



THE CITIZENS BANK

Solid Traditions. Smart Solutions.

2025

ANNUAL

REPORT

NEW LOCATIONS



201 Morgan Street Andrews, SC | Andrews, SC



909 South Main Street | Laurinburg, NC

PRESIDENT'S LETTER

**THOMAS
BOUCHETTE**
*PRESIDENT & CHIEF
OPERATING OFFICER*



To Our Shareholders and Friends:

We are pleased to present this annual report on the financial condition of Citizens Bancshares Corporation and its wholly owned subsidiary, The Citizens Bank (collectively, the “Company” or “TCB”).

2025 was a year of unpredictability, causing an elevated degree of uncertainty. Interest rate expectations shifted during the year as market sentiment, political factors, and inflation concerns created economic turbulence. The Fed continued its slow path toward monetary easing, reducing the federal funds rate by 0.75% by year-end.

I am pleased to report that your Company performed well in 2025, with earnings surpassing prior year results. While we are proud of what we accomplished, we remain focused on continued improvement. Net Interest Income grew, driven by loan portfolio expansion and higher prevailing loan rates, along with lower interest expense as overnight rates declined. Non-Interest Expense also increased due to reinvestment in technology and our branch network with an eye toward long-term growth. However, we were able to partially offset these expenses through other revenue sources. We maintained a strong Net Interest Margin and preserved our competitive base of low-cost deposit funding. The year closed with a ROA of 1.02%, which compares favorably to many of our peers.

Our conservative, straightforward approach to banking continues to serve us well. At TCB, our strategy is simple: we gather low-cost deposits, make sound loans, collect on those loans, and invest excess cash into Fed Funds, government bonds, and securities, while managing interest rate risk. We prioritize soundness, then profitability, then growth, in that order. We will not trade long-term performance for short-term gains.

In 2025, we made meaningful investments in operations and technology, including the successful implementation of Silverlake, a new core banking platform with significantly enhanced features and functionality. This upgrade required considerable capital expenditure, management

focus, and human capital. Continued investment in customer-facing technology is not optional; it is a market necessity. Equally important is our ongoing vigilance around fraud and cybersecurity, threats that intensified in 2025 and show no signs of easing. We expect these challenges to grow more complex in the years ahead.

I am proud of how our team rose to meet these demands. We continue to maintain pristine credit quality, work hard to protect our data, and thwart endless efforts by criminals using increasing sophistication to commit fraudulent transactions. Our disciplined and conservative approach to enterprise risk management has proven to be the best deterrent and is engrained in our culture. Our success in 2025 and in previous years is a direct result of our employees' commitment, hard work, and dedication to our customers, the Company, and to each other.

We incurred significant non-recurring expenses associated with our core operating system conversion in addition to opening a new branch in Andrews and acquiring an operating Bank branch in Laurinburg, NC. Even with these extraordinary expenses, net income for the year was \$11 million, compared to \$10.3 million in 2024. Basic earnings per share were \$5.65, up from \$5.21 in 2024. The increase was driven primarily by higher interest income. Based on this performance, we raised our annual dividend to \$0.44 per share in the fourth quarter of 2025. Total assets reached \$1.109 billion as of December 31, 2025, compared to \$1.03 billion at year-end 2024. Total deposits were \$975 million, up from \$917 million. Net loans totaled \$620 million, compared to \$570 million at the end of 2024. Shareholders' Equity increased to \$101 million from \$85 million, and book value per share rose to \$51.83 from \$43.52. The lingering impact of the rapid rate increases in 2022 and 2023, which reduced the fair value of available-for-sale investment securities purchased when rates were lower, has moderated significantly. Our securities remain highly rated, and we continue to expect them to perform as originally intended.

Our loan portfolio performed exceptionally well, reflecting the strength of our credit culture. The allowance for credit losses stood at \$7.5 million, or

1.20% of total loans — more than adequate given our current credit cycle. Nonperforming loans as a percentage of total loans fell to 0.06% from 0.13% at year-end 2024. Net charge-offs to average loans were 0.07%, down slightly from 0.08%.

The interest rate environment will remain a defining factor in 2026. Mortgage lending is expected to remain soft given current rate levels, while competitors carrying high loan-to-deposit ratios will likely be forced to offer higher deposit rates to compete for funding. Rising competition for deposits may make the earnings environment more challenging than it was in 2025.

We have one new branch opening in Conway, SC in 2026. These expenses will weigh on near-term earnings, but we view this type of investment as essential to sustaining long-term growth. Remaining competitive in today's environment requires ongoing investment in technology, risk management, and people; customers expect the same capabilities from a community bank that they can access at the largest institutions. Growth is the path to greater efficiency, but it must be pursued in a way that preserves soundness and builds shareholder value. We will continue to pursue both organic growth and strategic acquisitions with that discipline in mind.

On behalf of our employees, customers, and community, thank you for your continued confidence in The Citizens Bank. We never lose sight of the fact that this Company exists because of the trust and support of our shareholders, Board of Directors, employees, and customers. Your comments and suggestions are always welcome — please don't hesitate to reach out.

Sincerely,



Thomas Bouchette
President

New Branches

In 2025, The Citizens Bank expanded its footprint with the opening of two new branches in Andrews and Laurinburg, the latter representing our first location outside of South Carolina. This milestone reflects our continued commitment to strategic growth and community banking. We are proud to serve these new markets, delivering personalized, relationship-driven financial services while strengthening our presence across the region and deepening our support for the communities we call home.



Updated Technology

We strengthened our technology foundation in 2025 through the successful rollout of the Silverlake core platform, delivering enhanced capabilities, improved scalability, and a more modern banking experience. This transformation reflects a disciplined investment of capital and expertise to support long-term growth. We also advanced digital tools that improve client access and service delivery, while intensifying our focus on fraud prevention and cybersecurity as threats become increasingly sophisticated and persistent.

Treasury Management

We continued to expand treasury management services to provide enhanced options for commercial clients and other large depositors. A key initiative was the implementation of IntraFi, a service designed to attract and retain large deposit balances by providing expanded FDIC insurance coverage. We also implemented "RemitPlus", a product providing lockbox and other consolidated payment tracking services.



Mortgage Enhancements

Our mortgage department has continued to produce a significant portion of the Bank's loans, while keeping regulatory compliance and efficiency as cornerstones of that production. We expanded our product line to include more residential lot loan options, bridge loans, and we continue to have a very competitive construction-to-permanent financing solution for clients.

SELECT FINANCIAL HIGHLIGHTS

CBC Selected Financial Highlights Dec 2021 - Dec 2025

For the Year <i>(in Thousands)</i>	Dec 2021	Dec 2022	Dec 2023	Dec 2024	Dec 2025
Total Revenue	30,001	37,878	53,011	57,075	61,599
Net income	6,524	7,356	11,166	10,255	10,907

Per common share (\$)

Earnings per share - basic	3.31	3.74	5.67	5.21	5.65
Earnings per share - diluted	3.19	3.60	5.47	5.03	5.45
Book value per share	36.81	33.79	39.14	43.52	51.83
Common stock closing price	28.00	30.05	28.00	29.30	42.00

Financial ratios (%)

Return on average assets	0.86%	0.79%	1.14%	1.02%	1.02%
Return on average equity	9.22%	11.15%	15.99%	12.58%	13.38%
Net interest margin	3.05%	3.20%	3.90%	3.75%	3.88%
Efficiency ratio	71.75%	73.82%	67.41%	69.78%	71.27%

At December 31 *(in Thousands)*

Total Assets	795,004	1,000,170	963,522	1,033,028	1,109,489
Total Loans	381,105	516,675	544,063	575,852	627,898
Allowance for Credit Losses	4,869	4,898	5,899	6,310	7,514
Total Deposits	687,561	896,963	853,131	916,685	975,210
Shareholders' equity	72,469	66,525	77,226	84,921	101,128
Weighted average common shares outstanding - basic	1,968,755	1,968,755	1,970,400	1,966,990	1,951,320



THE CITIZENS BANK

Solid Traditions. Smart Solutions.

COMMUNITY HIGHLIGHTS



COMMUNITY HIGHLIGHTS



BOARD OF DIRECTORS

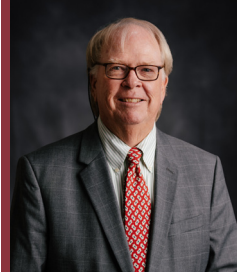
THE CITIZENS BANK



Robert W. Askins
General Contractor
RW Askins Construction, Inc.



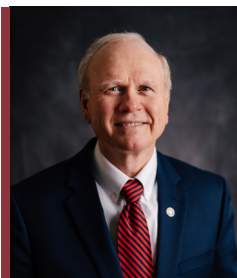
R. Ashley Wheeler, Jr.
Executive Vice President



Joseph L. Bostick, Jr.
Retired Oil Distributor



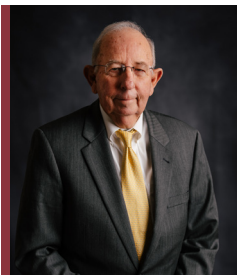
Samuel A. Rodgers Jr.
Executive Vice President
Carolina Eastern, Inc.



Thomas Bouchette
President
Chief Operating Officer



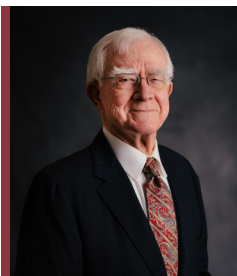
Gosnold G. Segars
President
G. Graham Segars & Sons, Inc.
Real Estate Brokerage



H. Blake Gibbons, Jr.
Vice Chairman



C. Dorn Smith, III, M.D.
Chief Executive Officer &
Chairman of the Board
Cardiothoracic Surgeon



Michael L. Hodge, M.D. FAAN
Neurologist
McLeod Health



Philip M. Smith
Retired Bank Officer



James H. Johnson
Owner
Coastal Indian Motorcycle

BOARD OF DIRECTORS

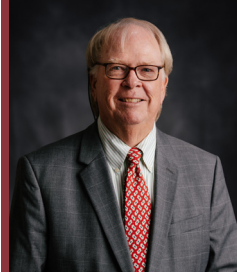
CITIZENS BANCSHARES CORPORATION



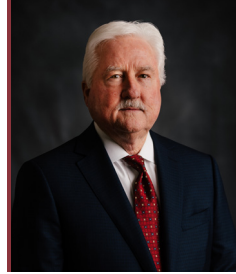
Robert W. Askins
General Contractor
RW Askins Construction, Inc.



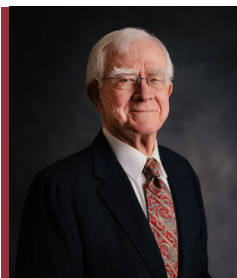
Dawn M. Munn
Pharmacy Manager
Health Care Partners of SC



Joseph L. Bostick, Jr.
Retired Oil Distributor



Samuel A. Rodgers Jr.
Executive Vice President
Carolina Eastern, Inc.



Michael L. Hodge, M.D. FAAN
Neurologist
McLeod Health



Gosnold G. Segars
President
G. Graham Segars & Sons, Inc.
Real Estate Brokerage



James H. Johnson
Owner
Coastal Indian Motorcycle



C. Dorn Smith, III, M.D.
Chief Executive Officer &
Chairman of the Board
Cardiothoracic Surgeon

Not Pictured:

Dixie S. Bullock
Director

Andrew B. Smith
Director

EXECUTIVE OFFICERS

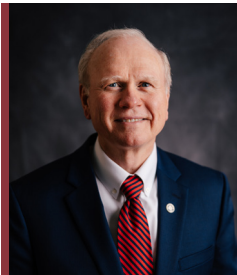
THE CITIZENS BANK



C. Dorn Smith, III, M.D.
Chief Executive Officer &
Chairman of the Board
Cardiothoracic Surgeon



H. Blake Gibbons, Jr.
Vice Chairman



Thomas Bouchette
President
Chief Operating Officer



James E. Roberts, II
Executive Vice President
Chief Financial Officer



James B. Smith
Executive Vice President
Chief Banking Officer



R. Ashley Wheeler, Jr.
Executive Vice President



Kevin R. Gause
Senior Vice President
& Regional Executive



Angela S. Langley
Senior Vice President
Chief Credit Officer



Richard W. McCutcheon
Executive Vice President
& Regional Executive

OFFICERS

Corporate Office

C. Dorn Smith, III | Chief Executive Officer
H. Blake Gibbons, Jr. | Vice Chairman
Thomas Bouchette | President
James E. Roberts, II | Executive Vice President
James B. Smith | Executive Vice President
R. Ashley Wheeler, Jr. | Executive Vice President
Angela S. Langley | Senior Vice President
Margi M. Fleming | Senior Vice President
Tiffany P. Suggs | Senior Vice President
Sherry D. Coker | Vice President
Robert F. Dukes, Jr. | Vice President
Sherry P. Matthews | Vice President
P. Ross Johnson | Vice President
Sherry P. Weaver | Assistant Vice President
Kate E. Martin | Legal Counsel & Special Assets Officer

Operations Center

Thomas D. Ham, II | Vice President
Leah C. Hancock | Vice President
Cheryl A. Matthews | Vice President
Eric M. Pagan | Assistant Vice President
Amanda W. Odom | Assistant Vice President
Bobby J. Kirby | Vice Present

Olanta Branch

Jessica L. Craft | Banking Officer

Turbeville Branch

Susan H. Alexander | Vice President

Lynchburg Branch/Operations Annex

Glenn D. Buddin, Jr | Senior Vice President
McKayla C. Shaw | AML/CFT Officer

Lake City Branch

Richard W. McCutcheon | Executive Vice President
Robert S. Phillips, II | Vice President

Sumter Branch

Paul E. Robbins | Senior Vice President
Samuel T. Dubose | Vice President

Pawleys Island Branch

Joel W. Odom | Senior Vice President
Elliott S. Koonce | Vice President
Lee A. Franks | Vice President

Timmonsville Branch

Sharon L. Greene | Vice President

St. George Branch

Gregory P. Shuler | Vice President

Florence-Pamplico Hwy Branch

Kevin R. Gause | Senior Vice President
Adam V. Gamble | Vice President
Pamela M. Turner | Vice President

Florence-Palmetto Street Branch

John L. Hanna | Senior Vice President
Dalton C. Coursey | Banking Officer

Pamplico Branch

Tammy H. Jones | Assistant Vice President

Johnsonville Branch

Ronald L. Coker, Jr. | Assistant Vice President

Georgetown Branch

Hope W. Rogers | Vice President

Kingstree Branch

Henry E. Hemingway | Vice President

Murrells Inlet Branch

Wendy E. Conner | Vice President
Diana C. Evans | Vice President
Tanya L. Yow | Vice President

Hartsville Branch

J. Darrell Cassidy | Senior Vice President
William M. Scarborough, Jr. | Vice President
Lindsey R. Mullis | Banking Officer

McBee Branch

Denise L. Tedder | Assistant Vice President

Camden Branch

Jason B. Hutto | Senior Vice President
Wayne Galloway | Assistant Vice President

Carolina Forest Branch

Jennifer A. Scialabba | Assistant Vice President

North Myrtle Beach Branch

Joshua C. Wise | Senior Vice President
K. Gretchen Floyd | Vice President
Kimberly B. Rue | Assistant Vice President
Kyle D. Tuil | Assistant Vice President

Myrtle Beach - International Drive Branch

Greg C. Suggs | Vice President
M. Nicole Rabon | Vice President

North Myrtle Beach – Windy Hill Branch

Kasey J. Cesario | Assistant Vice President

Myrtle Beach – Farrow Commons Branch

Jolene L. Campbell | Vice President
Jeana R. Tart-Williams | Vice President
Teresa Stockdale | Vice President

Andrews Branch

Melissa B. Butler | Branch Manager

Conway Branch

Eleanor A. Scanlon | Branch Manager

Lauringburg Branch

Melody D. Yarborough | Branch Manager



THE CITIZENS BANK

Solid Traditions. Smart Solutions.

VISION STATEMENT

The Citizens Bank will remain a high performing locally owned and operated community bank. We will strive to be the Bank of choice for customers and the employer of choice for bankers in our communities. We will continually pursue opportunities for growth organically and through acquisitions with strategic discipline. We will not sacrifice long-term performance or our mission for the sake of growth.

MISSION STATEMENT

The Citizens Bank's mission is to consistently increase shareholder value focused on soundness, profitability and growth by providing superior customer service and competitive Banking products to sustain long term relationships with our "stakeholders" which includes customers, employees, and the communities we serve.

CORE VALUES

- Customer Service
- Community Engagement
- Honesty and Integrity
- Soundness & Profitability
- Collaborative and Inclusive Work Environment
- Community Reputation
- Employee Engagement

SLOGAN

Solid Traditions. Smart Solutions.



CORPORATE OFFICE:

124 E. MAIN STREET
OLANTA, SC 29144

PO BOX 36
OLANTA, SC 29114

(843) 396-4275

INVESTOR RELATIONS:

1600 W. PALMETTO STREET
FLORENCE, SC 29501

PO BOX 6393
FLORENCE, SC 29502

(843) 519-2530

