

CITIZENS HOLDING CO /MS/
Form 10-Q
November 07, 2008
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 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 September 30, 2008

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: 000-25221

CITIZENS HOLDING COMPANY

(Exact Name of Registrant as Specified in its Charter)

MISSISSIPPI
(State or Other Jurisdiction of
Incorporation or Organization)

64-0666512
(I. R. S. Employer
Identification Number)

521 Main Street, Philadelphia, MS
(Address of Principal Executive Offices)

39350
(Zip Code)

Registrant's Telephone Number, Including Area Code: 601-656-4692

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 is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "accelerated filer," "large accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act

Large accelerated filer
Non-accelerated filer

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 November 6, 2008:

Title	Outstanding
Common Stock, \$0.20 par value	4,856,746

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CITIZENS HOLDING COMPANY

THIRD QUARTER 2008 INTERIM FINANCIAL STATEMENTS

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PART I. FINANCIAL INFORMATION

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
CITIZENS HOLDING COMPANY

CONSOLIDATED STATEMENTS OF CONDITION

(Unaudited)

	September 30, 2008	December 31, 2007
ASSETS		
Cash and due from banks	\$ 15,670,300	\$ 18,622,058
Interest bearing deposits with other banks	1,448,896	612,938
Federal funds sold	7,400,000	900,000
Investment securities available for sale, at fair value	206,623,065	244,720,367
Loans, net of allowance for loan losses of \$4,385,771 in 2008 and \$3,967,951 in 2007	410,961,110	368,025,286
Premises and equipment, net	16,702,379	14,288,797
Other real estate owned, net	2,918,938	2,046,584
Accrued interest receivable	5,268,645	5,210,201
Cash value of life insurance	17,796,929	17,693,476
Intangible assets, net	3,826,857	4,215,070
Other assets	6,573,985	4,568,854
TOTAL ASSETS	\$ 695,191,104	\$ 680,903,631
LIABILITIES AND STOCKHOLDERS EQUITY		
LIABILITIES		
Deposits:		
Noninterest-bearing demand	\$ 76,360,663	\$ 78,224,936
Interest-bearing NOW and money market accounts	168,816,742	144,302,273
Savings deposits	32,421,300	29,763,885
Certificates of deposit	225,491,364	224,941,210
Total deposits	503,090,069	477,232,304
Federal Funds Purchased		4,200,000
Accrued interest payable	1,161,819	1,915,232
Federal Home Loan Bank advances	79,400,000	49,400,000
Sweep Account Liability	37,851,007	74,963,424
Deferred compensation payable	3,182,978	2,989,940
Other liabilities	2,126,345	2,011,299
Total liabilities	626,812,218	612,712,199
STOCKHOLDERS EQUITY		
Common stock; \$.20 par value, 22,500,000 shares authorized, 4,858,146 shares outstanding at September 30, 2008 and 4,863,242 shares outstanding at December 31, 2007	971,024	972,648
Additional paid-in capital	3,778,049	3,979,717
Retained earnings	67,120,505	63,671,589
Accumulated other comprehensive loss, net of taxes of \$2,076,600 in 2008 and \$257,306 in 2007	(3,490,692)	(432,522)

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Total stockholders equity	68,378,886	68,191,432
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	\$ 695,191,104	\$ 680,903,631

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

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CITIZENS HOLDING COMPANY
CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2008	2007	2008	2007
INTEREST INCOME				
Loan income, including fees	\$ 7,382,418	\$ 7,281,956	\$ 21,899,227	\$ 21,621,371
Investment securities	2,494,163	2,212,508	7,262,818	5,993,173
Other interest	32,140	124,989	190,824	1,010,091
Total interest income	9,908,721	9,619,453	29,352,869	28,624,635
INTEREST EXPENSE				
Deposits	2,157,948	3,302,320	7,523,863	9,567,546
Other borrowed funds	875,832	939,099	2,934,318	2,788,336
Total interest expense	3,033,780	4,241,419	10,458,181	12,355,882
NET INTEREST INCOME	6,874,941	5,378,034	18,894,688	16,268,753
PROVISION FOR LOAN LOSSES	372,105	396,349	1,028,914	553,396
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	6,502,836	4,981,685	17,865,774	15,715,357
OTHER INCOME				
Service charges on deposit accounts	1,062,786	979,633	3,017,578	2,842,210
Other service charges and fees	325,696	272,401	889,234	537,025
Other income	394,944	772,673	2,405,357	2,192,450
Total other income	1,783,426	2,024,707	6,312,169	5,571,685
OTHER EXPENSES				
Salaries and employee benefits	3,019,748	2,705,828	8,974,575	7,827,309
Occupancy expense	912,118	800,095	2,704,270	2,269,964
Other operating expense	1,548,363	1,389,619	4,621,554	4,059,037
Total other expenses	5,480,229	4,895,542	16,300,399	14,156,310
INCOME BEFORE PROVISION FOR INCOME TAXES	2,806,033	2,110,850	7,877,544	7,130,732
PROVISION FOR INCOME TAXES	701,680	362,549	1,658,069	1,632,384
NET INCOME	\$ 2,104,353	\$ 1,748,301	\$ 6,219,475	\$ 5,498,348
NET INCOME PER SHARE				
-Basic	\$ 0.43	\$ 0.36	\$ 1.28	\$ 1.12
-Diluted	\$ 0.43	\$ 0.36	\$ 1.27	\$ 1.10

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DIVIDENDS PAID PER SHARE	\$	0.19	\$	0.18	\$	0.57	\$	0.54
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The accompanying notes are an integral part of these financial statements.

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CITIZENS HOLDING COMPANY

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2008	2007	2008	2007
Net income	\$ 2,104,353	\$ 1,748,301	\$ 6,219,475	\$ 5,498,348
Other comprehensive income (loss), net of tax				
Unrealized holding gains (losses)	(1,196,003)	1,295,326	(3,058,170)	(1,350,560)
Reclassification adjustment for losses included in net income				2,237
Total other comprehensive income (loss)	(1,196,003)	1,295,326	(3,058,170)	(1,348,323)
Comprehensive income	\$ 908,350	\$ 3,043,627	\$ 3,161,305	\$ 4,150,025

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

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CITIZENS HOLDING COMPANY

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	For the nine months ended September 30,	
	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Cash Provided by Operating Activities	\$ 8,225,487	\$ 6,814,181
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from maturities of securities available for sale	16,209,163	11,577,120
Proceeds from sales of securities available for sale	22,992,995	7,542,364
Purchases of investment securities available for sale	(75,935,789)	(50,918,401)
Net change in Shay Investments	69,044,931	(1,500,839)
Net change in sweep accounts	(37,112,417)	
Purchases of bank premises and equipment	(3,333,414)	(1,913,187)
Increase in interest bearing deposits with other banks	(835,958)	(111,721)
Net (increase) decrease in federal funds sold	(6,500,000)	15,200,000
Redemption of Federal Home Loan Bank Stock	544,300	869,000
Proceeds from sale of other real estate acquired by foreclosure	225,114	1,425,194
Increase in ownership of subsidiary		(2,994,671)
Net (increase) decrease in loans	(45,071,492)	15,570,500
Net Cash Used by Investing Activities	(59,772,567)	(5,254,641)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase in deposits	25,857,765	6,105,059
Proceeds from exercising stock options	146,980	
Increase (Decrease) in Federal Home Loan Bank advances	30,000,000	(10,000,000)
Repurchase of Stock	(438,865)	(3,343,404)
(Increase) Decrease in federal funds purchased	(4,200,000)	