

CITIZENS HOLDING CO /MS/  
Form 10-Q  
August 09, 2016  
Table of Contents

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

**FORM 10-Q**

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the quarterly period ended June 30, 2016**

**or**

.. **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the transition period from \_\_\_\_\_ to \_\_\_\_\_**

**Commission File Number: 001-15375**

**CITIZENS HOLDING COMPANY**  
**(Exact name of registrant as specified in its charter)**

**Mississippi**  
**(State or other jurisdiction of**  
**incorporation or organization)**

**521 Main Street, Philadelphia, MS**  
**(Address of principal executive offices)**

**64-0666512**  
**(IRS Employer**  
**Identification No.)**

**39350**  
**(Zip Code)**

**601-656-4692**  
**(Registrant's telephone number, including area code)**

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.  Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or such shorter period that the registrant was required to submit and post such files).  Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer   
Non-accelerated filer  Smaller Reporting Company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).  Yes  No

Number of shares outstanding of each of the issuer's classes of common stock, as of August 5, 2016:

Title	Outstanding
Common Stock, \$0.20 par value	4,875,079



**Table of Contents**

CITIZENS HOLDING COMPANY

TABLE OF CONTENTS

**PART I. FINANCIAL INFORMATION**

Item 1.	<u>Consolidated Financial Statements.</u>	
	<u>Consolidated Statements of Condition June 30, 2016 (Unaudited) and December 31, 2015 (Audited)</u>	1
	<u>Consolidated Statements of Income Three and six months ended June 30, 2016 (Unaudited) and 2015 (Unaudited)</u>	2
	<u>Consolidated Statements of Comprehensive Income Three and six months ended June 30, 2016 (Unaudited) and 2015 (Unaudited)</u>	3
	<u>Consolidated Statements of Cash Flows Six months ended June 30, 2016 (Unaudited) and 2015 (Unaudited)</u>	4
	<u>Notes to Consolidated Financial Statements</u>	5
Item 2.	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations.</u>	30
Item 3.	<u>Quantitative and Qualitative Disclosures About Market Risk.</u>	43
Item 4.	<u>Controls and Procedures.</u>	46

**PART II. OTHER INFORMATION**

Item 1.	<u>Legal Proceedings.</u>	47
Item 1A.	<u>Risk Factors.</u>	47
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds.*	
Item 3.	Defaults Upon Senior Securities.*	
Item 4.	Mine Safety Disclosures.*	
Item 5.	Other Information.*	
Item 6.	<u>Exhibits.</u>	48
*	None or Not Applicable.	

<b><u>SIGNATURES</u></b>	49
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**Table of Contents**

## PART I. FINANCIAL INFORMATION

## ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS.

## CITIZENS HOLDING COMPANY CONSOLIDATED STATEMENTS OF CONDITION

	June 30, 2016 (Unaudited)	December 31, 2015 (Audited)
<b>ASSETS</b>		
Cash and due from banks	\$ 24,334,437	\$ 14,947,690
Interest bearing deposits with other banks	17,457,142	42,267,777
Investment securities held to maturity, at amortized cost	78,122,952	161,043,404
Investment securities available for sale, at fair value	435,785,417	267,264,403
Loans, net of allowance for loan losses of \$4,808,995 in 2016 and \$6,473,703 in 2015	397,558,888	423,108,391
Premises and equipment, net	18,302,910	18,655,691
Other real estate owned, net	3,204,602	3,572,744
Accrued interest receivable	4,100,144	3,928,106
Cash surrender value of life insurance	23,504,500	23,133,644
Deferred tax assets, net	5,421,582	9,165,417
Other assets	6,792,506	6,417,275
<b>TOTAL ASSETS</b>	<b>\$ 1,014,585,080</b>	<b>\$ 973,504,542</b>
<b>LIABILITIES AND SHAREHOLDERS EQUITY</b>		
<b>LIABILITIES</b>		
Deposits:		
Noninterest-bearing demand	\$ 150,964,393	\$ 148,724,257
Interest-bearing NOW and money market accounts	353,081,295	323,381,170
Savings deposits	73,099,371	70,534,886
Certificates of deposit	202,513,541	210,764,475
<b>Total deposits</b>	<b>779,658,600</b>	<b>753,404,788</b>
Securities sold under agreement to repurchase	112,829,476	104,298,182
Federal Funds Purchased		
Federal Home Loan Bank advances	20,000,000	20,000,000
Accrued interest payable	186,014	179,995
Deferred compensation payable	7,960,599	7,718,624
Other liabilities	1,065,531	1,477,617
<b>Total liabilities</b>	<b>921,700,220</b>	<b>887,079,206</b>
<b>SHAREHOLDERS EQUITY</b>		
Common stock; \$0.20 par value, 22,500,000 shares authorized, 4,884,079 shares issued and outstanding at June 30, 2016 and 4,875,079 shares issued and outstanding at December 31, 2015	975,016	975,016

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Additional paid-in capital	3,723,042	3,617,279
Retained earnings	89,912,266	88,949,360
Accumulated other comprehensive loss, net of tax benefit of \$1,026,473 in 2016 and \$4,233,473 in 2015	(1,725,464)	(7,116,319)
Total shareholders' equity	92,884,860	86,425,336
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 1,014,585,080</b>	<b>\$ 973,504,542</b>

The accompanying notes are an integral part of these financial statements.

**Table of Contents**

## CITIZENS HOLDING COMPANY

## CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2016	2015	2016	2015
<b>INTEREST INCOME</b>				
Loans, including fees	\$ 4,734,009	\$ 4,988,452	\$ 9,518,514	\$ 9,996,012
Investment securities	2,851,856	2,690,622	5,567,586	5,359,094
Other interest	39,469	17,245	118,968	47,284
Total interest income	7,625,334	7,696,319	15,205,068	15,402,390
<b>INTEREST EXPENSE</b>				
Deposits	450,400	449,772	918,858	881,925
Other borrowed funds	304,677	285,902	605,279	604,933
Total interest expense	755,077	735,674	1,524,137	1,486,858
NET INTEREST INCOME	6,870,257	6,960,645	13,680,931	13,915,532
PROVISION FOR LOAN LOSSES	(147,048)	81,818	(86,550)	265,994
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	7,017,305	6,878,827	13,767,481	13,649,538
<b>OTHER INCOME</b>				
Service charges on deposit accounts	898,500	954,093	1,785,304	1,840,877
Other service charges and fees	607,075	563,161	1,193,497	1,095,014
Other operating income	402,564	334,597	745,026	667,705
Total other income	1,908,139	1,851,851	3,723,827	3,603,596
<b>OTHER EXPENSES</b>				
Salaries and employee benefits	3,478,227	3,341,381	6,880,545	6,696,684
Occupancy expense	1,208,043	1,296,765	2,537,247	2,596,259
Other operating expense	1,969,199	1,683,004	3,881,992	3,515,181
Total other expenses	6,655,469	6,321,150	13,299,784	12,808,124
INCOME BEFORE PROVISION FOR INCOME TAXES	2,269,975	2,409,528	4,191,524	4,445,010
PROVISION FOR INCOME TAXES	490,972	580,941	886,351	1,022,877
NET INCOME	\$ 1,779,003	\$ 1,828,587	\$ 3,305,173	\$ 3,422,133
NET INCOME PER SHARE -Basic	\$ 0.36	\$ 0.37	\$ 0.68	\$ 0.70

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-Diluted	\$	0.36	\$	0.37	\$	0.68	\$	0.70
DIVIDENDS PAID PER SHARE	\$	0.24	\$	0.23	\$	0.48	\$	0.46

The accompanying notes are an integral part of these financial statements.



Table of Contents

## CITIZENS HOLDING COMPANY

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2016	2015	2016	2015
Net income	\$ 1,779,003	\$ 1,828,587	\$ 3,305,173	\$ 3,422,133
Other comprehensive income				
Securities available-for-sale				
Unrealized holding gains	1,582,722	2,054,039	3,438,926	3,008,075
Income tax effect	(590,356)	(766,156)	(1,282,720)	(1,122,012)
	992,366	1,287,883	2,156,206	1,886,063
Securities transferred from available-for-sale to held-to-maturity				
Amortization of net unrealized losses during the period	4,290,703	529,915	5,121,791	1,473,944
Income tax effect	(1,600,432)	(197,660)	(1,910,428)	(549,782)
	2,690,271	332,255	3,211,363	924,162
Reclassification adjustment for gains included in net income	37,138		37,138	
Income tax effect	(13,852)		(13,852)	
	23,286		23,286	
Total other comprehensive income	3,705,923	1,620,138	5,390,855	2,810,225
Comprehensive income	\$ 5,484,926	\$ 3,448,725	\$ 8,696,028	\$ 6,232,358

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**Table of Contents**

CITIZENS HOLDING COMPANY  
CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	For the Six Months Ended June 30,	
	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net cash provided by operating activities	\$ 8,616,338	\$ 4,796,043
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from maturities and calls of securities available for sale	78,985,873	20,373,502
Proceeds from maturities and calls of securities held to maturity	83,610,623	10,000,000
Purchases of investment securities available for sale	(245,686,783)	(76,439,560)
Proceeds from sales of investment securities available for sale	764,023	
Purchases of bank premises and equipment	(135,472)	(46,843)
Decrease in interest bearing deposits with other banks	24,810,635	50,397,309
Proceeds from sale of other real estate	523,593	1,001,949
Purchase of Federal Home Loan Bank Stock	(3,600)	
Redemption of Federal Home Loan Bank Stock		150,700
Net decrease (increase) in loans	25,458,678	(17,088,940)
Net cash used by investing activities	(31,672,430)	(11,651,883)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net increase in deposits	26,253,812	25,044,331
Net change in securities sold under agreement to repurchase	8,531,294	(19,463,928)
Repurchase of stock		(70,122)
Exercise of stock options		27,000
Excess tax benefits on stock options exercised		1,001
Payment of dividends	(2,342,267)	(2,245,450)