

CITIZENS HOLDING CO /MS/  
Form 10-Q  
November 08, 2010  
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**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 September 30, 2010

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)

<b>MISSISSIPPI</b> (State or other jurisdiction of incorporation or organization)	<b>64-0666512</b> (IRS Employer Identification No.)
<b>521 Main Street, Philadelphia, MS</b> (Address of principal executive offices)	<b>39350</b> (Zip Code)
<b>601-656-4692</b> (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.

Large accelerated filer <input type="checkbox"/>	Accelerated filer <input checked="" type="checkbox"/>
Non-accelerated filer <input type="checkbox"/>	Smaller Reporting Company <input type="checkbox"/>

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 5, 2010:

<b>Title</b>	<b>Outstanding</b>
<b>Common Stock, \$0.20 par value</b>	<b>4,838,411</b>

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**CITIZENS HOLDING COMPANY**

**THIRD QUARTER 2010 INTERIM FINANCIAL STATEMENTS**

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\* None or Not Applicable

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CITIZENS HOLDING COMPANY****CONSOLIDATED STATEMENTS OF CONDITION****(Unaudited)**

	<b>September 30, 2010</b>	<b>December 31, 2009</b>
<b>ASSETS</b>		
Cash and due from banks	\$ 21,346,850	\$ 15,365,612
Interest bearing deposits with other banks	22,168,769	5,232,723
Investment securities available for sale, at fair value	318,356,411	318,403,999
Loans, net of allowance for loan losses of \$6,295,579 in 2010 and \$5,525,903 in 2009	423,268,923	441,694,562
Premises and equipment, net	19,532,682	18,124,109
Other real estate owned, net	3,011,376	3,229,180
Accrued interest receivable	5,521,248	6,048,718
Cash value of life insurance	19,260,457	18,783,333
Intangible assets, net	3,457,475	3,595,994
Other assets	6,909,675	9,525,598
<b>TOTAL ASSETS</b>	<b>\$ 842,833,866</b>	<b>\$ 840,003,828</b>
<b>LIABILITIES AND STOCKHOLDERS EQUITY</b>		
<b>LIABILITIES</b>		
Deposits:		
Noninterest-bearing demand	\$ 90,424,866	\$ 87,116,776
Interest-bearing NOW and money market accounts	170,189,911	183,971,551
Savings deposits	38,397,679	34,466,029
Certificates of deposit	259,455,374	264,248,229
Total deposits	558,467,830	569,802,585
Securities sold under agreement to repurchase	111,492,563	114,753,010
Federal Home Loan Bank advances	84,400,000	74,400,000
Accrued interest payable	751,397	778,989
Deferred compensation payable	4,217,068	3,870,344
Other liabilities	2,121,435	1,801,436
Total liabilities	761,450,293	765,406,364
<b>STOCKHOLDERS EQUITY</b>		
Common stock; \$.20 par value, 22,500,000 shares authorized, 4,838,411 shares outstanding at September 30, 2010 and 4,838,187 shares outstanding at December 31, 2009	967,682	967,637
Additional paid-in capital	3,061,221	3,087,738

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Retained earnings	73,819,252	71,412,383
Accumulated other comprehensive income (loss), net of tax expense (benefit) of \$2,103,207 in 2010 and (\$517,734) in 2009	3,535,418	(870,294)
Total stockholders' equity	81,383,573	74,597,464
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 842,833,866</b>	<b>\$ 840,003,828</b>

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

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**CITIZENS HOLDING COMPANY**  
**CONSOLIDATED STATEMENTS OF INCOME**  
(Unaudited)

	<b>For the Three Months Ended September 30,</b>		<b>For the Nine Months Ended September 30,</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
<b>INTEREST INCOME</b>				
Loan income, including fees	\$ 6,982,131	\$ 7,368,838	\$ 21,247,055	\$ 22,007,962
Investment securities	2,459,128	3,100,773	7,487,294	8,702,289
Other interest	20,962	5,454	54,924	18,929
<b>Total interest income</b>	<b>9,462,221</b>	<b>10,475,065</b>	<b>28,789,273</b>	<b>30,729,180</b>
<b>INTEREST EXPENSE</b>				
Deposits	1,274,676	1,796,697	4,061,406	6,270,269
Other borrowed funds	906,420	854,059	2,670,169	2,492,463
<b>Total interest expense</b>	<b>2,181,096</b>	<b>2,650,756</b>	<b>6,731,575</b>	<b>8,762,732</b>
<b>NET INTEREST INCOME</b>	<b>7,281,125</b>	<b>7,824,309</b>	<b>22,057,698</b>	<b>21,966,448</b>
<b>PROVISION FOR LOAN LOSSES</b>	<b>397,200</b>	<b>1,123,297</b>	<b>1,717,411</b>	<b>2,263,642</b>
<b>NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES</b>	<b>6,883,925</b>	<b>6,701,012</b>	<b>20,340,287</b>	<b>19,702,806</b>
<b>OTHER INCOME</b>				
Service charges on deposit accounts	991,121	1,081,059	2,976,894	3,009,826
Other service charges and fees	400,299	395,370	1,146,696	1,064,555
Other income	329,216	604,398	985,869	1,447,587
<b>Total other income</b>	<b>1,720,636</b>	<b>2,080,827</b>	<b>5,109,459</b>	<b>5,521,968</b>
<b>OTHER EXPENSES</b>				
Salaries and employee benefits	3,465,713	3,281,090	10,314,413	9,646,435
Occupancy expense	1,017,538	1,099,080	2,955,888	3,061,057
Other operating expense	1,886,498	2,229,742	5,291,809	5,624,037
<b>Total other expenses</b>	<b>6,369,749</b>	<b>6,609,912</b>	<b>18,562,110</b>	<b>18,331,529</b>
<b>INCOME BEFORE PROVISION FOR INCOME TAXES</b>	<b>2,234,812</b>	<b>2,171,927</b>	<b>6,887,636</b>	<b>6,893,245</b>
<b>PROVISION FOR INCOME TAXES</b>	<b>453,263</b>	<b>434,506</b>	<b>1,434,426</b>	<b>1,457,133</b>
<b>NET INCOME</b>	<b>\$ 1,781,549</b>	<b>\$ 1,737,421</b>	<b>\$ 5,453,210</b>	<b>\$ 5,436,112</b>

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NET INCOME PER SHARE

-Basic	\$	0.37	\$	0.36	\$	1.13	\$	1.12
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-Diluted	\$	0.37	\$	0.35	\$	1.12	\$	1.11
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DIVIDENDS PAID PER SHARE	\$	0.21	\$	0.20	\$	0.63	\$	0.60
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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)**

	<b>For the Three Months Ended September 30,</b>		<b>For the Nine Months Ended September 30,</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
Net income	\$ 1,781,549	\$ 1,737,421	\$ 5,453,210	\$ 5,436,112
Other comprehensive income, net of tax				
Unrealized holding gains (losses)	1,864,923	(1,253,730)	3,770,253	(3,325,903)
Reclassification adjustment for gains included in net income	17,446	308,765	635,459	