. Recently, the stock traded at \$44 per share.

During the first quarter of 2022, Lafayette businessman Todd Reese joined the board of directors. Reese is an owner in a group of independent, family-owned grocery stores and has been an investor in Bancorp stock since 1997. Todd Reese is the son of long-time Bancorp director Mike Reese.

We hope to see you at our 2022 Shareholders Meeting on May 12th at 6pm at the Sally Wells Building at the Macon County Fairgrounds in Lafayette, Tennessee. Please call us if we can help you with your banking needs.

Very truly yours,



Peter G. Williston
Chief Executive Officer
Citizens Bancorp Investment, Inc.

Enclosure

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Citizens Bancorp Investment, Inc.

Consolidated Balance Sheet (Unaudited)

(In Thousands, Except Per Share Data)

	March 31 2022	March 31 2021
Assets		
Cash and Due from Banks - Noninterest-bearing	35,228	21,094
Due from Banks - Interest-bearing	172,163	235,757
Securities in Available for Sale	394,497	275,787
Federal Funds Sold	1,000	1,000
Loans and Leases	819,125	792,808
Less: Allowance for Loan & Lease Losses	(10,904)	(10,138)
Loans and Leases - Net of Allowance	808,221	782,670
Fixed Assets	20,489	21,011
Goodwill and Other Intangible Assets	22,221	21,222
Cash Surrender Value of Life Insurance	19,952	20,445
Annuity Investments	3,763	3,788
Accrued Interest Receivable	4,817	5,512
Other Real Estate	40	40
Other Assets	13,585	8,695
Total Assets	\$ 1,495,976	\$ 1,397,021
Liabilities		
Deposits - Noninterest-bearing	292,403	245,166
Deposits - Interest-bearing	1,040,599	963,907
Total Deposits	1,333,002	1,209,073
FHLB Borrowing and Other Borrowings	34,557	52,174
Other Liabilities	6,013	7,144
Total Liabilities	1,373,572	1,268,391
Stockholders' Equity		
Total Stockholder's Equity	122,404	128,630
Total Liabilities and Stockholder's Equity	\$ 1,495,976	\$ 1,397,021

Common Stock Information

Common Shares Outstanding	5,881,000	5,872,200
Book Value Per Share	\$ 20.81	\$ 21.90
Tangible Book Value Per Share	\$ 17.04	\$ 18.29
Most Recent Stock Price	\$ 44.00	\$ 31.00

Capital Ratios

Equity to Assets Ratio	8.18%	9.21%
Tangible Equity to Assets Ratio	6.70%	7.69%

Asset Quality Ratios

Net Charge-Offs to Average Loans (Annualized)	0.00%	0.06%
Allowance for Loan Losses to Loans	1.33%	1.28%

Citizens Bancorp Investment, Inc.
Consolidated Statements of Income (Unaudited)

(In Thousands, Except Per Share Data)

	Three Months Ended	
	March 31 2022	March 31 2021
Interest Income		
Interest Income and Fees on Loans	10,163	11,837
Interest Income on Interest-bearing Bank Balances	70	33
Interest Income on Securities	1,621	1,172
Interest Income on Federal Funds Sold	-	-
Other Interest Income	21	27
Total Interest Income	11,875	13,069
Interest Expense		
Interest Expense on Deposits	947	1,220
Interest Expense on Borrowings	261	359
Total Interest Expense	1,208	1,579
Net Interest Income	10,667	11,490
Provision for Loan Losses	183	406
Net Interest Income after Provision	10,484	11,084
Noninterest Income		
Gain on Sale of Loans Held for Sale	275	838
Debit and ATM Card Income	933	881
Service Charges & OD Fees on Deposits	863	608
Earnings on BOLI and Annuity Contracts	145	107
Net Servicing Income	660	130
Other noninterest income	127	440
Total Noninterest Income	3,003	3,004
Security Gains & Losses	-	-
Noninterest Expense		
Salaries & Employee Benefits	4,703	4,850
Premises & Fixed Asset Expense	841	768
Data Processing	359	609
Professional Fees	172	189
Debit Card and ATM Expense	390	340
Other Noninterest Expense	1,456	1,489
Total Noninterest Expense	7,920	8,245
Net Income or (Loss) before Income Taxes	5,567	5,843
Unrealized Holding Gains or Losses MES	(3)	(2)
Provision for Income Taxes	1,150	1,283
Net Income or (Loss)	\$ 4,414	\$ 4,558

Performance Ratios		
Net Income Per Share (Basic)	\$ 0.75	\$ 0.78
Net Income Per Share (Fully Diluted)	\$ 0.73	\$ 0.76
Return on Average Assets	1.20%	1.35%
Return on Average Equity	13.84%	14.47%
Net Interest Margin (FTE)	3.15%	3.77%
Efficiency Ratio	57.9%	56.9%