

## CITIZENS HOLDING COMPANY REPORTS EARNINGS

PHILADELPHIA, Miss.—(BUSINESS WIRE)—April 18, 2024--Citizens Holding Company (the “Company”) (OTCQX:CIZN) announced today results of operations for the three months ended March 31, 2024.

*(in thousands, except share and per share data)*

Net income for the three months ended March 31, 2024 was \$2,868, or \$0.51 per share-basic and diluted, a linked-quarter increase of \$3,662, or 461.21%, from a net loss of (\$794), or (\$0.14), per share-basic and diluted, for the three months ended December 31, 2023. Net income also increased \$1,728, or 151.58%, from net income of \$1,140, or \$0.20, per share-basic and diluted for the same quarter in 2023.

### First Quarter Highlights

- Total revenues, or interest and non-interest income, for the three months ended March 31, 2024 totaled \$21,213, an increase of \$6,020, or 39.62%, from the prior quarter. The increase in total revenue is primarily attributed to an increase of \$4,920, or 535.36%, in non-interest income attributed to a one-time gain on a sale-leaseback transaction of \$4,535.
- Yields on earning assets increased 19 basis point (“bps”) to 461 bps for the three months ended March 31, 2024 compared to 442 bps for the three months ended December 31, 2023 and increased 101 bps compared to 360 bps for the three months ended March 31, 2023.
- Loans held for investment (“LHFI”) increased \$25,388, or 3.95%, to \$667,416 at March 31, 2023, compared to \$642,028 at December 31, 2023. With the Company’s strong on-balance sheet liquidity, the Company is in an opportune position, relative to the banking industry, to continue to fund loan demand.
- Credit quality continues to remain solid with total non-performing assets (“NPA”) to loans at 54 bps at March 31, 2024 compared to 60 bps at December 31, 2023. Total non-performing assets decreased (\$264), or (6.91%), to \$3,562 at March 31, 2024, compared to \$3,826 at December 31, 2023, and decreased (\$615), or (14.73%), compared to \$4,177 at March 31, 2023.
- Allowance for credit losses (“ACL”) to loans was 1.00% at March 31, 2023 compared to 1.02% in the prior quarter and 1.06% the same period a year ago.

### Chief Executive Officer (“CEO”) Commentary

Stacy Brantley, President and Chief Executive Officer of the Company, stated, “The Citizens Bank of Philadelphia (the “Bank”), the wholly owned subsidiary of the Company, continued to execute its strategic balance sheet realignment completing two key transactions during the quarter. The bank sold three branches in a sale leaseback transaction generating a pre-tax gain of \$4,535. Additionally, the bank realized a pre-tax loss of \$1,574 on the sale of bonds reinvesting the proceeds in higher yielding assets. These transactions are targeted at improving net interest income on a go-forward basis and at buffering the bank’s balance sheet in this volatile rate environment.”

“The Company’s realized solid loan growth of \$25,271 in the quarter representing a 3.98% increase in LHFI over the prior quarter end and a 17.73% increase over the prior year quarter ended March 31, 2023. Credit metrics remain strong with past dues and non-performers at historically low levels. Total deposits increased 3.46% over the prior quarter-end and 8.49% over the quarter ended March 31, 2023. While deposit growth was solid, the shift from non-interest bearing to interest bearing deposits as clients more actively manage their funds creates headwinds to margin expansion.”

The Company’s net interest margin expanded slightly during the quarter, up 5 bps over the prior quarter ended December 31, 2023. “We are encouraged by margin expansion, although slight, in the first quarter. We anticipate continued margin expansion in the subsequent quarter as our strategic transactions become fully baked in and loan growth realized late in the first quarter more fully impacts quarterly earnings.”

“We will continue to evaluate our balance sheet and look for strategic opportunities to improve performance. Our strong on-balance sheet liquidity has us well positioned for growth as we seek to increase long-term value for our shareholders.”

### Financial Condition and Results of Operations

#### Loans and Deposits

Total loans outstanding, net of unearned income, as of March 31, 2024 totaled \$667,416 compared to \$642,028 at December 31, 2023 and \$567,240 as of March 31, 2023.

Total deposits as of March 31, 2024 were \$1,210,600 compared to \$1,170,077 at December 31, 2023 and \$1,115,826 as of March 31, 2023. With the pressure throughout the banking system in regards to deposits, the Company has not experienced material outflows in deposits, but continues to see a shift from noninterest bearing deposits to interest bearing deposits.

### Net Interest Income

Net interest income for the three months ended March 31, 2024 was \$7,790, an increase of 436, or 5.93%, compared to \$7,354 for the three months ended December 31, 2023, and an increase of \$112, or 1.46%, compared to \$7,678 for the three months ended March 31, 2023. The net interest margin (“NIM”) was 2.40% for the three months ended March 31, 2024 compared to 2.35% for the three months ended December 31, 2023 and 2.56% for the same period in 2023. Management expects continued pressure on NIM given the current interest rate environment, however, the Company saw an uptick in NIM for the three months ended March 31, 2024.

The linked-quarter increase in net interest income is primarily a result of the increase in interest income of \$1,100, or 7.71%, partially offset by an increase in interest expense of \$664, or 9.60%, compared to the three months ended December 31, 2023. The increase from the same period ended March 31, 2023 is due to an increase in interest income of \$4,342, or 39.36%. This increase in interest income is partially offset by an increase in total interest expense of \$4,230, or 126.11%, when compared to the same period in 2023. This increase is the direct result of increased loan production partially offset by increased deposit competition primarily caused by higher short-term rates.

### Credit Quality

The Company’s NPAs decreased by (\$264), or (6.91%), to \$3,562 at March 31, 2024 compared to \$3,826 at December 31, 2023, and decreased (\$615), or (14.73%), compared to \$4,177 at March 31, 2023. The primary cause of the decrease year-over-year was due the decrease in non-accrual loans of (\$665), or (22.22%).

Net recoveries were \$2 for the three months ended March 31, 2024. Year-to-date net recoveries to average loans were 0.00% at March 31, 2024 compared to (0.01%) at March 31, 2023.

The provision for credit losses (“PCL”) for the three months ended March 31, 2024 was \$192 compared to \$107 for the linked quarter and \$6 for the same period a year ago. The PCL was primarily driven by loan growth partially offset by favorable qualitative factor adjustments due to better than expected GDP growth and strong unemployment. Additionally, the Company has not observed material deterioration in local CRE valuations that some of the larger central business districts have experienced. The ACL to LHF1 was 1.00% and 1.06% at March 31, 2024 and 2023, respectively, and 1.02% at December 31, 2023, representing a level management considers commensurate with the risk in the loan portfolio.

### Liquidity and Capital

Given the events within the banking industry during 2023, investment securities portfolios, interest rate risk, liquidity and capital have become much more of a focus for the Company’s management team and Board, regulators and investors. As a result of this, the Company is providing additional information on our liquidity and capital position as of March 31, 2024 to disclose the more traditional and stable nature of the Company’s banking model.

The Company currently has limited reliance on the wholesale funding market. The Company had \$0- in overnight Federal Funds borrowings at March 31, 2024, December 31, 2023, and \$1,725 at March 31, 2023. The Company currently has capacity to borrow \$197,000 from the Federal Home Loan Bank of Dallas (“FHLB”), approximately \$150,000 in brokered deposit availability and \$50,000 in availability with our correspondent Fed Funds lines. Additionally, the Company could provide additional collateral to the FHLB to increase the capacity there, should that avenue be needed.

The Company and the Bank, remain in a strong capital position and well-capitalized. A comparison of the various regulatory ratios for the Company and the Bank are noted below:

	March 31, 2024	December 31, 2023	March 31, 2023
<b>Citizens Holding Company</b>			
Tier 1 leverage ratio	7.31%	7.43%	8.01%
Common Equity tier 1 capital ratio	7.31%	7.43%	8.01%
Tier 1 risk-based capital ratio	11.87%	11.95%	13.70%
Total risk-based capital ratio	12.65%	12.70%	14.46%
<b>The Citizens Bank</b>			
Tier 1 leverage ratio	8.37%	8.64%	9.29%
Common Equity tier 1 capital ratio	8.37%	8.64%	9.29%
Tier 1 risk-based capital ratio	13.48%	13.78%	15.75%
Total risk-based capital ratio	14.25%	14.52%	16.50%

**Noninterest Income**

Noninterest income increased for the three months ended March 31, 2024, by \$4,920, or 535.36%, compared to the three months ended December 31, 2023, and increased by \$3,476, or 147.10%, compared to the same period in 2023.

The increase quarter-over-quarter is primarily due to other noninterest income increasing \$4,600, or 676.47%, primarily driven by a one-time gain on the sale-leaseback transaction of three locations of \$4,535 in the current quarter.

**Noninterest Expense**

Noninterest expense increased for the three months ended March 31, 2024 by \$327, or 3.49%, compared to the three months ended December 31, 2023 and increased by \$943, or 10.79%, compared to the same period in 2023.

The increase year-over-year is primarily due to an increase in occupancy expense of \$480, or 26.02%.

**Dividends**

The Company paid aggregate cash dividends in the amount of \$901, or \$0.16 per share, during the three-month period ended March 31, 2024 compared to \$1,346, or \$0.24 per share, for the same period in 2023.

At \$0.16 per share, the Company's current quarterly dividend yield is approximately 8% which reflects the Company's continued commitment to returning shareholder value.

Citizens Holding Company  
Financial Highlights  
(amounts in thousands, except share and per share data)

	For the Three Months Ended		
	March 31, 2024	December 31, 2023	March 31, 2023
<b>INTEREST INCOME</b>			
Loans, including fees	\$ 10,264	\$ 9,422	\$ 7,323
Investment securities	3,045	3,163	3,370
Other interest	2,065	1,689	339
	<u>15,374</u>	<u>14,274</u>	<u>11,032</u>
<b>INTEREST EXPENSE</b>			
Deposits	5,261	4,503	1,820
Other borrowed funds	2,323	2,417	1,534
	<u>7,584</u>	<u>6,920</u>	<u>3,354</u>
<b>NET INTEREST INCOME</b>	7,790	7,354	7,678
<b>PCL</b>	<u>192</u>	<u>107</u>	<u>6</u>
<b>NET INTEREST INCOME AFTER PCL</b>	7,598	7,247	7,672
<b>NONINTEREST INCOME</b>			
Service charges on deposit accounts	957	990	914
Other service charges and fees	1,176	1,234	1,037
Net (losses) gains on sales of securities	(1,574)	(1,986)	-
Other noninterest income	5,280	680	412
	<u>5,839</u>	<u>919</u>	<u>2,363</u>
<b>NONINTEREST EXPENSE</b>			
Salaries and employee benefits	4,885	4,522	4,695
Occupancy expense	2,325	2,199	1,845
Other noninterest expense	2,474	2,635	2,201
	<u>9,684</u>	<u>9,357</u>	<u>8,741</u>
<b>NET INCOME BEFORE TAXES</b>	3,753	(1,190)	1,294
<b>INCOME TAX EXPENSE (BENEFIT)</b>	<u>885</u>	<u>(397)</u>	<u>154</u>
<b>NET INCOME (LOSS)</b>	<u>\$ 2,868</u>	<u>\$ (794)</u>	<u>\$ 1,140</u>
<b>Earnings (Loss) per share - basic</b>	<u>\$ 0.51</u>	<u>\$ (0.14)</u>	<u>\$ 0.20</u>
<b>Earnings (Loss) per share - diluted</b>	<u>\$ 0.51</u>	<u>\$ (0.14)</u>	<u>\$ 0.20</u>
<b>Dividends paid</b>	<u>\$ 0.16</u>	<u>\$ 0.16</u>	<u>\$ 0.24</u>
<b>Average shares outstanding - basic</b>	5,603,570	5,603,570	5,595,320
<b>Average shares outstanding - diluted</b>	5,603,570	5,603,570	5,595,320

	March 31, 2024 (Unaudited)	March 31, 2023 (Unaudited)	Change	% Change	December 31, 2023 (Audited)	Change	% Change
<b>Assets</b>							
Cash and due from banks	\$ 16,868	\$ 15,600	\$ 1,268	8.13%	\$ 14,553	\$ 2,315	15.91%
Interest bearing deposits with other banks	145,924	606	145,318	23979.83%	79,923	66,001	82.58%
Cash and cash equivalents	162,792	16,206	146,586	904.52%	94,476	68,316	72.31%
Investment securities held-to-maturity, at amortized cost	384,015	402,237	(18,222)	-4.53%	387,799	(3,783)	-0.98%
Investment securities available-for-sale, at fair value	152,553	201,740	(49,187)	-24.38%	177,795	(25,242)	-14.20%
Loans held for investment (LHFI) (1)	667,416	567,240	100,176	17.66%	642,028	25,388	3.95%
Less allowance for credit losses (ACL), LHFI (1)	6,668	6,017	651	10.82%	6,551	117	1.79%
Net LHFI	660,748	561,223	99,525	17.73%	635,477	25,271	3.98%
Premises and equipment, net	20,530	27,561	(7,031)	-25.51%	27,073	(6,543)	-24.17%
Other real estate owned, net	1,234	1,179	55	4.63%	1,234	-	0.00%
Accrued interest receivable	4,784	4,562	222	4.86%	5,231	(447)	-8.54%
Cash surrender value of life insurance	26,438	25,909	529	2.04%	26,284	154	0.59%
Deferred tax assets, net	27,533	29,091	(1,558)	-5.36%	28,008	(475)	-1.70%
Identifiable intangible assets, net	13,304	13,413	(109)	-0.81%	13,331	(27)	-0.21%
Other assets	19,592	6,349	13,243	208.59%	8,972	10,620	118.36%
<b>Total Assets</b>	<b>\$ 1,473,523</b>	<b>\$ 1,289,470</b>	<b>\$ 184,053</b>	<b>14.27%</b>	<b>\$ 1,405,680</b>	<b>\$ 67,843</b>	<b>4.83%</b>
<b>Liabilities and Shareholders' Equity</b>							
<b>Liabilities</b>							
Deposits:							
Non-interest bearing deposits	\$ 263,006	\$ 288,466	\$ (25,460)	-8.83%	\$ 264,528	\$ (1,522)	-0.58%
Interest bearing deposits	947,594	827,360	120,234	14.53%	905,549	42,045	4.64%
<b>Total deposits</b>	<b>1,210,600</b>	<b>1,115,826</b>	<b>94,774</b>	<b>8.49%</b>	<b>1,170,077</b>	<b>40,523</b>	<b>3.46%</b>
Securities sold under agreement to repurchase	173,254	98,532	74,722	75.84%	158,086	15,168	9.59%
Short-term borrowings	-	1,725	(1,725)	-100.00%	-	-	0.00%
Borrowings on secured line of credit	18,000	18,000	-	0.00%	18,000	-	0.00%
Deferred compensation payable	9,841	9,985	(144)	-1.45%	9,929	(88)	-0.89%
Other liabilities	16,135	4,279	11,856	277.08%	6,815	9,320	136.75%
<b>Total liabilities</b>	<b>1,427,830</b>	<b>1,248,347</b>	<b>179,483</b>	<b>14.38%</b>	<b>1,362,907</b>	<b>64,924</b>	<b>4.76%</b>
<b>Shareholders' Equity</b>							
Common stock, \$0.20 par value, 22,500,000 shares authorized, Issued and outstanding: 5,628,811 shares - March 31, 2024; 5,616,438 shares - December 31, 2023	1,123	1,122	-	0.00%	1,123	-	0.00%
Additional paid-in capital	18,618	18,448	170	0.92%	18,585	32	0.17%
Accumulated other comprehensive loss, net of tax benefit of \$25,064 at March 31, 2024 and \$25,362 at December 31, 2023	(75,369)	(79,822)	4,453	-5.58%	(76,289)	920	-1.21%
Retained earnings	101,321	101,335	(14)	-0.01%	99,354	1,967	1.98%
<b>Total shareholders' equity</b>	<b>45,693</b>	<b>41,123</b>	<b>4,570</b>	<b>11.11%</b>	<b>42,773</b>	<b>2,920</b>	<b>6.83%</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 1,473,523</b>	<b>\$ 1,289,470</b>	<b>\$ 184,053</b>	<b>14.27%</b>	<b>\$ 1,405,680</b>	<b>\$ 67,843</b>	<b>4.83%</b>

SELECTED FINANCIAL INFORMATION

Dollars in thousands, except per share data	March 31, 2024 <u>(Unaudited)</u>	December 31, 2023 <u>(Audited)</u>	March 31, 2023 <u>(Unaudited)</u>
<b>Per Share Data</b>			
Basic Earnings per Common Share	\$ 0.51	\$ (0.14)	\$ 0.20
Diluted Earnings per Common Share	0.51	(0.14)	0.20
Dividends per Common Share	0.16	0.16	0.24
Book Value per Common Share	8.15	7.62	7.35
Tangible Book Value per Common Share	5.78	5.24	4.70
Average Diluted Shares Outstanding	5,603,570	5,603,570	5,595,320
End of Period Common Shares Outstanding	5,628,811	5,616,438	5,595,320
<b>Annualized Performance Ratios</b>			
Return on Average Assets	0.78%	0.14%	0.34%
Return on Average Equity	18.79%	4.89%	11.49%
Equity/Assets	3.10%	3.04%	3.19%
Yield on Earning Assets	4.61%	4.42%	3.60%
Cost of Funds	2.66%	2.41%	1.35%
Net Interest Margin	2.40%	2.35%	2.56%
<b>Credit Metrics</b>			
Allowance for Loan Losses to Total Loans	1.00%	1.02%	1.06%
Non-performing assets to loans	0.54%	0.60%	0.74%

Citizens Holding Company is a one-bank holding company and the parent company of the Bank, both headquartered in Philadelphia, Mississippi. The Bank currently has locations in fourteen counties throughout the state of Mississippi. In addition to full service commercial banking, the Company offers mortgage loans, title insurance services through third party partnerships and a full range of Internet banking services including online banking, bill pay and cash management services for businesses. Internet services are available at the Bank web site, [www.thecitizensbankphila.com](http://www.thecitizensbankphila.com). Citizens Holding Company stock is listed on the OTCQX Best Market and is traded under the symbol CIZN. The Company's transfer agent is American Stock Transfer & Trust Company. Investor relations information may be obtained at the corporate website, <https://www.thecitizensbankphila.com/investor-relations>.

#### **Cautionary Note Regarding Forward-Looking Statements**

*This press release includes “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements other than statements of historical facts included in this release regarding the Company’s financial position, results of operations, business strategies, plans, objectives and expectations for future operations, are forward looking statements. The Company can give no assurances that the assumptions upon which such forward-looking statements are based will prove to have been correct. Forward-looking statements speak only as of the date they are made. The Company does not undertake a duty to update forward-looking statements to reflect circumstances or events that occur after the date the forward-looking statements are made. Such forward-looking statements are subject to certain risks, uncertainties and assumptions. The risks and uncertainties that may affect the operation, performance, development and results of the Company’s and the Bank’s business include, but are not limited to, the following: (a) the risk of adverse changes in business conditions in the banking industry generally and in the specific markets in which the Company operates; (b) our ability to mitigate our risk exposures; (c) changes in the legislative and regulatory environment that negatively impact the Company and Bank through increased operating expenses; (d) increased competition from other financial institutions; (e) the impact of technological advances; (f) expectations about the movement of interest rates, including actions that may be taken by the Federal Reserve Board in response to changing economic conditions; (g) changes in asset quality and loan demand; (h) expectations about overall economic strength and the performance of the economics in the Company’s market area; and (i) other risks detailed from time to time in the Company’s filings with the Securities and Exchange Commission. Should one or more of these risks materialize or should any such underlying assumptions prove to be significantly different, actual results may vary significantly from those anticipated, estimated, projected or expected.*

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