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Citizens Bancshares Corporation Announces Third Quarter 2024 Results

Key Quarter Financial Highlights:

- **Total revenues expanded 6% to \$11.3 million compared to Q3 2023**
- **Net interest margin for the quarter was 4.81%**
- **Net interest income increased 4% to \$8.8 million compared to Q3 2023**
- **Pre-tax income of \$1.9 million**
- **Net income per diluted common share of \$0.49**
- **Operations continue to be efficiently managed with an efficiency ratio of 50%**
- **Total net loans rose 3% to a record \$417 million and up 9% for the year**
- **Total deposits increased 3% to \$576 million and 4% for the year**

Citizens Bancshares Corporation (OTC Pink: CZBS), the parent company of Citizens Trust Bank (“CTB”), announced its third quarter of 2024 net income before preferred dividends of \$1.5 million. This is a decrease of \$167,000 compared to the same quarter last year, primarily due to a \$500,000 grant received in the third quarter of 2023. Excluding the grant income, net income before preferred dividends increased by \$218,000, or 18%, compared to last year.

Net income available to common shareholders for the third quarter of 2024 was \$911,000, or \$0.48 per diluted common share, down from \$1.6 million, or \$0.80 per diluted common share reported for the same quarter last year. The decline is primarily due to increased preferred stock dividends of \$478,000, attributed to dividends paid on the ECIP preferred stock during the quarter and the \$500,000 grant received last year.

Year-to-date, the Company reported net income before preferred dividends of \$9.2 million, up from \$8.7 million for the same period in 2023. Net income available to common shareholders for the nine months was \$8.4 million, or \$4.55 per diluted common share, compared to \$8.5 million, or \$4.29 per diluted common share, in 2023.

Commenting on the results, Cynthia Day, President and CEO, stated, “We are pleased to announce another successful quarter of solid performance, reflecting our continued growth of net income before preferred dividends and continued focus on operational efficiency. The Company is well-positioned for future growth, leveraging its solid capital base and continued execution of strategic initiatives. Although we maintain a positive outlook, we are operating in a fluid economic and political environment that could impact future outcomes and growth.”

Other Financial Highlights:

- Asset quality, as measured by nonperforming assets, was 1.20% of the Company’s total assets and 0.44% at the Bank.
- Total net loans for the third quarter improved by \$11 million quarter-over-quarter and by \$39 million since December 2023. Average net loans increased by \$37 million year-over-year.
- The Bank has strategically invested some of its shorter-term liquidity, increasing the size of the investment portfolio to mitigate the impact of margin compression in a falling interest rate

environment. Total investment securities increased by \$41 million quarter-over-quarter and \$47 million year-to-date.

- The Bank has a stable core deposit base. In the third quarter of 2024, total deposits rose by \$16 million compared to the previous quarter and by \$21 million since December 2023. Average total deposits increased by \$39 million year-over-year.
- Non-interest income declined by \$550,000 and \$626,000 compared to the same three and nine-month periods last year, respectively, primarily due to a \$500,000 grant received in the third quarter of 2023 and changes in deposits and service fees.
- Non-interest expenses increased by \$80,000 due to higher salaries and benefits compared to the same quarter in 2023 but declined by \$310,000 year over year, as expenses are closely monitored.
- Capital levels remain well capitalized, with ratios exceeding regulatory requirements, providing flexibility in deploying capital to benefit the Company and its shareholders.

For the third quarter of 2024, a provision for credit losses of \$3.1 million was charged against operating earnings, consistent with the same quarter last year. CTB Financial Services (CTBFS) reserved the remaining \$3 million of a banking consortium loan secured by specialized equipment due to unsuccessful workout attempts to date, a 2025 court date for proceedings against the loan broker, and the uncertainty of the lawsuit's outcome. We remain focused on vigorously pursuing all collection efforts and taking necessary actions to obtain a recovery.

As disclosed in the previous quarter, the other consortium loan totaling \$4.2 million, net, from the same loan broker, is being paid timely in accordance with the loan agreement. However, the project construction completion date has been extended to the third quarter of 2025. We will continue to closely monitor the financial performance of this transaction.

(In thousands, except per share data)	3rd Quarter 2024	3rd Quarter 2023	Change	Nine Months 2024	Nine Months 2023	Change
Income Statement						
Net income available to common shareholders	\$ 911	\$ 1,556	(41%)	\$ 8,448	\$ 8,491	(1%)
Net income per diluted common share	0.48	0.80	(40%)	4.55	4.29	6%
Total revenues	11,334	10,724	6%	33,286	30,822	8%
Provision for credit losses	3,066	3,122	(2%)	3,314	3,371	(2%)
Noninterest income	1,068	1,618	(34%)	3,152	3,778	(17%)
Noninterest expense	4,902	4,822	2%	14,677	14,987	(2%)
Preferred Stock Dividends	546	68	703%	724	203	257%
Balance Sheet						
Average loans, net	410,061	372,550	10%			
Average deposits	568,977	530,239	7%			
Capital						
Total capital (to risk weighted assets)	42%	44%				
Tier 1 capital (to risk weighted assets)	40%	43%				
Tier 1 Common equity (to risk weighted assets)	15%	15%				

Citizens Trust Bank prides itself on offering its customers a full range of products and services throughout the United States. Our mission is dedicated to growing communities and enhancing the lives of the families we serve. Through its parent company, Citizens Bancshares Corporation, the Bank offers its common stock over-the-counter to the public under the trading symbol CZBS. The Bank's website is www.CTBconnect.com.

Certain statements in this press release may be "forward-looking " within the meaning of the Private Securities Litigation Reform Act. These statements are based on management's current expectations and are

subject to uncertainty and changes in circumstances. Due to various factors, risks, and uncertainties, actual results may differ materially from those in these statements.

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