INVESTAR HOLDING CORP

FORM 8-K
(Current report filing)

Filed 03/15/17 for the Period Ending 03/15/17

Address	10500 COURSEY BLVD THIRD FLOOR BATON ROUGE, LA, 70816
Telephone	225-227-2222
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Industry	Banks
Sector	Financials
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of report (Date of earliest event reported): March 15, 2017

INVESTAR HOLDING CORPORATION
(Exact name of registrant as specified in its charter)

Louisiana	001-36522	27-1560715
(State of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

7244 Perkins Road Baton Rouge, Louisiana 70808	70808
(Address of principal executive offices)	(Zip code)

Registrant's telephone number, including area code: (225) 227-2222

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 8.01 Other Events.

On March 15, 2017, Investar Holding Corporation ("Investar"), the registered bank holding company for Investar Bank, Baton Rouge, Louisiana, issued a press release announcing the commencement of concurrent underwritten public offerings of its common stock and subordinated notes. A copy of Investar's press release is attached hereto as Exhibit 99.1.

A copy of the investor presentation to be used by Investar in connection with the common stock offering is attached hereto as Exhibit 99.2. A copy of the investor presentation to be used by Investar in connection with the subordinated note offering is attached hereto as Exhibit 99.3.

Important Information

This Current Report on Form 8-K, including the Exhibits hereto, does not constitute an offer to sell or the solicitation of an offer to buy any securities of Investar, which is being made only by means of a written prospectus meeting the requirements of Section 10 of the Securities Act of 1933, as amended, nor shall there be any sale of Investar's securities in any state or jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

Forward-Looking Statements

This Current Report on Form 8-K and the Exhibits hereto contain "forward-looking statements" within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. These forward-looking statements reflect the current views of Investar's management with respect to, among other things, future events and Investar's financial performance. These statements are often, but not always, made through the use of words or phrases such as "may," "should," "could," "predict," "potential," "believe," "will likely result," "expect," "continue," "will," "anticipate," "seek," "estimate," "intend," "plan," "project," "pro forma," "forecast," "goal," "target," "would" and "outlook," or the negative variations of those words or other comparable words of a future or forward-looking nature. These forward-looking statements are not historical facts, and are based on current expectations, estimates and projections about Investar's industry, management's beliefs and certain assumptions made by management, many of which, by their nature, are inherently uncertain and beyond Investar's control. Accordingly, Investar cautions you that any such forward-looking statements are not guarantees of future performance and are subject to risks, assumptions and uncertainties that are difficult to predict. Although Investar believes that the expectations reflected in these forward-looking statements are reasonable as of the date made, actual results may prove to be materially different from the results expressed or implied by the forward-looking statements. Factors that could cause actual results to differ materially from Investar's expectations include successfully implementing its growth strategy, including identifying acquisition targets and consummating suitable acquisitions; continuing to sustain internal growth rate; providing competitive products and services that appeal to its customers and target market; continuing to have access to debt and equity capital markets and achieving its performance goals. The foregoing list of factors is not exhaustive. If one or more events related to these or other risks or uncertainties materialize, or if Investar's underlying assumptions prove to be incorrect, actual results may differ materially from what Investar anticipates. Accordingly, you should not place undue reliance on any such forward-looking statements. Any forward-looking statement speaks only as of the date on which it is made, and Investar does not undertake any obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise. New risks and uncertainties arise from time to time, and it is not possible for us to predict those events or how they may affect us. In addition, Investar cannot assess the impact of each factor on its business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

Item 9.01. Financial Statements and Exhibits.

(a) Financial statements of business acquired

(i) The audited consolidated balance sheet of Citizens Bancshares, Inc. as of December 31, 2016 and 2015, and related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the years ended December 31, 2016 and 2015, and the related notes and report of independent auditor thereto, required by this item are included as Exhibit 99.4 and incorporated by reference herein.

(d) Exhibits.

Exhibit No.	Description
23.1	Consent of Hannis T. Bourgeois, LLP
99.1	Press release, dated March 15, 2017, announcing the offerings
99.2	Investor presentation relating to common stock offering
99.3	Investor presentation relating to subordinated note offering
99.4	Audited Consolidated Financial Statements of Citizens Bancshares, Inc. as of and for the years ended December 31, 2016 and 2015

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: March 15, 2017

INVESTAR HOLDING CORPORATION

By: /s/ John J. D’Angelo

John J. D’Angelo

President and Chief Executive Officer

EXHIBIT INDEX

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Exhibit 23.1

Consent of Independent Auditor

We consent to the incorporation by reference in the Prospectus Supplement to the Registration Statement (No. 333-215238) on Form S-3 of Investar Holding Corporation of our report dated February 17, 2017, relating to the consolidated financial statements of Citizens Bancshares, Inc., appearing in this Current Report on Form 8-K.

We also consent to the reference of our firm under the heading “Experts” in such Prospectus Supplement.

/s/ Hannis T. Bourgeois, LLP

Baton Rouge, Louisiana
March 15, 2017

Investar Holding Corporation Announces Commencement of Subordinated Notes and Common Stock Offerings

BATON ROUGE, LA, March 15, 2017 /GLOBE NEWSWIRE/ — Investar Holding Corporation ("Investar") (NASDAQ: ISTR), the parent holding company of Investar Bank, today announced that it has commenced underwritten public offerings of its subordinated notes ("Notes") and $30.0 million of its common stock ("Common Stock"). Investar also expects to grant the underwriters a 30-day option to purchase up to an additional 15% of the shares of its Common Stock sold in the Common Stock offering.

Investar intends to use the net proceeds of the Notes offering to fund a portion of the purchase price of its recently announced proposed merger transaction with Citizens Bancshares, Inc. and for general corporate purposes, including investments in Investar Bank. Investar expects to use the net proceeds from the Common Stock offering for general corporate purposes, including investments in Investar Bank and potential strategic acquisitions.

Sandler O'Neill + Partners, L.P. will serve as the sole book-running manager for the Notes offering. Sandler O'Neill + Partners, L.P. is the sole book-running manager for the Common Stock offering, Raymond James & Associates, Inc. will serve as lead manager, and Hovde Group, LLC and Piper Jaffray will serve as co-managers. The Common Stock offering and the Notes offering will be conducted as separate public offerings by means of separate prospectus supplements filed as part of an effective shelf registration statement on Form S-3 (File No. 333-215238) with the Securities and Exchange Commission (the "SEC"). Neither of these offerings is contingent upon the consummation of the other. Prospective investors, including current shareholders interested in participating in the offering, should read the prospectus in the registration statement, the preliminary prospectus supplements and other documents that Investar has filed with the SEC for more complete information about Investar and the offerings.

Copies of the preliminary prospectus supplement and accompanying base prospectus relating to the Notes offering and the Common Stock offering can be obtained without charge by visiting the SEC's website at www.sec.gov, or may be obtained from Sandler O'Neill + Partners, L.P., 1251 Avenue of the Americas, 6th Floor, New York, New York 10020, Attn: Syndicate Operations, Telephone Number: 1-866-805-4128.

This press release is for informational purposes only and does not constitute an offer to sell, a solicitation of an offer to buy, any securities. There will be no sale of securities in any state or jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state or jurisdiction. Any offering of the Notes or Common Stock is being made only by means of a written prospectus meeting the requirements of Section 10 of the Securities Act of 1933, as amended.

About Investar

Investar Holding Corporation, headquartered in Baton Rouge, Louisiana, provides full banking services, excluding trust services, through its wholly-owned banking subsidiary, Investar Bank, a state chartered bank. Investar's primary market is South Louisiana and it currently operates 10 full service banking offices located throughout its market. At December 31, 2016, Investar had 152 full-time equivalent employees.

Forward-Looking Statements

This press release may include forward-looking statements as defined by the Private Securities Litigation Reform Act of 1995. These forward-looking statements are based upon current expectations and assumptions about our business that are subject to a variety of risks and uncertainties that could cause the actual results to differ materially from those described in this press release. You should not rely on forward-looking statements as a prediction of future events.

Additional information regarding factors that could cause actual results to differ materially from those discussed in any forward-looking statements are described in reports and registration statements we file with the SEC, including our Annual Report on Form 10-K and subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, copies of which are available on Investar's internet website http://www.investarbank.com.

Investar disclaims any obligation to update any forward-looking statements or any changes in events, conditions or circumstances upon which any forward-looking statement may be based except as required by law.

Contact:
Investar Holding Corporation
Chris Hufft
Chief Financial Officer
(225) 227-2215
Chris.Hufft@investarbank.com

Exhibit 99.2

INVESTAR™

NASDAQ: ISTR
Investor Presentation
Common Stock Offering

John J. D'Angelo – President & Chief Executive Officer
Christopher L. Hufft – Chief Financial Officer
Travis M. Lavergne – Chief Credit Officer

INVESTAR

Disclaimer

FORWARD LOOKING STATEMENTS

This presentation contains forward-looking statements. Any statements about our expectations, beliefs, plans, predictions, forecasts, objectives, assumptions or future events or performance are not historical facts and may be forward-looking. You can identify forward-looking statements by the use of forward-looking terminology such as "believes," "expects," "could," "may," "will," "should," "seeks," "likely," "intends," "plans," "pro forma," "projects," "estimates" or "anticipates" or the negative of these words and phrases or similar words or phrases that are predictions of or indicate future events or trends and that do not relate solely to historical matters. You can also identify forward-looking statements by discussions of strategy, plans or intentions. Forward-looking statements involve numerous risks and uncertainties and you should not rely on them as predictions of future events. Forward-looking statements depend on assumptions, data or methods that may be incorrect or imprecise and we may not be able to realize them. We do not guarantee that the transactions and events described will happen as described (or that they will happen at all).

While forward-looking statements reflect our good-faith beliefs, they are not guarantees of future performance. We disclaim any obligation to publicly update or revise any forward-looking statement to reflect changes in underlying assumptions or factors of new information, data or methods, future events or other changes except as required by applicable law. All forward-looking statements are necessarily only estimates of future results. Accordingly, actual results may differ materially from those expressed in or contemplated by the particular forward-looking statement, and, therefore, you are cautioned not to place undue reliance on such statements. Any forward-looking statement is qualified in its entirety by reference to the matters discussed in this presentation. Further, any forward-looking statement speaks only as of the date on which it is made, and we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events or circumstances, except as required by applicable law.

Certain information contained in this presentation and statements made orally during this presentation relates to or is based on publications and other data obtained from third-party sources. While we believe these third-party sources to be reliable as of the date of this presentation, we have not independently verified, and make no representation as to the adequacy, fairness, accuracy or completeness of, any information obtained from such third-party sources.

We have filed a registration statements (including prospectuses) with the SEC for the offerings to which this communication relates. Before you invest, you should read the prospectuses in the registration statements and other documents we have filed with the SEC for more complete information about us and these offerings. You may get these documents for free by visiting EDGAR on the SEC website at http://www.sec.gov. Alternatively, any underwriter or any dealer participating in the offering will arrange to send you the prospectus if you request it from Sandler O'Neill + Partners, L.P., 1251 Avenue of the Americas New York, New York 10020, by telephone at (866) 805-4128.

This presentation includes certain non-GAAP financial measures intended to supplement, not substitute for, comparable GAAP measures. Reconciliations of certain non-GAAP financial measures to GAAP financial measures are provided throughout the presentation. Numbers in this presentation may not sum due to rounding.

The pro forma financial data included in this presentation is presented for illustrative purposes only and does not necessarily indicate the financial results of the combined companies had the companies actually been combined as of the periods presented. The pro forma financial data also does not consider any potential impacts of current market conditions on revenues, potential revenue enhancements, anticipated cost savings and expense efficiencies or asset dispositions, among other factors. Additionally, the adjustments made in the pro forma financial data are preliminary and may be revised.

Terms of Proposed Common Equity Offering

Issuer	Investar Holding Corporation (NASDAQ: ISTR)
Market Data[1]	$21.40 per share ($153.4 million market capitalization)
Offering Structure	Follow-on public offering (100% primary shares)
Offering Size	$30.0 million
Overallotment	15%
Lock-Up	90 days
Use of Proceeds	General corporate purposes, including investments in our banking subsidiary, and potential future strategic acquisitions
Sole Book-Running Manager	Sandler O'Neill + Partners, L.P.
Lead Manager	Raymond James
Co-Managers	Hovde Group, LLC, Piper Jaffray
Concurrent Offering	Concurrently with this offering, the Company is offering $15.5 million of Fixed-to-Floating Rate Subordinated Notes due 2027

(1) Market data as of March 14, 2017. Market capitalization is based on 7,168,235 shares of common stock outstanding as of March 9, 2017

Leadership Team

John J. D'Angelo
President & CEO

- Founding President and Chief Executive Officer
- Prior to founding Investar, Mr. D'Angelo was president and director of Aegis Lending Corporation, a mortgage lending company with operations in 46 states and the District of Columbia
- Previously, Mr. D'Angelo held various senior positions at Hibernia National Bank (the predecessor to Capital One Bank, N.A.), focusing on the East Baton Rouge Parish, Louisiana market
- 2.3% of total beneficial ownership
- New Orleans native; graduate of Louisiana State University

Christopher L. Hufft
Chief Financial Officer

- Joined Investar in February 2014 as Chief Accounting Officer, and assumed the role of Chief Financial Officer in October 2015
- Prior to joining Investar, Mr. Hufft served for 9 years as the Vice President of Accounting at Amedisys, Inc., a publicly-traded home health and hospice company
- Mr. Hufft, a licensed certified public accountant, also spent seven years in public accounting, servicing both public and privately-held clients in the banking, healthcare and manufacturing sectors
- B.S. Accounting – Louisiana State University

Travis M. Lavergne
Chief Credit Officer

- Served as Executive Vice President and Chief Credit Officer since March 2013 and Chief Risk Management Officer since joining in July 2012
- Prior to joining Investar, Mr. Lavergne was a Senior Examiner at the Louisiana Office of Financial Institutions from September 2005 to July 2012
- B.S. Finance – Louisiana State University
- M.B.A. – Southeastern Louisiana University

Investar Snapshot

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Company overview

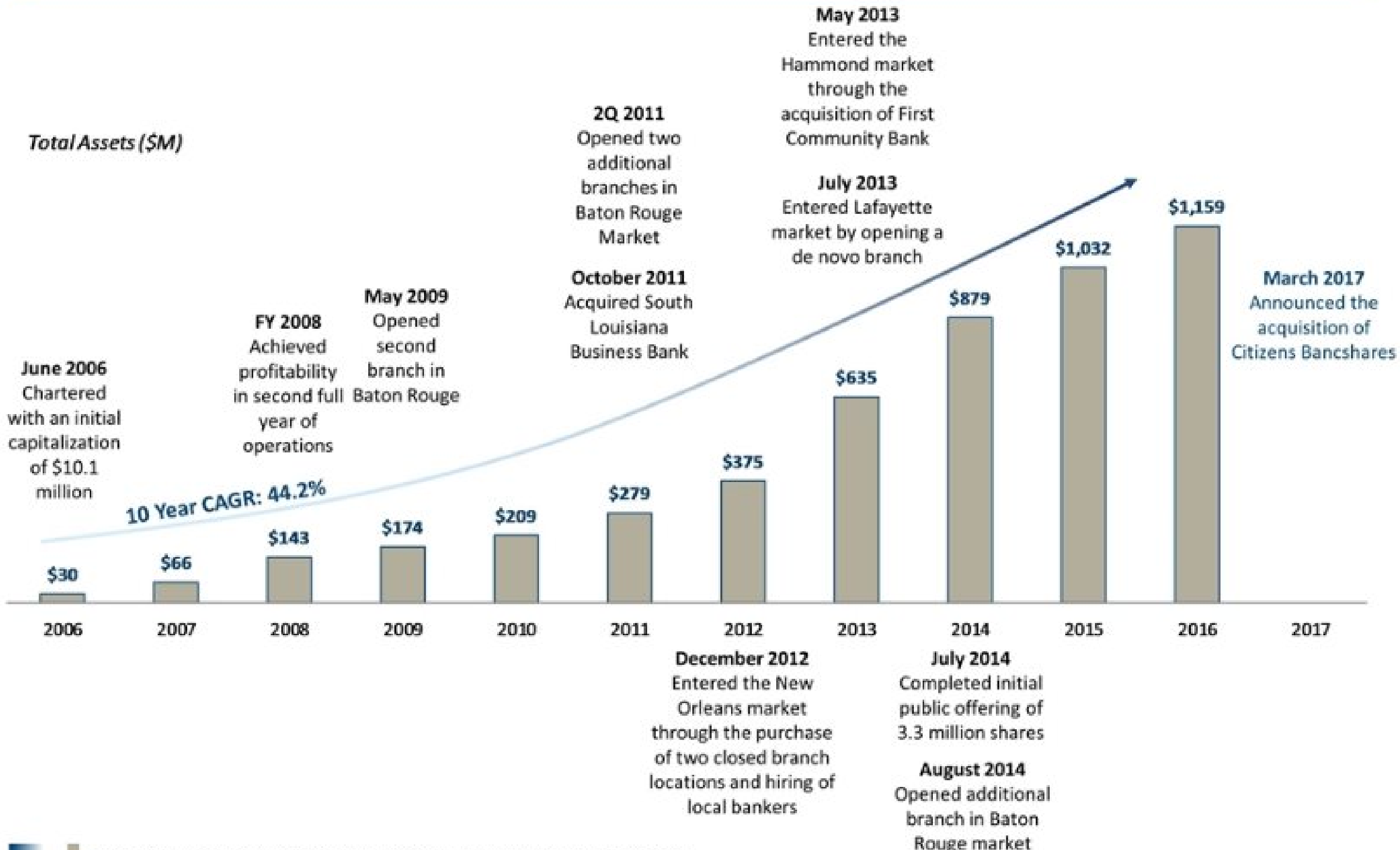
- Chartered as a de novo commercial bank in June 2006 by John J. D'Angelo, the current President and Chief Executive Officer
- Completed initial public offering of 3.3 million shares in July 2014, generating net proceeds of $41.7 million
- Headquartered in Baton Rouge, LA, ISTR offers a wide range of commercial banking products to meet the needs of small to medium-sized businesses
- ISTR currently operates 10 full service banking offices located throughout its primary markets of Baton Rouge, New Orleans, Lafayette, and Hammond, Louisiana
- ISTR is ranked 17th in the Louisiana market with $867 million of total deposits as of June 30, 2016, and 12th for those headquartered in Louisiana
- Experienced management team that has generated strong organic growth complemented by two successful acquisitions since 2011
- Strong capital position and disciplined credit philosophy
- ISTR had 152 full-time equivalents as of December 31, 2016

Financial highlights

	As of and for the Year Ended		
	2014	2015	2016
Balance Sheet			
Total Assets	$879	$1,032	$1,159
Gross Loans	$726	$826	$893
Total Deposits	$628	$737	$908
Total Equity	$103	$109	$113
Profitability			
ROAA	0.73%	0.77%	0.71%
Net Interest Margin	3.85%	3.61%	3.32%
Efficiency Ratio[1]	74.90%	68.72%	66.25%
Capital			
TCE / TA	11.43%	10.32%	9.48%
Total Risk-Based Ratio	14.41%	12.72%	12.47%
Asset Quality			
NPAs / Loans & OREO	0.97%	0.42%	0.67%
NCOs / Avg. Loans	0.07%	0.05%	0.14%
NPLs / Loans	0.54%	0.32%	0.22%

Note: Dollars in millions
(1) Efficiency ratio represents noninterest expenses divided by the sum of net interest income (before provision for loan losses) and noninterest income

Investar Timeline



Note: Bank level data shown for 2006 through 2012 (holding company incorporated in 2013)

Accomplishments Since IPO

Since IPO in June 2014, Investar has experienced significant progress :

Further Established in Four Key Louisiana Markets

Shifted from Consumer Loans to C&I and CRE Focus

Maintained High Quality Organic Loan Growth

Transitioned from Transactional Banking to Relationship Banking

Announced Largest Acquisition Since Inception

Continued to Add Experienced Bankers in Key Areas

Attractive Markets

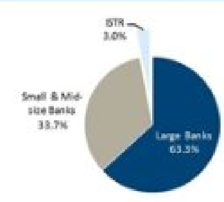
- ***Baton Rouge***
  - Louisiana's second largest market by deposits and the state capital, deemed the major industrial, medical, research, motion picture, and growing technology center of the American South
- ***Hammond***
  - Commercial hub of a large agricultural segment of Louisiana, bedroom community of New Orleans, and home to Southeastern Louisiana University with 5.26% population growth projected from 2017 to 2022
- ***Lafayette***
  - Louisiana's third largest city by population and deposits with 9.56% household income growth projected from 2017 to 2022
- ***New Orleans***
  - Louisiana's largest city by population and deposits and a hub of hospitality, healthcare, universities, and energy

Louisiana Deposit Market Share

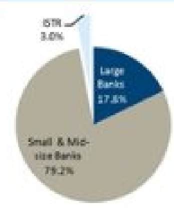
2016 Rank	Institution (ST)	Branches	Deposits ($000)	Market Share (%)
1	Capital One Financial Corp. (VA)	137	18,090,251	17.73
2	JPMorgan Chase & Co. (NY)	149	17,589,216	17.24
3	Hancock Holding Co. (MS)	109	11,230,505	11.01
4	Regions Financial Corp. (AL)	103	7,445,705	7.30
5	IBERIABANK Corp. (LA)	78	6,866,575	6.73
6	First NBC Bank Holding Co. (LA)	34	3,844,113	3.77
7	Origin Bancorp Inc. (LA)	23	1,677,116	1.64
8	Red River Bancshares Inc. (LA)	21	1,411,881	1.38
9	MidSouth Bancorp Inc. (LA)	43	1,306,721	1.28
10	First Guaranty Bancshares Inc. (LA)	21	1,295,643	1.27
11	Gulf Coast B&TC (LA)	19	1,257,757	1.23
--	**Pro Forma - ISTR/ Citizens Bancshares, Inc.**	**13**	**1,080,177**	**1.06**
12	Home Bancorp Inc. (LA)	24	1,078,230	1.06
13	Louisiana Community Bncp Inc. (LA)	25	1,020,091	1.00
14	Bus. First Bancshares Inc. (LA)	16	1,000,026	0.98
15	BancorpSouth Inc. (MS)	23	947,981	0.93
16	CB&T Holding Corp. (LA)	3	920,334	0.90
17	**Investar Holding Corp. (LA)**	**10**	**867,887**	**0.85**
18	Citizens National Bancshares (LA)	12	739,604	0.72
19	One American Corp. (LA)	24	739,212	0.72
20	First Trust Corp. (LA)	11	700,373	0.69
	Total For Institutions In Market	**1,539**	**102,025,406**	

Note: Large banks defined as having over $50 billion in assets
Source: SNL Financial; Deposit data as of June 30, 2016

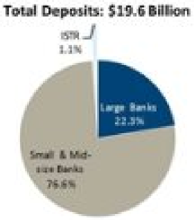
Market Share Opportunity



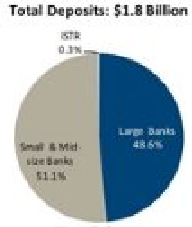
Baton Rouge:
Total Deposits: $19.6 Billion



Hammond:
Total Deposits: $1.8 Billion



Lafayette:
Total Deposits: $10.8 Billion



New Orleans:
Total Deposits: $35.7 Billion

Historical Growth

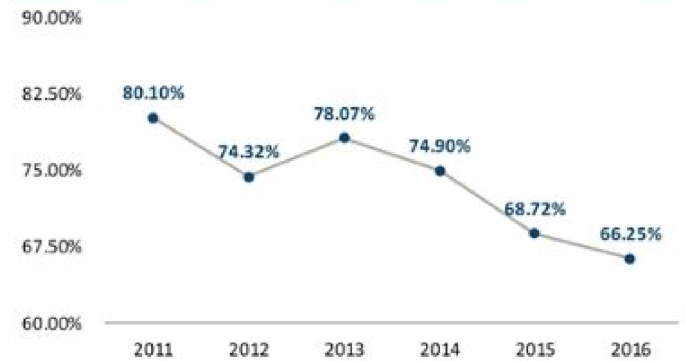
- Substantially all growth has been achieved organically
- 28% growth in business lending portfolio in 2016

Note: Dollars in millions

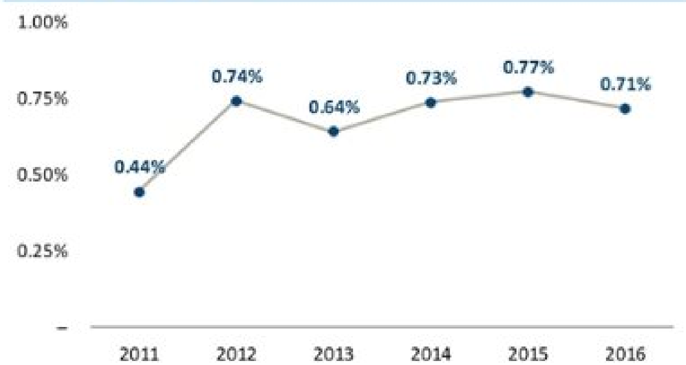
Financial Performance

Diluted earnings per share

Efficiency ratio[1]



Return on average assets



(1) Efficiency ratio represents noninterest expenses divided by the sum of net interest income (before provision for loan losses) and noninterest income

Loan Composition

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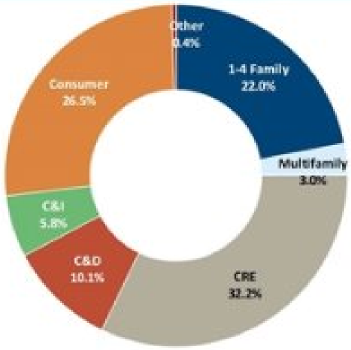
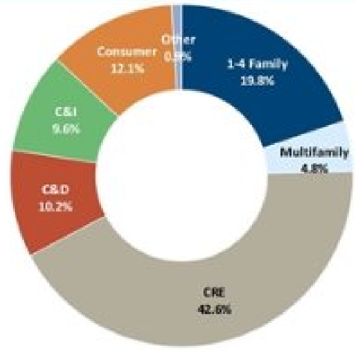
June 30, 2014 (IPO)



Gross Loans[1]: $596.1 million

December 31, 2016



Gross Loans: $893.4 million

- Since the initial public offering, the Company has transitioned its focus from consumer loans to commercial real estate and commercial and industrial loans
- Company made an affirmative decision to exit the indirect auto loan business in November 2015 and the Company discontinued accepting loan applications at that time
- Yield on loans was 4.50% for the quarter ended December 31, 2016
- **The Company has less than 1% direct exposure to the energy sector in the loan portfolio**

(1) Gross loans includes loans held for sale of $32.1 million; there were no loans held for sale at 12/31/2016

Growth and Profitability Going Forward

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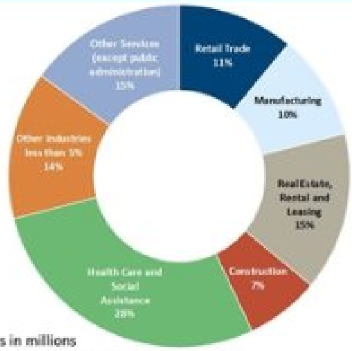
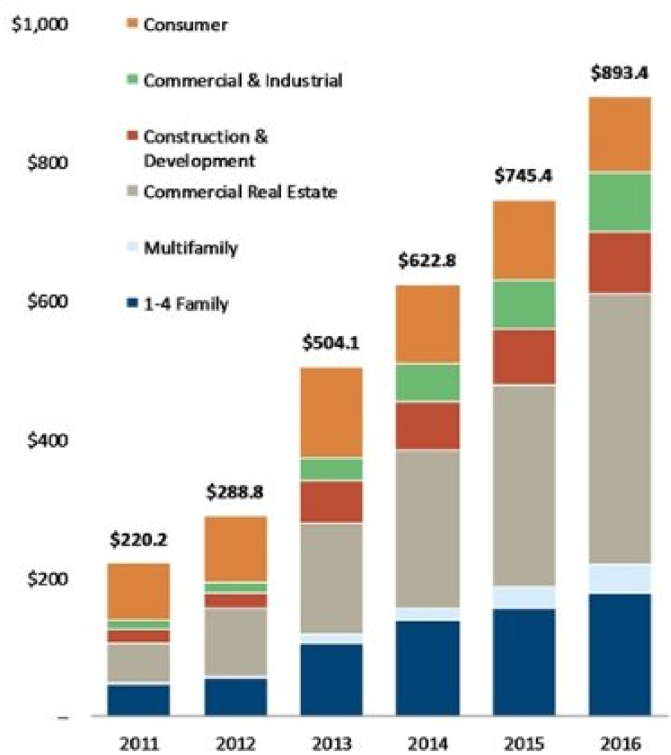
- Focus the organization on Business Banking and Commercial Lending
  - Business Banking strategy requires fewer branches and branches of a smaller size
  - Further develop the Treasury Management function to attract business noninterest-bearing deposits versus CDs
    - Less reliance on CDs would drive down interest expense and save on marketing costs related to sourcing CDs
  - A more automated platform can be achieved, reducing staffing needs
- Exit lines of business that do not provide the proper return for the level of compliance risk and monitoring costs
  - Discontinued most consumer product lending by end of 2016
- Continue to grow the franchise organically and through acquisitions into a regional bank

Business Lending Portfolio[1]



Loan growth by segment[2]



Note: Dollars in millions
(1) Business lending portfolio includes owner-occupied CRE and C&I loans as of December 31, 2016
(2) Excludes loans held for sale

Opportunistic Acquisitions Completed

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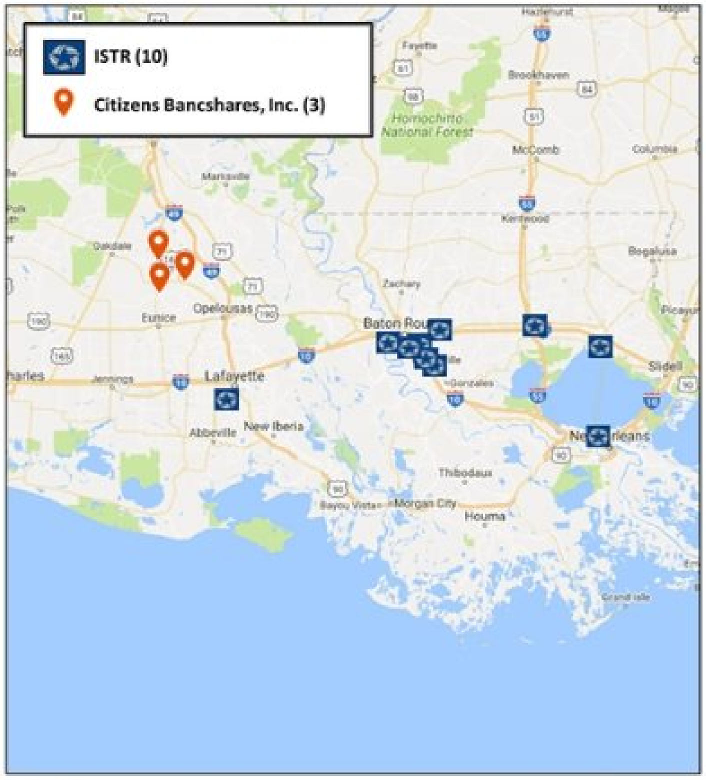
Branch map



Whole bank acquisitions

- Two whole bank transactions completed since 2011
- Processes and infrastructure established to analyze selective opportunities going forward

South Louisiana Business Bank

- Announced: June 2011
- Closed: October 2011
- 1 Branch in Prairieville, LA
- $31.5 million in gross loans and $38.6 million in deposits[1]

Rationale:

- Entered Ascension Parish with 3.4% deposit market share
- Capital accretive
- Management talent

First Community Bank

- Announced: January 2013
- Closed: May 2013
- 2 Branches – Hammond and Mandeville, LA
- $77.5 million in gross loans and $86.5 million in deposits[1]

Rationale:

- Recorded bargain purchase gain
- Initial entrance into Hammond market plus another location in the New Orleans MSA

(1) Based on fair values at time of closing

Recently Announced Acquisition of Citizens Bancshares, Inc.

INVESTAR

Transaction overview

- ISTR announced the acquisition of Citizens Bancshares, Inc., a $245 million asset bank headquartered in Louisiana, on March 8, 2017
  - Citizens is a historically profitable institution, with LTM ROAA of approximately 0.90%
  - Citizens offers ISTR an attractive deposit base, with noninterest-bearing deposits of approximately 20% of total deposits and cost of funds of 0.50%
  - Clean asset quality, with NPAs / Assets of 0.58%
- Deal value equal to $45.8 million (100% cash consideration)
  - 128% of tangible book value at announcement
- Expected closing third quarter of 2017

Citizens historical financial highlights

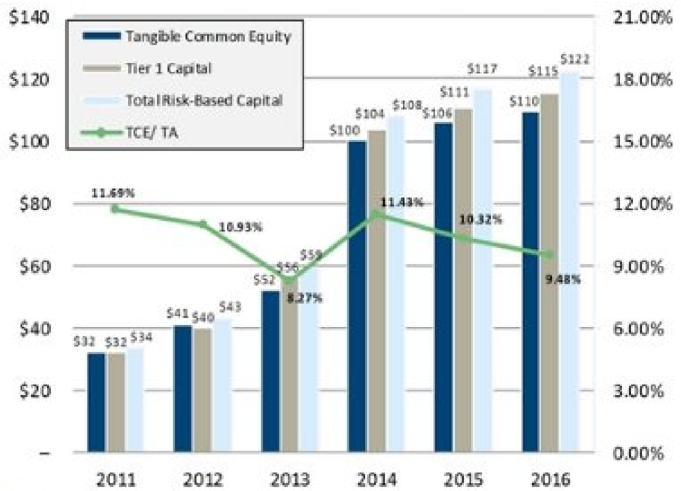
	For the Year Ended		
	2014	2015	2016
Balance Sheet			
Total Assets	$247	$247	$245
Net Loans	124	126	127
Deposits	213	212	208
Noninterest-Bearing Deposits	20%	20%	20%
Gross Loans / Deposits	59%	61%	62%
Capital			
Total Equity	$32	$34	$36
TCE / TA	13.00%	13.66%	14.51%
Total Capital Ratio	30.80%	31.83%	33.63%
Earnings & Profitability			
Net Income	$2.3	$2.2	$2.2
ROAA	0.92%	0.88%	0.87%
Net Interest Margin	3.08%	2.99%	3.09%
Efficiency Ratio	58.9%	59.8%	61.3%
Asset Quality			
NPAs / Assets	0.27%	0.37%	0.58%
Reserves / Loans	1.53%	1.50%	1.49%
NCOs / Average Loans	0.00%	0.00%	0.01%

Note: Dollars in millions; bank level regulatory data shown for Citizens as of December 31, 2016

Historical Capital Position

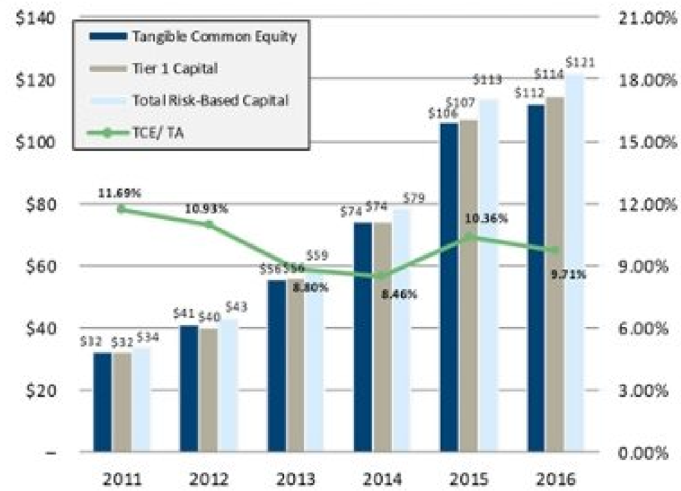
Consolidated

	December 31, 2016
Tangible Common Equity / Tangible Assets	9.48%
Leverage Ratio	10.10%
Common Equity Tier 1 Ratio	11.40%
Tier 1 Ratio	11.75%
Total Risk-Based Ratio	12.47%



Bank

	December 31, 2016
Tangible Common Equity / Tangible Assets	9.71%
Leverage Ratio	10.03%
Common Equity Tier 1 Ratio	11.67%
Tier 1 Ratio	11.67%
Total Risk-Based Ratio	12.39%



Note: Dollars in millions

Pro Forma Capitalization – Holding Company

INVESTAR

Pro Forma for Citizens Merger, Common Equity Offering, and Subordinated Debt Offering

$ in thousands			Pro Forma for		
	Investar 12/31/2016	Citizens 12/31/2016	Common Equity	Subordinated Debt	Common Equity and Sub Debt
Balance Sheet					
Total assets	$1,158,960	$245,203	$1,394,746	$1,381,663	$1,409,763
Loans, net	886,375	126,849	1,015,276	1,015,276	1,015,276
Total deposits	907,787	208,442	1,116,177	1,116,177	1,116,177
Borrowings	126,499	–	126,499	141,517	141,517
Stockholders' equity	112,757	35,678	139,070	110,970	139,070
Capital Ratios					
Tier 1 leverage ratio	10.10%	14.46%	9.68%	7.70%	9.58%
Tier 1 risk-based capital ratio	11.75%	32.38%	12.19%	9.63%	12.16%
Total 1 risk-based capital ratio	12.47%	33.63%	12.84%	11.71%	14.22%
Common equity tier 1 capital ratio	11.40%	32.38%	11.87%	9.31%	11.84%

Note: Citizens merger adjustments include estimated cash consideration paid of $45.8 million and estimates of other purchase accounting adjustments, including goodwill of approximately $8.0 million; assumes risk weighting on net proceeds from $30.0 million common equity raise and $15.5 million subordinated debt raise equal to 20.0%; principal amount of subordinated debt qualifies as Tier 2 capital. Capital ratios for Citizens are bank-only.

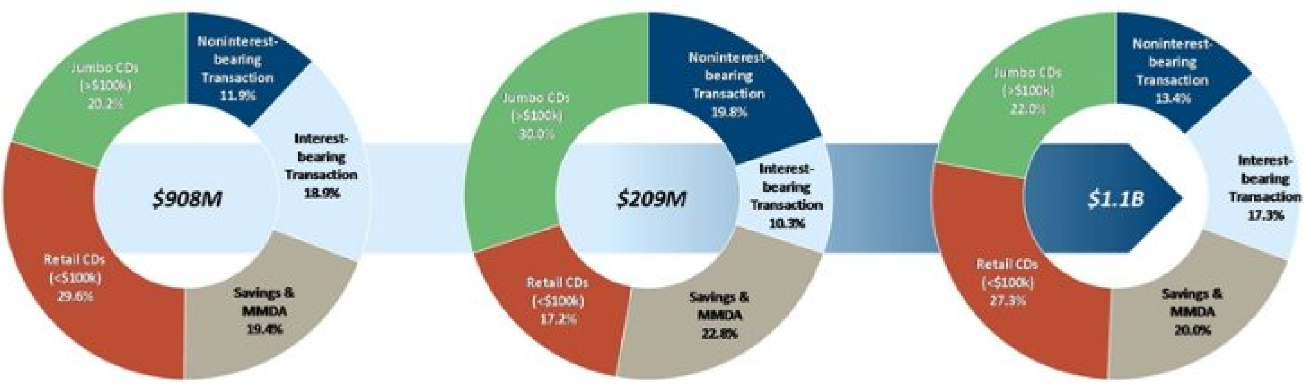
Pro Forma Deposit Composition

(Dollar values in thousands)

Investar Holding Corporation		
Deposit Type	Balance	% Total
Noninterest-bearing Transaction	$108,404	11.9%
Interest-bearing Transaction	171,556	18.9%
Savings & MMDA	175,939	19.4%
Retail CDs (<$100k)	268,875	29.6%
Jumbo CDs (>$100k)	183,013	20.2%
Total	**$907,787**	**100.0%**

Citizens Bancshares, Inc.		
Deposit Type	Balance	% Total
Noninterest-bearing Transaction	$41,238	19.8%
Interest-bearing Transaction	21,426	10.3%
Savings & MMDA	47,504	22.8%
Retail CDs (<$100k)	35,876	17.2%
Jumbo CDs (>$100k)	62,626	30.0%
Total	**$208,670**	**100.0%**

Pro Forma Company		
Deposit Type	Balance	% Total
Noninterest-bearing Transaction	$149,642	13.4%
Interest-bearing Transaction	192,982	17.3%
Savings & MMDA	223,443	20.0%
Retail CDs (<$100k)	304,751	27.3%
Jumbo CDs (>$100k)	245,639	22.0%
Total	**$1,116,457**	**100.0%**



Cost of Deposits: 0.87%

Cost of Deposits: 0.50%

Pro Forma Cost of Deposits: 0.80%

Source: SNL Financial; data as of December 31, 2016; bank level data shown for Citizens

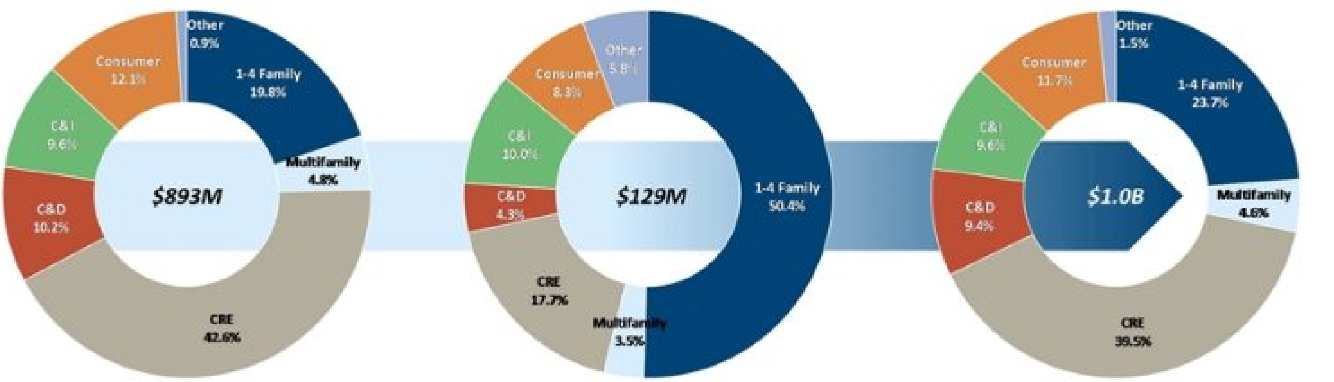
Pro Forma Loan Composition

(Dollar values in thousands)

Investar Holding Corporation		
Loan Type	Balance	% Total
1-4 Family	$177,205	19.8%
Multifamily	42,759	4.8%
Commercial Real Estate	380,716	42.6%
Construction & Development	90,737	10.2%
Commercial & Industrial	85,377	9.6%
Consumer	108,425	12.1%
Other	8,207	0.9%
Total	**$893,426**	**100.0%**

Citizens Bancshares, Inc.		
Loan Type	Balance	% Total
1-4 Family	$64,915	50.4%
Multifamily	4,505	3.5%
Commercial Real Estate	22,838	17.7%
Construction & Development	5,531	4.3%
Commercial & Industrial	12,814	10.0%
Consumer	10,673	8.3%
Other	7,488	5.8%
Total	**$128,764**	**100.0%**

Pro Forma Company		
Loan Type	Balance	% Total
1-4 Family	$242,120	23.7%
Multifamily	47,264	4.6%
Commercial Real Estate	403,554	39.5%
Construction & Development	96,268	9.4%
Commercial & Industrial	98,191	9.6%
Consumer	119,098	11.7%
Other	15,695	1.5%
Total	**$1,022,190**	**100.0%**



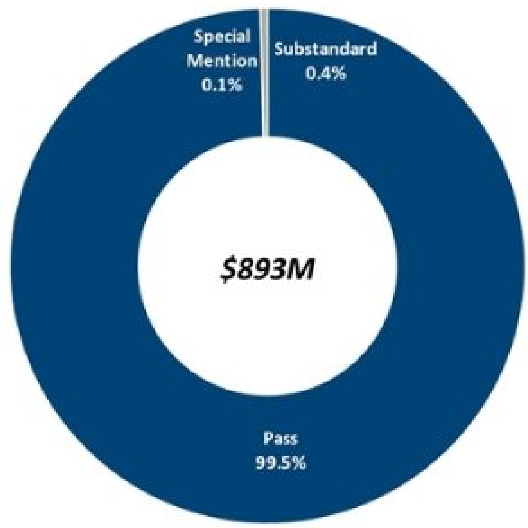
Yield on Loans: 4.50%	Yield on Loans: 5.58%	Pro Forma Yield on Loans: 4.64%

Source: SNL Financial; data as of December 31, 2016; bank level data shown for Citizens

ISTR Loan Credit Portfolio Summary

INVESTAR

	Pass	Special Mention	Substandard	Total
Commercial Real Estate	$380,716	–	–	$380,716
1-4 Family	177,091	20	94	177,205
Consumer	106,916	501	1,008	108,426
Construction and Development	90,238	–	499	90,737
Commercial and Industrial	83,215	59	2,103	85,377
Multifamily	42,759	–	–	42,759
Farmland	8,207	–	–	8,207
Total	**$889,142**	**$580**	**$3,704**	**$893,426**

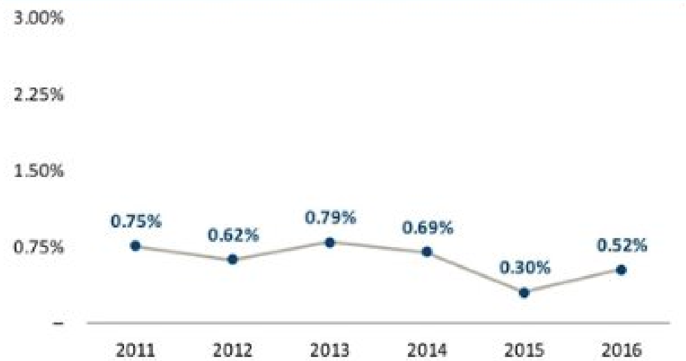


- No special mention or substandard loans with exposure to the energy industry

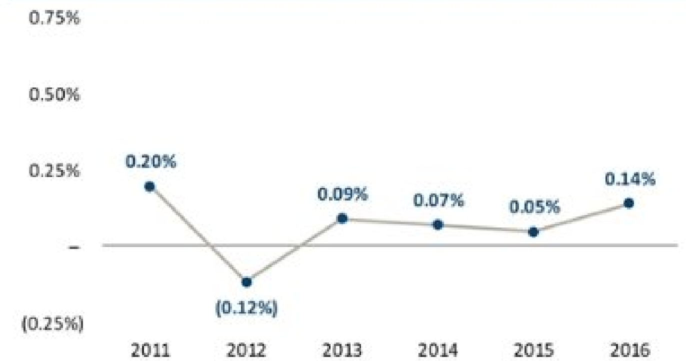
Note: Financial data as of December 31, 2016

Asset Quality Trends

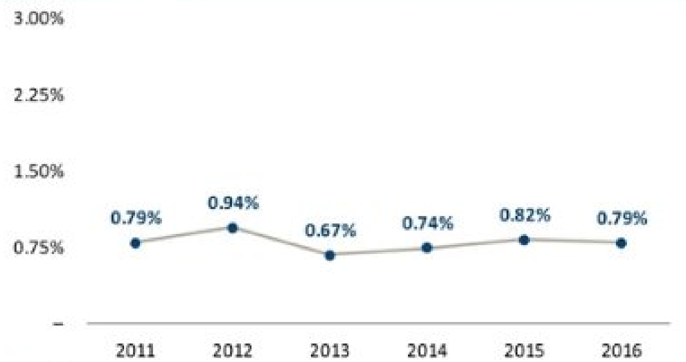
NPAs / Assets



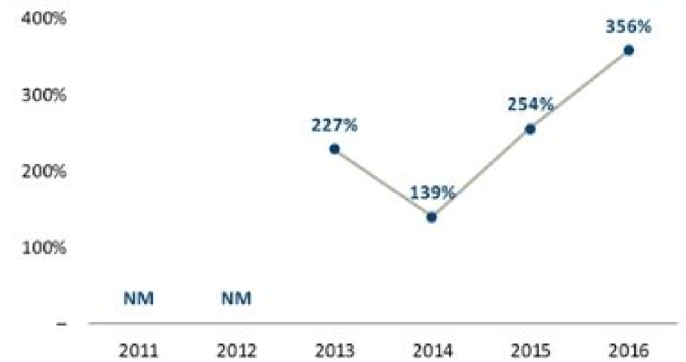
NCOs / Average Loans



Reserves / Loans



Reserves / NPLs



Investment Opportunity

INVESTAR

1 Management

- Legacy team with proven industry expertise tied to the Southern Louisiana region
- Continue to add experienced bankers in new and existing markets

2 Market

- Southern Louisiana focus with complementary new market expansion

3 Growth

- Leverage existing infrastructure in core markets
- Limited de novo branching
- Opportunistic, disciplined acquisition strategy
- Focus on relationship banking

4 Asset Quality

- Loan portfolio diversity
- Disciplined credit philosophy – legacy delinquencies less than 1%

5 Profitability

- Expected to increase as investment in infrastructure has already been made

Non-GAAP Reconciliation

	For the Year Ended December 31,					
	2011	2012	2013	2014	2015	2016
Tangible common equity						
Total stockholders' equity	$35,166	$43,553	$55,483	$103,384	$109,350	$112,757
Less: Goodwill	2,684	2,684	2,684	2,684	2,684	2,684
Less: Core deposit intangible	155	145	573	532	491	450
Less: Trademark intangible	–	–	–	–	–	100
Tangible common equity	$32,327	$40,724	$52,226	$100,168	$106,175	$109,523
Tangible assets						
Total assets	$279,330	$375,446	$634,946	$879,354	$1,031,555	$1,158,960
Less: Goodwill	2,684	2,684	2,684	2,684	2,684	2,684
Less: Core deposit intangible	155	145	573	532	491	450
Less: Trademark intangible	–	–	–	–	–	100
Tangible assets	$276,491	$372,617	$631,689	$876,138	$1,028,380	$1,155,726
Tangible common equity / tangible assets	11.69%	10.93%	8.27%	11.43%	10.32%	9.48%

INVESTAR™

NASDAQ: ISTR
Investor Presentation
Subordinated Notes Offering

John J. D'Angelo – President & Chief Executive Officer
Christopher L. Hufft – Chief Financial Officer
Travis M. Lavergne – Chief Credit Officer

Disclaimer

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This presentation contains forward-looking statements. Any statements about our expectations, beliefs, plans, predictions, forecasts, objectives, assumptions or future events or performance are not historical facts and may be forward-looking. You can identify forward-looking statements by the use of forward-looking terminology such as "believes," "expects," "could," "may," "will," "should," "seeks," "likely," "intends," "plans," "pro forma," "projects," "estimates" or "anticipates" or the negative of these words and phrases or similar words or phrases that are predictions of or indicate future events or trends and that do not relate solely to historical matters. You can also identify forward-looking statements by discussions of strategy, plans or intentions. Forward-looking statements involve numerous risks and uncertainties and you should not rely on them as predictions of future events. Forward-looking statements depend on assumptions, data or methods that may be incorrect or imprecise and we may not be able to realize them. We do not guarantee that the transactions and events described will happen as described (or that they will happen at all).

While forward-looking statements reflect our good-faith beliefs, they are not guarantees of future performance. We disclaim any obligation to publicly update or revise any forward-looking statement to reflect changes in underlying assumptions or factors of new information, data or methods, future events or other changes except as required by applicable law. All forward-looking statements are necessarily only estimates of future results. Accordingly, actual results may differ materially from those expressed in or contemplated by the particular forward-looking statement, and, therefore, you are cautioned not to place undue reliance on such statements. Any forward-looking statement is qualified in its entirety by reference to the matters discussed in this presentation. Further, any forward-looking statement speaks only as of the date on which it is made, and we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events or circumstances, except as required by applicable law.

Certain information contained in this presentation and statements made orally during this presentation relates to or is based on publications and other data obtained from third-party sources. While we believe these third-party sources to be reliable as of the date of this presentation, we have not independently verified, and make no representation as to the adequacy, fairness, accuracy or completeness of, any information obtained from such third-party sources.

We have filed a registration statements (including prospectuses) with the SEC for the offerings to which this communication relates. Before you invest, you should read the prospectuses in the registration statements and other documents we have filed with the SEC for more complete information about us and these offerings. You may get these documents for free by visiting EDGAR on the SEC website at http://www.sec.gov. Alternatively, any underwriter or any dealer participating in the offering will arrange to send you the prospectus if you request it from Sandler O'Neill + Partners, L.P., 1251 Avenue of the Americas New York, New York 10020, by telephone at (866) 805-4128.

This presentation includes certain non-GAAP financial measures intended to supplement, not substitute for, comparable GAAP measures. Reconciliations of certain non-GAAP financial measures to GAAP financial measures are provided throughout the presentation. Numbers in this presentation may not sum due to rounding.

The pro forma financial data included in this presentation is presented for illustrative purposes only and does not necessarily indicate the financial results of the combined companies had the companies actually been combined as of the periods presented. The pro forma financial data also does not consider any potential impacts of current market conditions on revenues, potential revenue enhancements, anticipated cost savings and expense efficiencies or asset dispositions, among other factors. Additionally, the adjustments made in the pro forma financial data are preliminary and may be revised.

Terms of Proposed Subordinated Debt Offering

INVESTAR

Issuer	Investar Holding Corporation (NASDAQ: ISTR)
Security	Subordinated Notes
Kroll Bond Rating Agency	BBB-
Structure	Fixed-to-Floating Rate
Size	$15.5 million
Term	10 years
Covenants	Consistent with regulatory requirements for Tier 2 Capital
Use of Proceeds	Funding of a portion of the purchase price of the proposed merger transaction with Citizens, and for general corporate purposes, including investments in our banking subsidiary. If the merger is not consummated, for general corporate purposes, potential strategic acquisitions, and investments in our banking subsidiary
Sole Book-Running Manager	Sandler O'Neill + Partners, L.P.
Concurrent Offering	Concurrently with this offering, the Company is offering $30.0 million of Common Equity

Leadership Team

John J. D'Angelo
President & CEO

- Founding President and Chief Executive Officer
- Prior to founding Investar, Mr. D'Angelo was president and director of Aegis Lending Corporation, a mortgage lending company with operations in 46 states and the District of Columbia
- Previously, Mr. D'Angelo held various senior positions at Hibernia National Bank (the predecessor to Capital One Bank, N.A.), focusing on the East Baton Rouge Parish, Louisiana market
- 2.3% of total beneficial ownership
- New Orleans native; graduate of Louisiana State University

Christopher L. Hufft
Chief Financial Officer

- Joined Investar in February 2014 as Chief Accounting Officer, and assumed the role of Chief Financial Officer in October 2015
- Prior to joining Investar, Mr. Hufft served for 9 years as the Vice President of Accounting at Amedisys, Inc., a publicly-traded home health and hospice company
- Mr. Hufft, a licensed certified public accountant, also spent seven years in public accounting, servicing both public and privately-held clients in the banking, healthcare and manufacturing sectors
- B.S. Accounting – Louisiana State University

Travis M. Lavergne
Chief Credit Officer

- Served as Executive Vice President and Chief Credit Officer since March 2013 and Chief Risk Management Officer since joining in July 2012
- Prior to joining Investar, Mr. Lavergne was a Senior Examiner at the Louisiana Office of Financial Institutions from September 2005 to July 2012
- B.S. Finance – Louisiana State University
- M.B.A. – Southeastern Louisiana University

Investar Snapshot

INVESTAR

Company overview

- Chartered as a de novo commercial bank in June 2006 by John J. D'Angelo, the current President and Chief Executive Officer
- Completed initial public offering of 3.3 million shares in July 2014, generating net proceeds of $41.7 million
- Headquartered in Baton Rouge, LA, ISTR offers a wide range of commercial banking products to meet the needs of small to medium-sized businesses
- ISTR currently operates 10 full service banking offices located throughout its primary markets of Baton Rouge, New Orleans, Lafayette, and Hammond, Louisiana
- ISTR is ranked 17th in the Louisiana market with $867 million of total deposits as of June 30, 2016, and 12th for those headquartered in Louisiana
- Experienced management team that has generated strong organic growth complemented by two successful acquisitions since 2011
- Strong capital position and disciplined credit philosophy
- ISTR had 152 full-time equivalents as of December 31, 2016

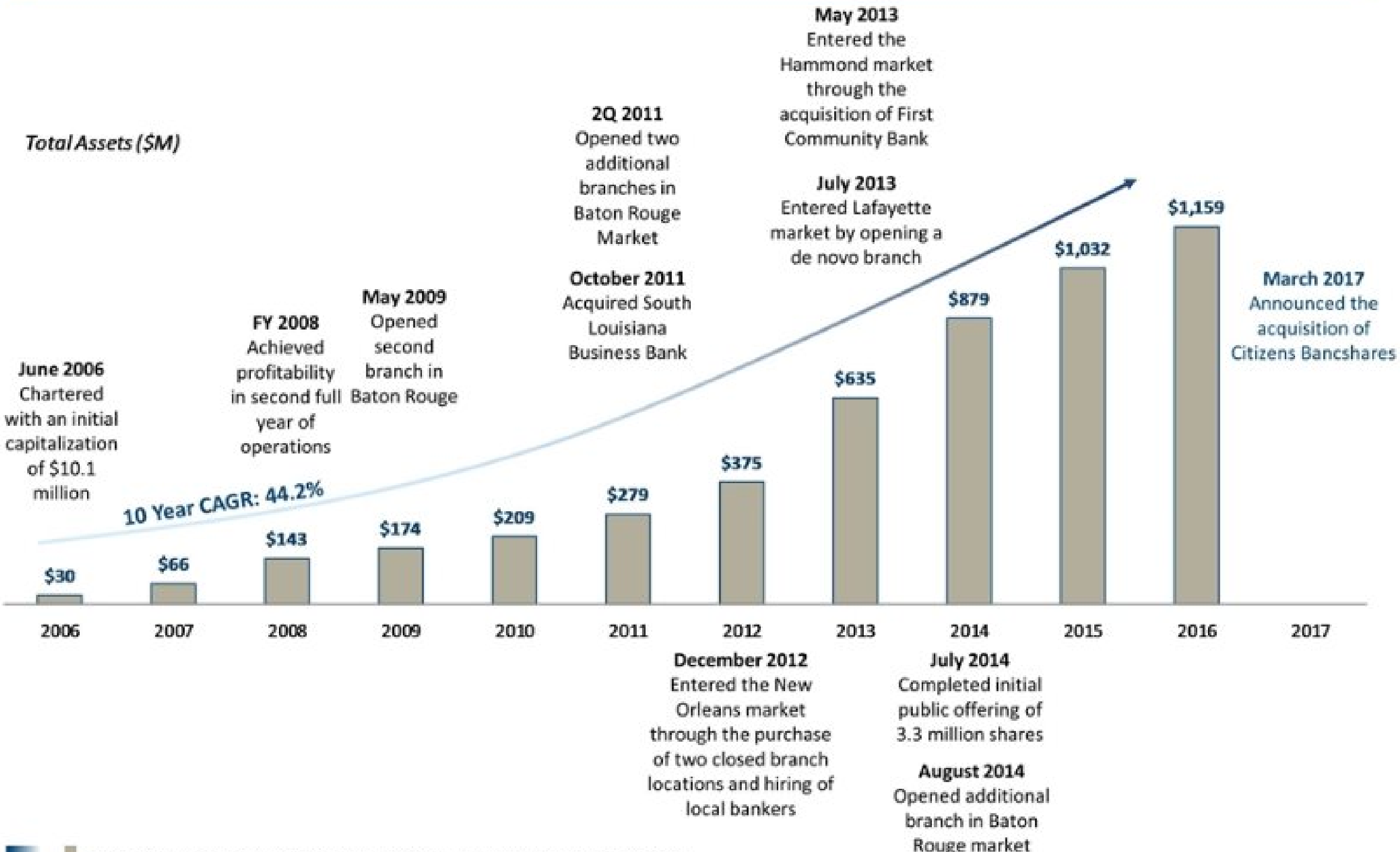
Financial highlights

	As of and for the Year Ended		
	2014	2015	2016
Balance Sheet			
Total Assets	$879	$1,032	$1,159
Gross Loans	$726	$826	$893
Total Deposits	$628	$737	$908
Total Equity	$103	$109	$113
Profitability			
ROAA	0.73%	0.77%	0.71%
Net Interest Margin	3.85%	3.61%	3.32%
Efficiency Ratio[1]	74.90%	68.72%	66.25%
Capital			
TCE / TA	11.43%	10.32%	9.48%
Total Risk-Based Ratio	14.41%	12.72%	12.47%
Asset Quality			
NPAs / Loans & OREO	0.97%	0.42%	0.67%
NCOs / Avg. Loans	0.07%	0.05%	0.14%
NPLs / Loans	0.54%	0.32%	0.22%

Note: Dollars in millions

(1) Efficiency ratio represents noninterest expenses divided by the sum of net interest income (before provision for loan losses) and noninterest income

Investar Timeline



Note: Bank level data shown for 2006 through 2012 (holding company incorporated in 2013)

Accomplishments Since IPO

Since IPO in June 2014, Investar has experienced significant progress :

- **Further Established in Four Key Louisiana Markets**
- **Shifted from Consumer Loans to C&I and CRE Focus**
- **Maintained High Quality Organic Loan Growth**
- **Transitioned from Transactional Banking to Relationship Banking**
- **Announced Largest Acquisition Since Inception**
- **Continued to Add Experienced Bankers in Key Areas**

Attractive Markets

INVESTAR

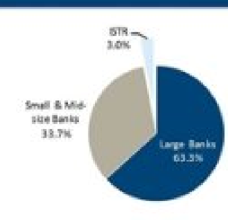
- ***Baton Rouge***
  - Louisiana's second largest market by deposits and the state capital, deemed the major industrial, medical, research, motion picture, and growing technology center of the American South
- ***Hammond***
  - Commercial hub of a large agricultural segment of Louisiana, bedroom community of New Orleans, and home to Southeastern Louisiana University with 5.26% population growth projected from 2017 to 2022
- ***Lafayette***
  - Louisiana's third largest city by population and deposits with 9.56% household income growth projected from 2017 to 2022
- ***New Orleans***
  - Louisiana's largest city by population and deposits and a hub of hospitality, healthcare, universities, and energy

Louisiana Deposit Market Share

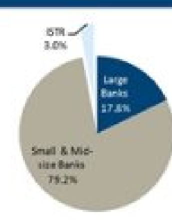
2016 Rank	Institution (ST)	Branches	Deposits ($000)	Market Share (%)
1	Capital One Financial Corp. (VA)	137	18,090,251	17.73
2	JPMorgan Chase & Co. (NY)	149	17,589,216	17.24
3	Hancock Holding Co. (MS)	109	11,230,505	11.01
4	Regions Financial Corp. (AL)	103	7,445,705	7.30
5	IBERIABANK Corp. (LA)	78	6,866,575	6.73
6	First NBC Bank Holding Co. (LA)	34	3,844,113	3.77
7	Origin Bancorp Inc. (LA)	23	1,677,116	1.64
8	Red River Bancshares Inc. (LA)	21	1,411,881	1.38
9	MidSouth Bancorp Inc. (LA)	43	1,306,721	1.28
10	First Guaranty Bancshares Inc. (LA)	21	1,295,643	1.27
11	Gulf Coast B&TC (LA)	19	1,257,757	1.23
--	**Pro Forma - ISTR/ Citizens Bancshares, Inc.**	**13**	**1,080,177**	**1.06**
12	Home Bancorp Inc. (LA)	24	1,078,230	1.06
13	Louisiana Community Bncp Inc. (LA)	25	1,020,091	1.00
14	Bus. First Bancshares Inc. (LA)	16	1,000,026	0.98
15	BancorpSouth Inc. (MS)	23	947,981	0.93
16	CB&T Holding Corp. (LA)	3	920,334	0.90
17	**Investar Holding Corp. (LA)**	**10**	**867,887**	**0.85**
18	Citizens National Bancshares (LA)	12	739,604	0.72
19	One American Corp. (LA)	24	739,212	0.72
20	First Trust Corp. (LA)	11	700,373	0.69
	Total For Institutions In Market	**1,539**	**102,025,406**	

Note: Large banks defined as having over $50 billion in assets
Source: SNL Financial; Deposit data as of June 30, 2016

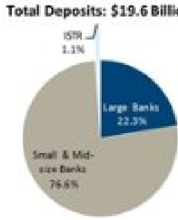
Market Share Opportunity



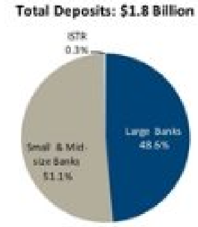
Baton Rouge:
Total Deposits: $19.6 Billion



Hammond:
Total Deposits: $1.8 Billion



Lafayette:
Total Deposits: $10.8 Billion



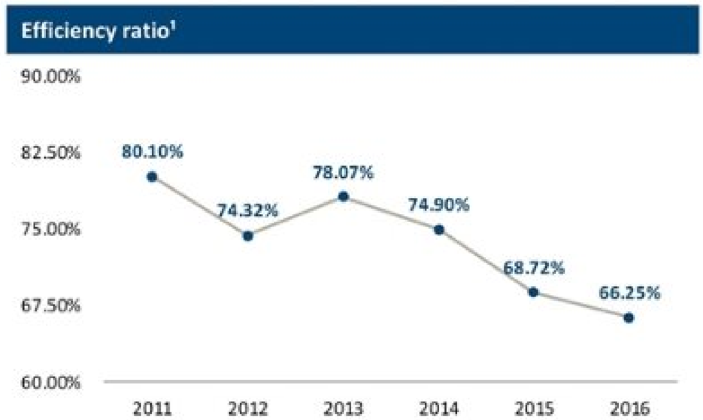
New Orleans:
Total Deposits: $35.7 Billion

Historical Growth

- Substantially all growth has been achieved organically
- 28% growth in business lending portfolio in 2016

Note: Dollars in millions

Financial Performance

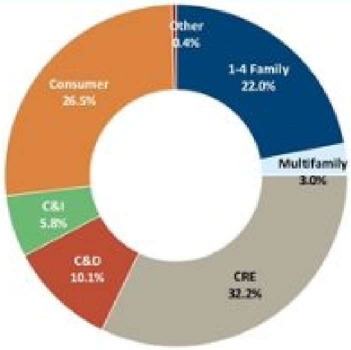


(1) Efficiency ratio represents noninterest expenses divided by the sum of net interest income (before provision for loan losses) and noninterest income

Loan Composition

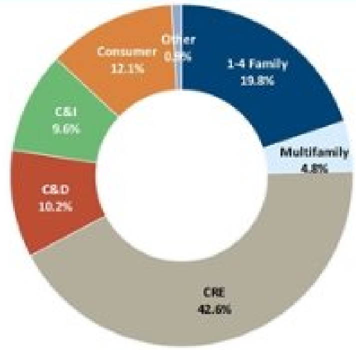
INVESTAR

June 30, 2014 (IPO)



Gross Loans[1]: $596.1 million

December 31, 2016



Gross Loans: $893.4 million

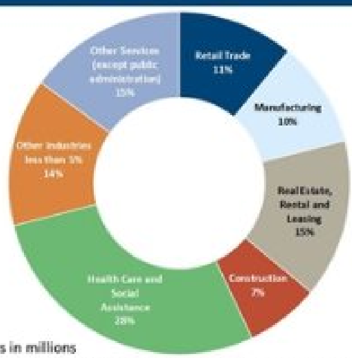
- Since the initial public offering, the Company has transitioned its focus from consumer loans to commercial real estate and commercial and industrial loans
- Company made an affirmative decision to exit the indirect auto loan business in November 2015 and the Company discontinued accepting loan applications at that time
- Yield on loans was 4.50% for the quarter ended December 31, 2016
- **The Company has less than 1% direct exposure to the energy sector in the loan portfolio**

(1) Gross loans includes loans held for sale of $32.1 million; there were no loans held for sale at 12/31/2016

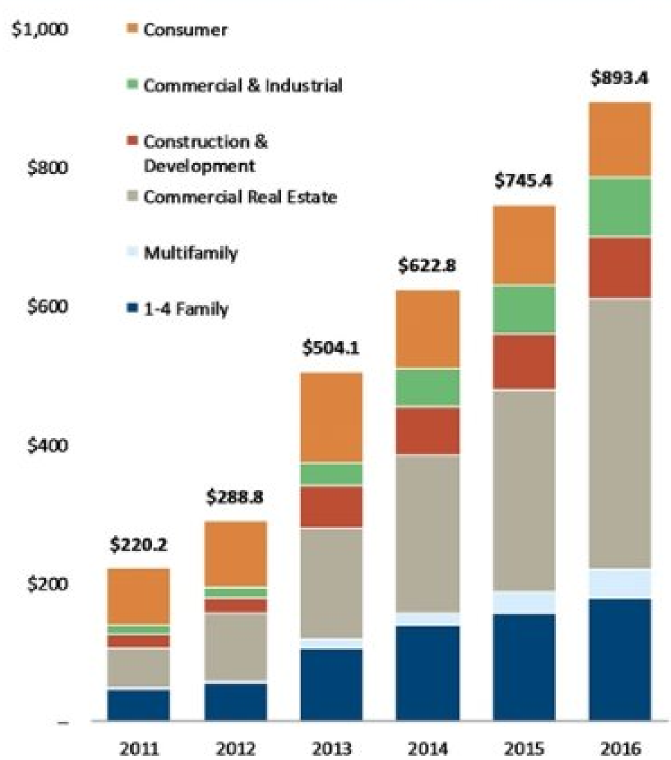
Growth and Profitability Going Forward

- Focus the organization on Business Banking and Commercial Lending
  - Business Banking strategy requires fewer branches and branches of a smaller size
  - Further develop the Treasury Management function to attract business noninterest-bearing deposits versus CDs
    - Less reliance on CDs would drive down interest expense and save on marketing costs related to sourcing CDs
  - A more automated platform can be achieved, reducing staffing needs
- Exit lines of business that do not provide the proper return for the level of compliance risk and monitoring costs
  - Discontinued most consumer product lending by end of 2016
- Continue to grow the franchise organically and through acquisitions into a regional bank

Business Lending Portfolio[1]



Loan growth by segment[2]



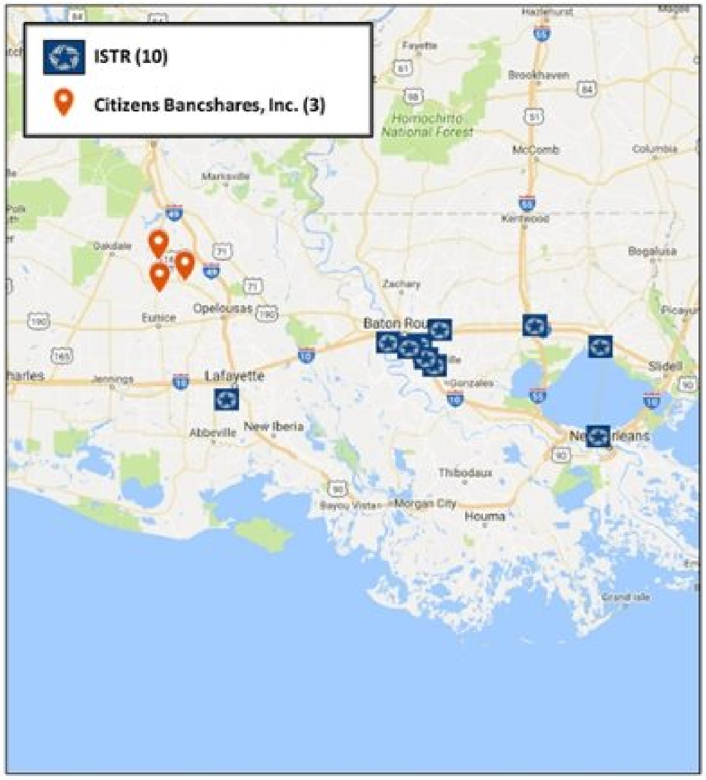
Note: Dollars in millions

(1) Business lending portfolio includes owner-occupied CRE and C&I loans as of December 31, 2016

(2) Excludes loans held for sale

Opportunistic Acquisitions Completed

Branch map



Whole bank acquisitions

- Two whole bank transactions completed since 2011
- Processes and infrastructure established to analyze selective opportunities going forward

South Louisiana Business Bank

- Announced: June 2011
- Closed: October 2011
- 1 Branch in Prairieville, LA
- $31.5 million in gross loans and $38.6 million in deposits[1]

Rationale:

- Entered Ascension Parish with 3.4% deposit market share
- Capital accretive
- Management talent

First Community Bank

- Announced: January 2013
- Closed: May 2013
- 2 Branches – Hammond and Mandeville, LA
- $77.5 million in gross loans and $86.5 million in deposits[1]

Rationale:

- Recorded bargain purchase gain
- Initial entrance into Hammond market plus another location in the New Orleans MSA

(1) Based on fair values at time of closing

Recently Announced Acquisition of Citizens Bancshares, Inc.

INVESTAR

Transaction overview

- ISTR announced the acquisition of Citizens Bancshares, Inc., a $245 million asset bank headquartered in Louisiana, on March 8, 2017
  - Citizens is a historically profitable institution, with LTM ROAA of approximately 0.90%
  - Citizens offers ISTR an attractive deposit base, with noninterest-bearing deposits of approximately 20% of total deposits and cost of funds of 0.50%
  - Clean asset quality, with NPAs / Assets of 0.58%
- Deal value equal to $45.8 million (100% cash consideration)
  - 128% of tangible book value at announcement
- Expected closing third quarter of 2017

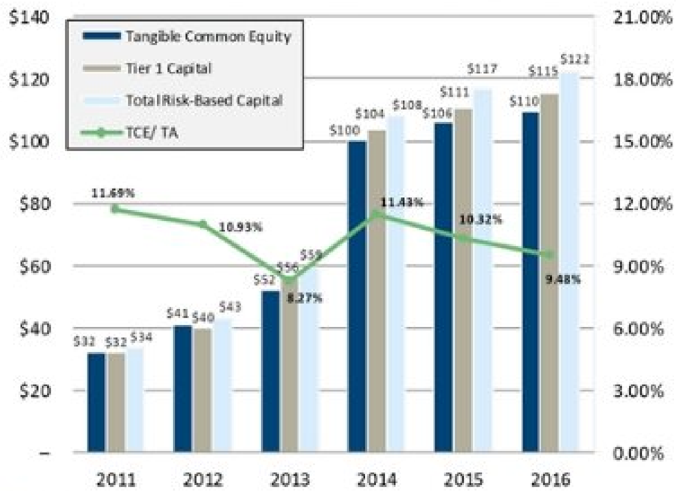
Citizens historical financial highlights

	For the Year Ended		
	2014	2015	2016
Balance Sheet			
Total Assets	$247	$247	$245
Net Loans	124	126	127
Deposits	213	212	208
Noninterest-Bearing Deposits	20%	20%	20%
Gross Loans / Deposits	59%	61%	62%
Capital			
Total Equity	$32	$34	$36
TCE / TA	13.00%	13.66%	14.51%
Total Capital Ratio	30.80%	31.83%	33.63%
Earnings & Profitability			
Net Income	$2.3	$2.2	$2.2
ROAA	0.92%	0.88%	0.87%
Net Interest Margin	3.08%	2.99%	3.09%
Efficiency Ratio	58.9%	59.8%	61.3%
Asset Quality			
NPAs / Assets	0.27%	0.37%	0.58%
Reserves / Loans	1.53%	1.50%	1.49%
NCOs / Average Loans	0.00%	0.00%	0.01%

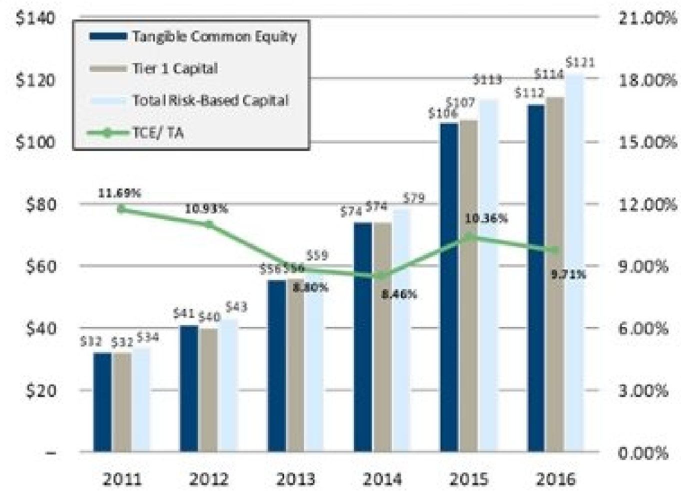
Note: Dollars in millions; bank level regulatory data shown for Citizens as of December 31, 2016

Historical Capital Position

Consolidated	December 31, 2016
Tangible Common Equity / Tangible Assets	9.48%
Leverage Ratio	10.10%
Common Equity Tier 1 Ratio	11.40%
Tier 1 Ratio	11.75%
Total Risk-Based Ratio	12.47%



Bank	December 31, 2016
Tangible Common Equity / Tangible Assets	9.71%
Leverage Ratio	10.03%
Common Equity Tier 1 Ratio	11.67%
Tier 1 Ratio	11.67%
Total Risk-Based Ratio	12.39%



Note: Dollars in millions

Pro Forma Capitalization – Holding Company

INVESTAR

Pro Forma for Citizens Merger, Common Equity Offering, and Subordinated Debt Offering

$ in thousands	Investar 12/31/2016	Citizens 12/31/2016	Pro Forma for Common Equity	Pro Forma for Subordinated Debt	Pro Forma for Common Equity and Sub Debt
Balance Sheet					
Total assets	$1,158,960	$245,203	$1,394,746	$1,381,663	$1,409,763
Loans, net	886,375	126,849	1,015,276	1,015,276	1,015,276
Total deposits	907,787	208,442	1,116,177	1,116,177	1,116,177
Borrowings	126,499	–	126,499	141,517	141,517
Stockholders' equity	112,757	35,678	139,070	110,970	139,070
Capital Ratios					
Tier 1 leverage ratio	10.10%	14.46%	9.68%	7.70%	9.58%
Tier 1 risk-based capital ratio	11.75%	32.38%	12.19%	9.63%	12.16%
Total 1 risk-based capital ratio	12.47%	33.63%	12.84%	11.71%	14.22%
Common equity tier 1 capital ratio	11.40%	32.38%	11.87%	9.31%	11.84%

Note: Citizens merger adjustments include estimated cash consideration paid of $45.8 million and estimates of other purchase accounting adjustments, including goodwill of approximately $8.0 million; assumes risk weighting on net proceeds from $30.0 million common equity raise and $15.5 million subordinated debt raise equal to 20.0%; principal amount of subordinated debt qualifies as Tier 2 capital. Capital ratios for Citizens are bank-only.

Pro Forma Double Leverage and Interest Coverage

INVESTAR

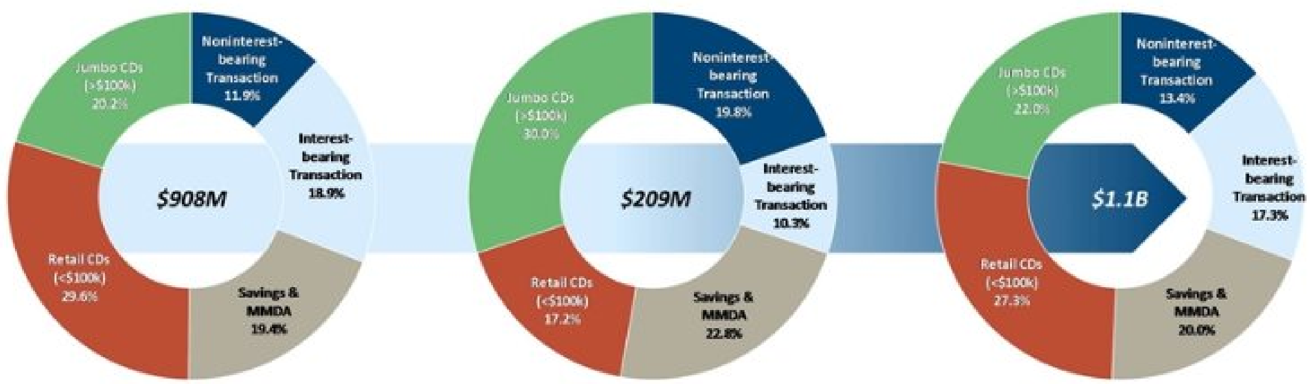
	For the Twelve Months Ended December 31, 2016 ISTR	ISTR Pro Forma for Citizens Acquisition[1]	Common Equity Offering Adjustments[2]	ISTR Pro Forma
Bank Level Common Equity	$115,303	$113,447	$28,100	$141,547
Consolidated Equity	112,757	110,970	28,100	139,070
Double Leverage Ratio	102.3%	102.2%		101.8%
Subordinated Debt Offering Net Proceeds				15,018
Pro Forma Holding Company Investment in Bank[3]				128,819
Double Leverage Ratio (With subordinated debt issuance)				109.9%
Interest Coverage				
Deposit Interest Expense	$7,182	$8,212	-	$8,212
Borrowings Interest Expense	1,231	1,231	-	1,231
Total Interest Expense	$8,413	$9,443	-	$9,443
Pre-Tax Income	11,489	15,730	422	16,151
Interest Coverage (Including deposit expense)	2.4x	2.7x		2.7x
Interest Coverage (Excluding deposit expense)	10.3x	13.8x		14.1x
Subordinated Debt Expense[4]	969	969		969
Pro Forma Interest Coverage (Including deposit expense)	2.1x	2.4x		2.5x
Pro Forma Interest Coverage (Excluding deposit expense)	5.8x	7.7x		7.9x

(1) Includes Citizens' LTM actual financials; deposit interest adjusted for estimated full year amortization of purchase accounting mark; pre-tax income adjusted for estimated full year purchase accounting amortization and assumes 30% cost savings on Citizens' LTM noninterest expense
(2) Assumes completion of $30.0 million gross equity offering, net of estimated offering expenses, invested at 1.50%
(3) Assumes 90% of $15.5 million gross subordinated debt offering, net of estimated offering expenses, offering downstreamed to the bank
(4) Assumes a 6.25% coupon

Pro Forma Deposit Composition

(Dollar values in thousands)

Investar Holding Corporation			Citizens Bancshares, Inc.			Pro Forma Company		
Deposit Type	Balance	% Total	Deposit Type	Balance	% Total	Deposit Type	Balance	% Total
Noninterest-bearing Transaction	$108,404	11.9%	Noninterest-bearing Transaction	$41,238	19.8%	Noninterest-bearing Transaction	$149,642	13.4%
Interest-bearing Transaction	171,556	18.9%	Interest-bearing Transaction	21,426	10.3%	Interest-bearing Transaction	192,982	17.3%
Savings & MMDA	175,939	19.4%	Savings & MMDA	47,504	22.8%	Savings & MMDA	223,443	20.0%
Retail CDs (<$100k)	268,875	29.6%	Retail CDs (<$100k)	35,876	17.2%	Retail CDs (<$100k)	304,751	27.3%
Jumbo CDs (>$100k)	183,013	20.2%	Jumbo CDs (>$100k)	62,626	30.0%	Jumbo CDs (>$100k)	245,639	22.0%
Total	**$907,787**	**100.0%**	**Total**	**$208,670**	**100.0%**	**Total**	**$1,116,457**	**100.0%**



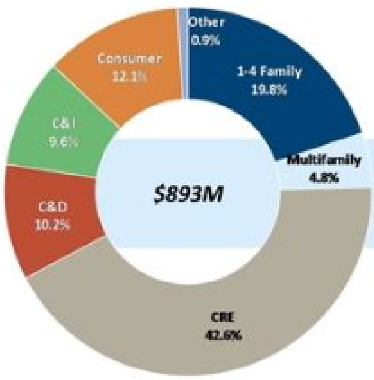
Cost of Deposits: 0.87%	Cost of Deposits: 0.50%	Pro Forma Cost of Deposits: 0.80%

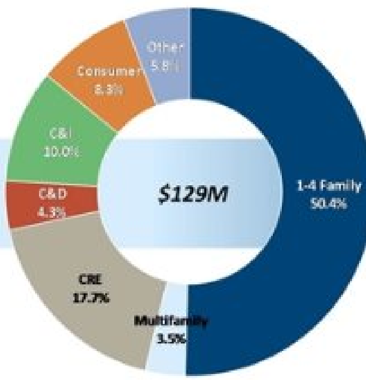
Source: SNL Financial; data as of December 31, 2016; bank level data shown for Citizens

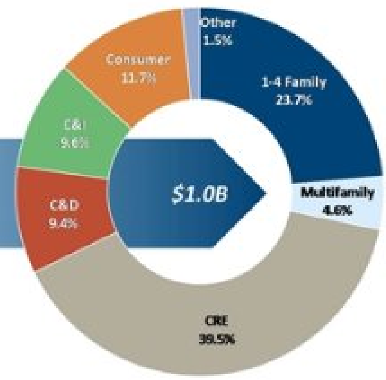
Pro Forma Loan Composition

(Dollar values in thousands)

Investar Holding Corporation			Citizens Bancshares, Inc.			Pro Forma Company		
Loan Type	Balance	% Total	Loan Type	Balance	% Total	Loan Type	Balance	% Total
1-4 Family	$177,205	19.8%	1-4 Family	$64,915	50.4%	1-4 Family	$242,120	23.7%
Multifamily	42,759	4.8%	Multifamily	4,505	3.5%	Multifamily	47,264	4.6%
Commercial Real Estate	380,716	42.6%	Commercial Real Estate	22,838	17.7%	Commercial Real Estate	403,554	39.5%
Construction & Development	90,737	10.2%	Construction & Development	5,531	4.3%	Construction & Development	96,268	9.4%
Commercial & Industrial	85,377	9.6%	Commercial & Industrial	12,814	10.0%	Commercial & Industrial	98,191	9.6%
Consumer	108,425	12.1%	Consumer	10,673	8.3%	Consumer	119,098	11.7%
Other	8,207	0.9%	Other	7,488	5.8%	Other	15,695	1.5%
Total	**$893,426**	**100.0%**	**Total**	**$128,764**	**100.0%**	**Total**	**$1,022,190**	**100.0%**





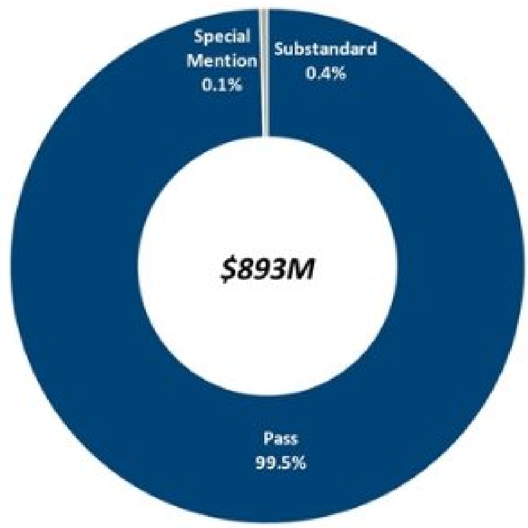


Yield on Loans: 4.50%	Yield on Loans: 5.58%	Pro Forma Yield on Loans: 4.64%

Source: SNL Financial; data as of December 31, 2016; bank level data shown for Citizens

ISTR Loan Credit Portfolio Summary

	Pass	Special Mention	Substandard	Total
Commercial Real Estate	$380,716	–	–	$380,716
1-4 Family	177,091	20	94	177,205
Consumer	106,916	501	1,008	108,426
Construction and Development	90,238	–	499	90,737
Commercial and Industrial	83,215	59	2,103	85,377
Multifamily	42,759	–	–	42,759
Farmland	8,207	–	–	8,207
Total	**$889,142**	**$580**	**$3,704**	**$893,426**



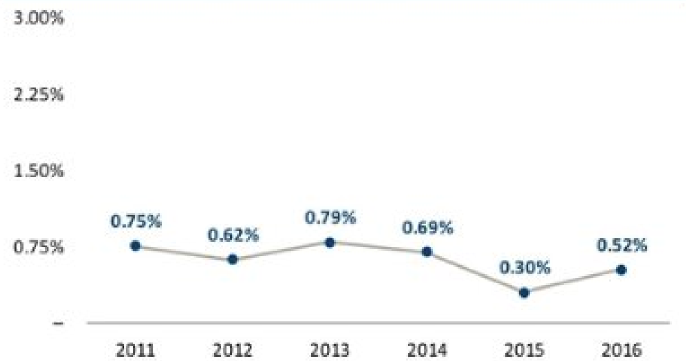
- No special mention or substandard loans with exposure to the energy industry

Note: Financial data as of December 31, 2016

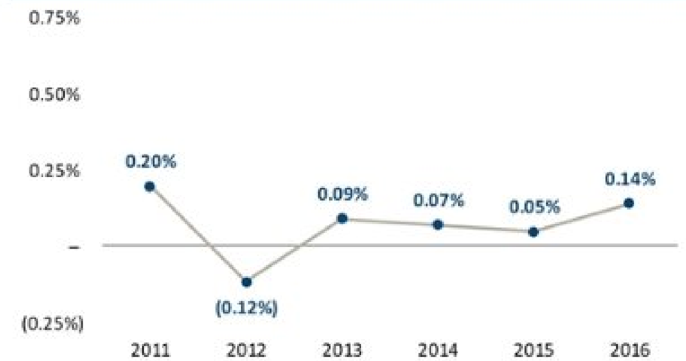
Asset Quality Trends

INVESTAR

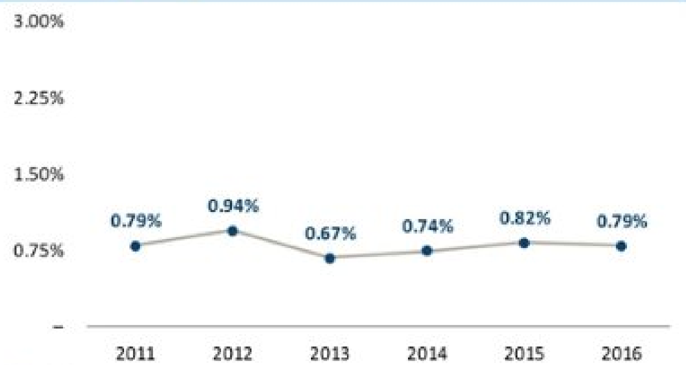
NPAs / Assets



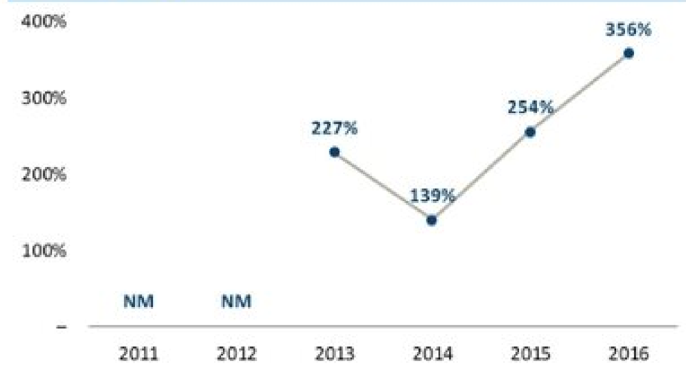
NCOs / Average Loans



Reserves / Loans



Reserves / NPLs



Investment Opportunity

INVESTAR

1 Management

- Legacy team with proven industry expertise tied to the Southern Louisiana region
- Continue to add experienced bankers in new and existing markets

2 Market

- Southern Louisiana focus with complementary new market expansion

3 Growth

- Leverage existing infrastructure in core markets
- Limited de novo branching
- Opportunistic, disciplined acquisition strategy
- Focus on relationship banking

4 Asset Quality

- Loan portfolio diversity
- Disciplined credit philosophy – legacy delinquencies less than 1%

5 Profitability

- Expected to increase as investment in infrastructure has already been made

Non-GAAP Reconciliation

	For the Year Ended December 31,					
	2011	2012	2013	2014	2015	2016
Tangible common equity						
Total stockholders' equity	$35,166	$43,553	$55,483	$103,384	$109,350	$112,757
Less: Goodwill	2,684	2,684	2,684	2,684	2,684	2,684
Less: Core deposit intangible	155	145	573	532	491	450
Less: Trademark intangible	–	–	–	–	–	100
Tangible common equity	$32,327	$40,724	$52,226	$100,168	$106,175	$109,523
Tangible assets						
Total assets	$279,330	$375,446	$634,946	$879,354	$1,031,555	$1,158,960
Less: Goodwill	2,684	2,684	2,684	2,684	2,684	2,684
Less: Core deposit intangible	155	145	573	532	491	450
Less: Trademark intangible	–	–	–	–	–	100
Tangible assets	$276,491	$372,617	$631,689	$876,138	$1,028,380	$1,155,726
Tangible common equity / tangible assets	11.69%	10.93%	8.27%	11.43%	10.32%	9.48%

Exhibit 99.4

Citizens Bancshares, Inc.
Ville Platte, Louisiana

Consolidated Financial Statements
and Independent Auditor's Report

December 31, 2016 and 2015

C O N T E N T S

2322 Tremont Drive • Baton Rouge, LA 70809
178 Del Orleans Avenue, Suite C • Denham Springs, LA 70726
650 Poydras Street, Suite 1200 • New Orleans, LA 70130
Phone: 225.928.4770 • Fax: 225.926.0945
www.htbcpa.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Audit Committee of
Citizens Bancshares, Inc.

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Citizens Bancshares, Inc. and its subsidiary, which comprise the consolidated balance sheets as of December 31, 2016 and 2015, and the related consolidated statements of comprehensive income, shareholders' equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the 2016 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Citizens Bancshares, Inc. and its subsidiary as of December 31, 2016, and the results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The consolidated financial statements as of December 31, 2015 were audited by Roy Chenevert, CPA, whose firm was acquired by Hannis T. Bourgeois, LLP as of September 1, 2016, and whose report dated February 29, 2016 expressed an unmodified opinion on those statements.

/s/ Hannis T. Bourgeois, LLP

Baton Rouge, Louisiana
February 17, 2017

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CITIZENS BANCSHARES, INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2016 AND 2015
(In thousands of dollars)

	2016	2015
Assets		
Cash and due from banks	$ 4,440	$ 4,645
Federal funds sold	1,000	1,000
Federal Reserve Bank excess balance account	21,650	16,150
Cash and cash equivalents	27,090	21,795
Interest-bearing deposits with banks	10,172	9,930
Securities available for sale, at fair values	76,197	83,904
Securities held to maturity, fair values of $20 in 2015	—	20
Loans receivable, net of allowance for loan losses of $1,915 in 2016 and $1,923 in 2015	126,849	126,400
Accrued interest receivable	761	768
Premises and equipment	2,004	2,182
Foreclosed real estate	89	—
Deferred tax asset	673	571
Other assets	1,368	1,323
Total assets	$245,203	$246,893
Liabilities and Shareholders' Equity		
Liabilities		
Demand deposits	$ 41,011	$ 42,431
Savings, NOW, and money-market deposits	68,929	66,140
Time deposits $250,000 and more	16,444	20,336
Other time deposits	82,058	83,057
Total deposits	208,442	211,964
Accrued interest payable	140	145
Accrued expenses and other liabilities	943	794
Total liabilities	209,525	212,903
Shareholders' equity		
Common stock, $5 par value, 300,000 shares authorized; 109,255 shares issued and outstanding	546	546
Additional paid-in capital	784	784
Retained earnings	34,344	32,514
Accumulated other comprehensive income	4	146
Total shareholders' equity	35,678	33,990
Total liabilities and shareholders' equity	$245,203	$246,893

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

CITIZENS BANCSHARES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2016 AND 2015
(In thousands of dollars, except per share amounts)

	2016	2015
Interest income		
Loans receivable	$ 7,119	$ 7,036
Taxable securities	955	982
Tax-exempt securities	172	189
Federal funds sold	4	2
Deposits with banks	211	134
Total interest income	8,461	8,343
Interest expense		
Deposits		
Savings, NOW, and money-market deposits	222	204
Time deposits	791	822
Total interest expense	1,013	1,026
Net interest income	7,448	7,317
Provision for loan losses	—	—
Net interest income after provision for loan losses	7,448	7,317
Noninterest income		
Service charges	828	878
Insurance commissions	35	54
Other income	48	62
Total noninterest income	911	994
Noninterest expense		
Salaries and employee benefits	3,308	3,248
Occupancy and equipment expense	504	501
Data processing expense	138	141
Director fees	177	171
Other expense	1,056	968
Total noninterest expense	5,183	5,029
Income before income taxes	3,176	3,282
Income tax expense	1,018	1,047
Net income	2,158	2,235
Other comprehensive income		
Unrealized holding (loss) on securities arising during the year, net of taxes of $(73) in 2016 and $(56) in 2015	(142)	(109)
Comprehensive income	$ 2,016	$ 2,126
Net income per share of common stock	$ 19.75	$ 20.46
Average shares outstanding	109,255	109,255

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

CITIZENS BANCSHARES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 2016 AND 2015
(In thousands of dollars)

	Common Stock	Additional Paid-in Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income	Total Shareholders' Equity
Balance at December 31, 2014	$ 575	$ 825	$31,268	$ (742)	$ 255	$ 32,181
Net income for 2015	—	—	2,235	—	—	2,235
Other comprehensive (loss) for 2015	—	—	—	—	(109)	(109)
Cash dividends - $2.90 per share	—	—	(317)	—	—	(317)
Reclassification of Treasury Stock for change in Louisiana Law	(29)	(41)	(672)	742	—	—
Balance at December 31, 2015	546	784	32,514	—	146	33,990
Net income for 2016	—	—	2,158	—	—	2,158
Other comprehensive (loss) for 2016	—	—	—	—	(142)	(142)
Cash dividends - $3.00 per share	—	—	(328)	—	—	(328)
Balance at December 31, 2016	$ 546	$ 784	$34,344	$ —	$ 4	$ 35,678

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

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CITIZENS BANCSHARES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(In thousands of dollars)

	2016	2015
Cash flows from operating activities		
Net income	$ 2,158	$ 2,235
Adjustments to reconcile net income to net cash provided by operating activities:		
Deferred income tax (benefit) expense	(29)	2
Provision for loan losses	—	—
Depreciation and amortization	154	147
Foreclosed real estate and other losses	—	17
Net amortization of securities	194	220
(Increase) decrease in accrued interest receivable	7	(46)
(Increase) in other assets	(45)	(10)
(Decrease) in accrued interest payable	(5)	(3)
Increase (decrease) in accrued expenses and other liabilities	149	(39)
Other	58	—
Net cash provided by operating activities	2,641	2,523
Cash flows from investing activities		
Net (increase) in interest-bearing deposits with other banks	(242)	(395)
Purchases of securities available for sale	(15,395)	(30,125)
Maturities, prepayments and calls of securities available for sale	22,693	17,805
Maturities, prepayments and calls of securities held to maturity	20	20
Net (increase) in loans	(662)	(2,217)
Sales of foreclosed real estate	124	25
Purchases of premises and equipment	(34)	(245)
Net cash provided (used) by investing activities	6,504	(15,132)
Cash flows from financing activities		
Net (decrease) in deposits	(3,522)	(1,473)
Dividends paid	(328)	(317)
Net cash (used) by financing activities	(3,850)	(1,790)
Net increase (decrease) in cash and cash equivalents	5,295	(14,399)
Cash and cash equivalents at beginning of year	21,795	36,194
Cash and cash equivalents at end of year	$ 27,090	$ 21,795
Interest paid	$ 1,018	$ 1,029
Income taxes paid	$ 997	$ 1,074
Foreclosed real estate acquired in satisfaction of loans	$ 213	$ 25

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

CITIZENS BANCSHARES, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

(1) Summary of Significant Accounting Policies

The accounting and reporting policies of Citizens Bancshares, Inc. (the “Company”) and its subsidiary are based on generally accepted accounting principles and conform to predominant banking industry practices. Citizens Bank, Ville Platte, Louisiana (the “Bank”) is wholly owned by the Company.

(a) *Principles of consolidation* - The consolidated financial statements of the Company include the accounts of the Company and its subsidiary. All material intercompany transactions and accounts have been eliminated.

(b) *Nature of operations* - The Bank provides a variety of financial services to individual and business customers through its three offices in Evangeline Parish, Louisiana, which is primarily an agricultural area. The Bank’s primary deposit products are checking and savings accounts and certificates of deposit. Its primary lending products are commercial, agricultural, real estate and consumer loans.

(c) *Use of estimates* - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Material estimates that are particularly susceptible to significant change relate to the determination of the allowance for losses on loans and the valuation of real estate acquired in connection with foreclosures or in satisfaction of loans. In connection with the determination of the allowances for losses on loans and foreclosed real estate, management obtains independent appraisals for significant properties. While management uses available information to recognize losses on loans and foreclosed real estate, future additions to the allowances may be necessary based on changes in local economic conditions, which depends heavily on the agricultural industry. In addition, regulatory agencies, as an integral part of their examination process, periodically review the Bank’s allowances for losses on loans and foreclosed real estate. Such agencies may require the Bank to recognize additions to the allowances based on their judgments about information available to them at the time of their examination. Because of these factors, it is reasonably possible that the allowances for losses on loans and foreclosed real estate may change materially in the near term.

(d) *Cash equivalents* - For the purpose of presentation in the consolidated statements of cash flows, the Company considers due from bank accounts, federal funds sold and the Federal Reserve Bank excess balance account to be cash equivalents.

(e) *Securities held to maturity* - Bonds and notes for which the Bank has the positive intent and ability to hold to maturity are reported at cost, adjusted for premiums and discounts that are recognized in interest income using the interest method over the period to maturity. Declines in the fair value of individual securities below cost that are other than temporary result in write-downs of the individual securities to their fair value. The related write-downs are included in earnings as realized losses.

(f) *Securities available for sale* - Securities available for sale consist of bonds and notes not classified as held to maturity. Unrealized holding gains and losses, net of tax, on these securities are reported as accumulated other comprehensive income in shareholders’ equity. Gains and losses on the sale of securities available for sale are determined using the specific-identification method. Premiums and discounts are recognized in interest income using the interest method over the period to maturity. Declines in the fair value of individual securities below cost that are other than temporary result in write-downs of the individual securities to their fair value. The related write-downs are included in earnings as realized losses.

(g) *Loans receivable and allowance for loan losses* - Loans receivable that management has the intent and ability to hold for the foreseeable future or until maturity or pay-off are reported at their outstanding principal adjusted for any charge-offs, the allowance for loan losses, and unearned income. Unearned income on discounted loans is recognized as income over the term of the loans using a method that approximates the interest method. Interest on other loans is calculated by using the simple interest method on daily balances of the principal amount outstanding. The accrual of interest on impaired loans is discontinued when, in management’s opinion, the borrower may be unable to meet payments as they become due. Interest income

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generally is not recognized on these loans unless the likelihood of further loss is remote. Interest payments received on such loans are applied as a reduction of the loan principal balance. The allowance for loan losses is increased by charges to income and decreased by charge-offs (net of recoveries). Management’s periodic evaluation of the adequacy of the allowance is based on the Bank’s past loan loss experience, known and inherent risks in the portfolio, adverse situations that may affect the borrower’s ability to repay, the estimated value of any underlying collateral, and current economic conditions.

(h) *Premises and equipment* - Land is carried at cost. Bank premises, furniture and equipment are carried at cost, less accumulated depreciation and amortization computed principally by the straight-line method.

(i) *Foreclosed real estate* - Real estate properties acquired through, or in lieu of, loan foreclosure are to be sold and are initially recorded at fair value at the date of foreclosure establishing a new cost basis. After foreclosure, valuations are periodically performed by management and the real estate is carried at the lower of carrying amount or fair value less cost to sell. Revenue and expenses from operations and changes in the valuation allowance are included in operations.

(j) *Income taxes* - Deferred tax assets and liabilities are reflected at currently enacted income tax rates applicable to the period in which the deferred tax assets or liabilities are expected to be realized or settled. As changes in tax laws or rates are enacted, deferred tax assets and liabilities are adjusted through the provision for income taxes.

(k) *Net income per share* - Net income per share of common stock has been computed on the basis of the weighted-average number of shares of common stock outstanding.

(l) *Shareholders’ equity* - On January 1, 2015, the Louisiana Business Corporation Act (the Act) became effective. Under the provisions of the Act, the concept of “Treasury Shares” is eliminated. Rather, shares purchased by the Company constitute authorized but unissued shares. Under the Accounting Standards Codification (ASC 505-30-05-3, Treasury Stock), accounting for treasury stock shall conform to applicable laws. Accordingly, the Company’s Consolidated Balance Sheet as of December 31, 2015 reflects this change. The cost of shares purchased by the Company has been allocated to common stock, additional paid-in capital and retained earnings balances.

(m) *Reclassifications* - Certain reclassifications have been made to the prior year’s financial statements, which have no effect on net income as previously reported, to conform to current year reporting.

(n) *Date of Management’s Review of Subsequent Events* - Management has evaluated subsequent events through February 17, 2017, the date which the financial statements were available to be issued.

(2) Restrictions

The Bank is required to maintain reserve balances by the Federal Reserve Bank. The amounts of these reserves as of December 31, 2016 and 2015 were $1,323,000 and $1,628,000, respectively.

In addition, prior approval of the Commissioner of the Louisiana Office of Financial Institutions is required for the Bank to pay dividends if the total of all dividends declared and paid during any one year would exceed the total of net profits of that year combined with the net profits from the immediately preceding year.

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(3) Investment Securities

The amortized costs and approximate fair values of investments in debt securities at December 31 follow (in thousands of dollars):

	December 31, 2016			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Securities available for sale				
U. S. Treasury securities	$ 9,010	$ 1	$ 30	$ 8,981
U. S. Government agencies and corporations	34,088	33	203	33,918
Mortgage-backed securities	23,979	310	71	24,218
State and political subdivisions	9,115	61	96	9,080
	$ 76,192	$ 405	$ 400	$76,197
Securities pledged to secure public deposits and for other purposes	$ 31,568			$31,460

	December 31, 2015			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Securities available for sale				
U. S. Treasury securities	$ 8,006	$ —	$ 40	$ 7,966
U. S. Government agencies and corporations	43,509	114	245	43,378
Mortgage-backed securities	24,576	360	72	24,864
State and political subdivisions	7,591	140	35	7,696
	$ 83,682	$ 614	$ 392	$83,904
Securities held to maturity				
States and political subdivisions	$ 20	$ —	$ —	$ 20
Securities pledged to secure public deposits and for other purposes	$ 31,720			$31,618

The scheduled maturities of securities available for sale and held to maturity at December 31, 2016 were as follows (in thousands of dollars):

	Available for sale	
	Amortized Cost	Fair Value
Contractual maturities		
One year or less	$ 11,504	$11,545
After one year through five years	53,187	53,203
After five years through ten years	10,158	10,100
After ten years	1,343	1,349
	$ 76,192	$76,197

Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties. No securities were sold in 2016 and 2015.

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Information pertaining to securities with gross unrealized losses at December 31, 2016 and 2015, aggregated by investment category and length of time that individual securities have been in a continuous loss position, follows (in thousands of dollars):

	Less Than 12 Months		12 Months or Greater		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
2016						
U. S. Treasury securities	$ 5,982	$ 30	$ —	$ —	$ 5,982	$ 30
U. S. Government agencies and corporations	28,885	195	991	8	29,876	203
Municipal securities	4,186	73	396	23	4,582	96
Mortgage-backed securities	6,877	44	2,105	27	8,982	71
Total	$45,930	$ 342	$3,492	$ 58	$49,422	$ 400
2015						
U. S. Treasury securities	$ 7,966	$ 40	$ —	$ —	$ 7,966	$ 40
U. S. Government agencies and corporations	27,384	157	5,907	88	33,291	245
Municipal securities	1,384	25	659	10	2,043	35
Mortgage-backed securities	7,448	47	1,166	25	8,614	72
Total	$44,182	$ 269	$7,732	$ 123	$51,914	$ 392

Management evaluates securities for other-than-temporary impairment at least on a quarterly basis, and more frequently when economic or market concerns warrant such evaluation. Consideration is given to (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer, and (3) the intent and ability of the Company to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value.

At December 31, 2016, the 75 securities with unrealized losses have depreciated 0.75% from the Company’s amortized cost basis. These securities are guaranteed by either the U. S. Government or other governments. These unrealized losses relate principally to current interest rates for similar types of securities. In analyzing an issuer’s financial condition, management considers whether the securities are issued by the federal government or its agencies, whether downgrades by bond rating agencies have occurred, and the results of reviews of the issuer’s financial condition. As management has the ability to hold debt securities until maturity, or for the foreseeable future if classified as available for sale, no declines are deemed to be other-than-temporary.

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(4) Loans Receivable

The components of loans in the statements of financial condition at December 31 were as follows (in thousands of dollars):

	2016	2015
Real estate		
Construction and development	$ 5,531	$ 5,326
1-4 family residential	64,915	66,701
Multifamily	4,505	4,777
Farmland	4,974	4,500
Nonfarm, nonresidential	22,838	20,082
Total real estate	102,763	101,386
Agricultural	2,464	3,328
Commercial and industrial	12,814	12,021
Consumer	10,673	11,449
Other	50	139
	128,764	128,323
Allowance for loan losses	(1,915)	(1,923)
	$126,849	$126,400

Credit Quality Indicators

Loans are categorized into risk categories based on relevant information about the ability of borrowers to service their debt, such as: current financial information, historical payment experience, credit documentation, public information, and current economic trends, among other factors. The following definitions are utilized for risk ratings, which are consistent with the definitions used in supervisory guidance:

Special Mention - Loans classified as special mention have potential weaknesses that deserve management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the loan or of the Bank's credit position at some future date.

Substandard - Loans classified as substandard are inadequately protected by the current net worth and paying capacity of the obligor or of the collateral pledged, if any. Loans so classified have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the Bank will sustain some loss if the deficiencies are not corrected.

Loans not meeting the criteria above are considered to be *Pass* rated loans.

Loan Analysis by Credit Quality Indicators (in thousands of dollars)

	December 31, 2016			
	Pass or Not Rated	Special Mention	Substandard	Total
Construction and development	$ 5,531	$ —	$ —	$ 5,531
1-4 family residential	64,362	478	75	64,915
Multifamily	4,505	—	—	4,505
Farmland	4,974	—	—	4,974
Nonfarm, nonresidential	21,614	—	1,224	22,838
Total real estate	100,986	478	1,299	102,763
Agricultural	2,464	—	—	2,464
Commercial and industrial	12,756	58	—	12,814
Consumer	10,649	—	24	10,673
Other	50	—	—	50
	$126,905	$ 536	$ 1,323	$128,764

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	December 31, 2015			
	Pass or Not Rated	Special Mention	Substandard	Total
Construction and development	$ 5,275	$ —	$ 51	$ 5,326
1-4 family residential	66,216	143	342	66,701
Multifamily	4,777	—	—	4,777
Farmland	4,500	—	—	4,500
Nonfarm, nonresidential	19,629	—	453	20,082
Total real estate	100,397	143	846	101,386
Agricultural	3,328	—	—	3,328
Commercial and industrial	11,966	—	55	12,021
Consumer	11,393	—	56	11,449
Other	139	—	—	139
	$127,223	$ 143	$ 957	$128,323

The following is a summary loan aging analysis as of December 31 (in thousands of dollars):

		Past Due 90 Days or More				
December 31, 2016	Past Due 30 - 89 Days	And Accruing	And Not Accruing	Total Past Due	Current	Total Loans
Construction and development	$ 18	$ —	$ —	$ 18	$ 5,513	$ 5,531
1-4 family residential	2,169	81	75	2,325	62,590	64,915
Multifamily	—	—	—	—	4,505	4,505
Farmland	528	—	—	528	4,446	4,974
Nonfarm, nonresidential	136	—	—	136	22,702	22,838
Total real estate	2,851	81	75	3,007	99,756	102,763
Agricultural	—	—	—	—	2,464	2,464
Commercial and industrial	69	24	—	93	12,721	12,814
Consumer	168	14	24	206	10,467	10,673
Other	—	—	—	—	50	50
	$ 3,088	$ 119	$ 99	$ 3,306	$125,458	$128,764

		Past Due 90 Days or More				
December 31, 2015	Past Due 30 - 89 Days	And Accruing	And Not Accruing	Total Past Due	Current	Total Loans
Construction and development	$ 21	$ —	$ 51	$ 72	$ 5,254	$ 5,326
1-4 family residential	1,263	92	303	1,658	65,043	66,701
Multifamily	—	—	—	—	4,777	4,777
Farmland	173	—	—	173	4,327	4,500
Nonfarm, nonresidential	73	—	—	73	20,009	20,082
Total real estate	1,530	92	354	1,976	99,410	101,386
Agricultural	—	—	—	—	3,328	3,328
Commercial and industrial	409	—	55	464	11,557	12,021
Consumer	190	15	56	261	11,188	11,449
Other	6	—	—	6	133	139
	$ 2,135	$ 107	$ 465	$ 2,707	$125,616	$128,323

The following tables outline the changes in the allowance for loan losses by collateral type, the allowances for loans individually and collectively evaluated for impairment, and the amount of loans individually and collectively evaluated for impairment at December 31.

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Allowance for Loan Losses and Recorded Investment in Loans Receivable (in thousands of dollars)

	Allowance for Loan Losses				
	Beginning Balance	Provision for Loan Losses	Charge-offs	Recoveries	Ending Balance
Year Ended December 31, 2016					
Commercial	$ 953	$ —	$ 9	$ 1	$ 945
Consumer	970	—	31	31	970
Total	$ 1,923	$ —	$ 40	$ 32	$ 1,915
Year Ended December 31, 2015					
Commercial	$ 952	$ —	$ —	$ 1	$ 953
Consumer	973	—	18	15	970
Total	$ 1,925	$ —	$ 18	$ 16	$ 1,923

	December 31, 2016				
	Allowance for Loan Losses		Loans Receivable		
	Balance for Loans Individually Evaluated for Impairment	Balance for Loans Collectively Evaluated for Impairment	Total Ending Balance	Balance of Loans Individually Evaluated for Impairment	Balance of Loans Collectively Evaluated for Impairment
Commercial	$ —	$ 945	$ 63,756	$ 1,224	$ 62,532
Consumer	—	970	65,008	99	64,909
Total	$ —	$ 1,915	$ 128,764	$ 1,323	$ 127,441

	December 31, 2015				
	Allowance for Loan Losses		Loans Receivable		
	Balance for Loans Individually Evaluated for Impairment	Balance for Loans Collectively Evaluated for Impairment	Total Ending Balance	Balance of Loans Individually Evaluated for Impairment	Balance of Loans Collectively Evaluated for Impairment
Commercial	$ 3	$ 950	$ 60,971	$ 508	$ 60,463
Consumer	10	960	67,352	449	66,903
Total	$ 13	$ 1,910	$ 128,323	$ 957	$ 127,366

Impaired Loans

The following table summarizes information relative to impaired loans at December 31, 2016 and 2015 (in thousands of dollars):

December 31, 2016	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
With no allowance recorded					
Construction and development	$ 75	$ 75	$ —	$ 82	$ 4
1-4 family residential	—	—	—	—	—
Multifamily	—	—	—	—	—
Farmland	—	—	—	—	—
Nonfarm, nonresidential	1,224	1,224	—	1,235	72
Total real estate	1,299	1,299	—	1,317	76
Agricultural	—	—	—	—	—
Commercial and industrial	—	—	—	—	—
Consumer	24	24	—	27	1
Other	—	—	—	—	—
Total	$ 1,323	$ 1,323	$ —	$ 1,344	$ 77

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December 31, 2016	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
With an allowance recorded					
Construction and development	$ —	$ —	$ —	$ —	$ —
1-4 family residential	—	—	—	—	—
Multifamily	—	—	—	—	—
Farmland	—	—	—	—	—
Nonfarm, nonresidential	—	—	—	—	—
Total real estate	—	—	—	—	—
Agricultural	—	—	—	—	—
Commercial and industrial	—	—	—	—	—
Consumer	—	—	—	—	—
Other	—	—	—	—	—
Total	$ —	$ —	$ —	$ —	$ —
Total					
Construction and development	$ 75	$ 75	$ —	$ 82	$ 4
1-4 family residential	—	—	—	—	—
Multifamily	—	—	—	—	—
Farmland	—	—	—	—	—
Nonfarm, nonresidential	1,224	1,224	—	1,235	72
Total real estate	1,299	1,299	—	1,317	76
Agricultural	—	—	—	—	—
Commercial and industrial	—	—	—	—	—
Consumer	24	24	—	27	1
Other	—	—	—	—	—
Total	$ 1,323	$ 1,323	$ —	$ 1,344	$ 77

December 31, 2015	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
With no allowance recorded					
Construction and development	$ 51	$ 51	$ —	$ 51	$ —
1-4 family residential	342	342	—	348	11
Multifamily	—	—	—	—	—
Farmland	—	—	—	—	—
Nonfarm, nonresidential	453	453	—	458	19
Total real estate	846	846	—	857	30
Agricultural	—	—	—	—	—
Commercial and industrial	—	—	—	—	—
Consumer	—	—	—	—	—
Other	—	—	—	—	—
Total	$ 846	$ 846	$ —	$ 857	$ 30
With an allowance recorded					
Construction and development	$ —	$ —	$ —	$ —	$ —
1-4 family residential	—	—	—	—	—
Multifamily	—	—	—	—	—
Farmland	—	—	—	—	—
Nonfarm, nonresidential	—	—	—	—	—
Total real estate	—	—	—	—	—
Agricultural	—	—	—	—	—
Commercial and industrial	55	55	3	55	2
Consumer	56	56	10	58	1
Other	—	—	—	—	—
Total	$ 111	$ 111	$ 13	$ 113	$ 3

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December 31, 2015	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
Total					
Construction and development	$ 51	$ 51	$ —	$ 51	$ —
1-4 family residential	342	342	—	348	11
Multifamily	—	—	—	—	—
Farmland	—	—	—	—	—
Nonfarm, nonresidential	453	453	—	458	19
Total real estate	846	846	—	857	30
Agricultural	—	—	—	—	—
Commercial and industrial	55	55	3	55	2
Consumer	56	56	10	58	1
Other	—	—	—	—	—
Total	$ 957	$ 957	$ 13	$ 970	$ 33

No commitments to loan additional funds to borrowers of impaired loans were outstanding at December 31, 2016.

Troubled Debt Restructurings

The following tables summarize information relative to loan modifications determined to be troubled debt restructurings as of December 31, 2016 (in thousands of dollars). All troubled debt restructurings are included in impaired loans.

Troubled debt restructurings	Number of Contracts	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment
December 31, 2016			
Nonfarm, nonresidential	1	$ 1,224	$ 1,224
Total	1	$ 1,224	$ 1,224

(5) Premises and Equipment

Components of premises and equipment included in the consolidated balance sheets at December 31 were as follows (in thousands of dollars):

	2016	2015
Land	$ 356	$ 356
Buildings	3,698	3,664
Furniture and equipment	433	433
Automobiles	55	55
Capital improvement construction	—	58
Total cost	4,542	4,566
Accumulated depreciation	(2,538)	(2,384)
	$ 2,004	$ 2,182

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(6) Deposits

At December 31, 2016, the scheduled maturities of time deposits are as follows (in thousands of dollars):

Year maturing	
2017	$73,966
2018	16,010
2019	1,333
2020	707
2021 and thereafter	6,486
	$98,502

(7) Fair Value Measurements

Fair Value Disclosures - The Company groups its financial assets and liabilities measured at fair value in three levels. Fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Applicable accounting guidance establishes a fair value hierarchy that prioritizes the inputs used to develop assumptions and measure fair value. The hierarchy requires companies to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

Level 1 - Includes the most reliable sources and includes quoted prices in active markets for identical assets or liabilities.

Level 2 - Includes observable inputs other than quoted prices that are observable for the asset or liability (for example, interest rates and yield curves at commonly quoted intervals, volatilities, prepayment speeds, loss severities, credit risks, and default rates) as well as inputs that are derived principally from or corroborated by observable market data by correlation or other means (market-corroborated inputs).

Level 3 - Includes unobservable inputs and should be used only when observable inputs are unavailable.

Recurring Basis - Fair values of investment securities available for sale were primarily measured using information from a third-party pricing service. This pricing service provides information by utilizing evaluated pricing models supported with market data information. Standard inputs include benchmark yields, reported trades, broker/dealer quotes, issuer spreads, benchmark securities, bids, offers, and reference data from market research publications.

Fair values that are measured on a recurring basis at December 31 are as follows (in thousands of dollars):

Securities available for sale	2016	2015
Fair value	$76,197	$83,904
Fair value measurement based on significant other observable inputs (Level 2)	$76,197	$83,904

Nonrecurring Basis - The fair value of impaired loans is measured at the fair value of the collateral for collateral-dependent loans. Impaired loans are Level 2 assets measured using appraisals from external parties of the collateral less any prior liens. Foreclosed real estate is initially recorded at fair value less estimated costs to sell. The fair value of foreclosed real estate is based on property appraisals and an analysis of similar properties available. As such, foreclosed real estate properties are Level 2 assets.

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	2016	2015
Impaired Loans		
Fair value	$1,323	$957
Fair value measurement based on significant other observable inputs (Level 2)	$1,323	$957
Foreclosed Real Estate		
Fair value	$ 89	$—
Fair value measurement based on significant other observable inputs (Level 2)	$ 89	$—

(8) Income Taxes

The consolidated provision for income taxes consisted of the following for the years ended December 31 (in thousands of dollars):

	2016	2015
Current expense	$1,047	$1,045
Deferred expense (benefit)	(29)	2
Income tax expense	$1,018	$1,047

The effective tax rates differed from the statutory federal income tax rates as follows:

	2016	2015
Statutory federal income tax rate	34.0%	34.0%
Nontaxable income	(2.1%)	(2.3%)
Nondeductible expenses	0.2%	0.2%
Effective tax rate	32.1%	31.9%

Deferred tax assets and (liabilities) at December 31 consist of the following (in thousands of dollars):

	2016	2015
Net (appreciation) of securities available for sale	$ (2)	$ (75)
Allowance for loan losses	467	469
Accumulated depreciation	(118)	(135)
Deferred compensation payable	321	307
Tax basis of land over book	25	25
Other	(20)	(20)
Net deferred tax asset	$ 673	$ 571

No valuation allowance was recorded to reduce the deferred tax assets at December 31, 2016 and 2015.

The Company and its subsidiary bank file a consolidated federal income tax return in the U.S. federal jurisdiction. In addition, a Louisiana income tax return is filed individually by the Company in accordance with state statutes. With few exceptions, the Company is no longer subject to federal and state income tax examinations by tax authorities for years before 2013.

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(9) Related Parties

The Bank has entered into transactions with its directors, executive officers, significant shareholders, and their affiliates. The aggregate amount of loans to such related parties at December 31, 2016 and 2015 was $876,000 and $1,316,000, respectively. During 2016, new loans to such related parties amounted to $150,000 and repayments amounted to $590,000. Deposits held by the Bank at December 31, 2016 and 2015 for related parties were $7,754,000 and $7,783,000, respectively. Fees paid for goods and services provided by related parties amounted to $41,000 in 2016 and $18,000 in 2015.

(10) Commitments and Contingencies

The Bank is a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit and standby letters of credit, which involve credit risk in excess of the amounts recognized in the statement of financial condition. The Bank's exposure to credit loss in the event of nonperformance by the other party to these financial instruments is represented by the contractual amounts of the instruments. The Bank uses the same credit policies in making commitments and conditional obligations as it does for on-balance sheet instruments, including collateral or other security to support the financial instruments.

At December 31, 2016 and 2015, commitments to extend credit totaled $18,752,000 and $19,096,000, respectively. These commitments are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments may expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements.

At December 31, 2016 and 2015, commitments under standby letters of credit totaled $487,000 and $511,000, respectively. Standby letters of credit are conditional commitments issued by the Bank to guarantee the performance of a customer to a third party. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loans to customers.

At December 31, 2016 and 2015, the Bank had an unused line of credit of $13,000,000 and $12,800,000, respectively, with an unrelated bank. This line is unsecured and has a variable interest rate based on the lending bank's daily federal funds rate. In addition, at December 31, 2016 and 2015 the Bank had an unused line of credit with another unrelated bank of $7,000,000. Security for this line of credit may be required by the lending bank prior to funding, and interest is based on the lending bank's daily federal funds rate.

In addition, the Bank may make advances from the Federal Reserve Bank of Atlanta's discount window. At December 31, 2016 and 2015, no advances were outstanding. A pledge of collateral, such as investment securities and loans, is necessary before the Bank may borrow from the discount window.

(11) Employee Benefit Plans

Effective January 1, 1997, the Bank offers a Savings Incentive Match Plan for Employees (SIMPLE) with no minimum age or years of service eligibility requirements. All employees who are reasonably expected to receive at least $5,000 during the current calendar year are eligible to participate. In general, participants could elect to defer up to $12,500 of their compensation as elective contributions in 2016 and in 2015. The Bank is required to match employee contributions up to 3% of each employee's total compensation. The Bank contributed $68,000 in each of the years 2016 and 2015.

The Bank has nonqualified deferred compensation plans for several of its key executives. Under the related "Executive Officers' Death or Retirement Benefits Contract," the Bank is required to pay each executive fixed amounts for 10 years upon attainment of age 65 and retirement. Should the executive die before age 65 and while in the employ of the Bank, the Bank is also required to pay each executive's beneficiary fixed amounts for 10 years. Any amounts payable are to be paid from the general assets of the Bank, and the executives' rights under the contracts are those of an unsecured creditor. At December 31, 2016 and 2015, amounts payable under the plans totaled $945,000 and $904,000, respectively. Deferred compensation expense for each of the years 2016 and 2015 were $41,000.

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In addition, the Bank has entered into agreements with two of these key executives that provide for benefits should either become disabled before age 65. In the event an executive is certified disabled, the Bank will pay the employee cash in the amount of the cash surrender value of life insurance policies covering the respective employee's life. In lieu of receiving cash, the employee may elect to receive ownership of the policies. At December 31, 2016 and 2015, the cash surrender values of the aforementioned policies totaled $783,000 and $754,000, respectively.

(12) Regulatory Matters

The Bank is subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory, and possibly discretionary, actions by regulators that, if undertaken, could have a direct material effect on the Bank's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines that involve quantitative measures of the Bank's assets, liabilities, and certain off-balance sheet items as calculated under regulatory accounting practices. The Bank's capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

Quantitative measures established by regulation to ensure capital adequacy require the Bank to maintain minimum amounts and ratios including total capital, tier 1 capital, and common equity tier 1 capital to risk-weighted assets (as defined in the regulations), and leverage capital, which is tier 1 capital to adjusted average total assets (as defined). Management believes, as of December 31, 2016, that the Bank meets all capital adequacy requirements to which it is subject.

As of December 31, 2016, the most recent notification from the Federal Deposit Insurance Corporation categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized, the Bank must maintain a total risk-based capital ratio of 10% or higher, tier 1 risk-based capital ratio of 8% or higher, common equity tier 1 risk-based capital ratio of 6.5% or higher, and tier 1 leverage capital ratio of 5% or higher. No conditions or events have occurred since that notification that management believes have changed the Bank's category. The Bank's actual and required capital amounts and ratios are as follows (dollars in thousands):

	Actual		For Capital Adequacy Purposes		To Be Well Capitalized under the Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
At December 31, 2016						
Total Capital (to Risk Weighted Assets)	$36,986	33.6%	≥ $ 8,797	≥ 8.0%	≥ $10,997	≥ 10.0%
Tier 1 Capital (to Risk Weighted Assets)	$35,605	32.4%	≥ $ 6,598	≥ 6.0%	≥ $8,797	≥ 8.0%
Common Tier 1 Capital (to Risk Weighted Assets)	$35,605	32.4%	≥ $ 4,949	≥ 4.5%	≥ $7,148	≥ 6.5%
Tier 1 Capital (to Adjusted Total Assets)	$35,605	14.5%	≥ $ 9,848	≥ 4.0%	≥ $12,310	≥ 5.0%
At December 31, 2015						
Total Capital (to Risk Weighted Assets)	$34,993	31.8%	≥ $ 8,796	≥ 8.0%	≥ $10,995	≥ 10.0%
Tier 1 Capital (to Risk Weighted Assets)	$33,612	30.6%	≥ $ 6,597	≥ 6.0%	≥ $8,796	≥ 8.0%
Common Tier 1 Capital (to Risk Weighted Assets)	$33,612	30.6%	≥ $ 4,948	≥ 4.5%	≥ $7,147	≥ 6.5%
Tier 1 Capital (to Adjusted Total Assets)	$33,612	13.5%	≥ $ 9,988	≥ 4.0%	≥ $12,485	≥ 5.0%

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(13) Parent Company Statements

The financial statements of Citizens Bancshares, Inc. (parent company only) at December 31 and for the years then ended follow (in thousands of dollars):

	2016	2015
Balance Sheets		
Assets		
Investment in Citizens Bank, at equity	$35,608	$33,759
Cash and equivalents	70	231
Total assets	$35,678	$33,990
Liabilities and Shareholders' Equity		
Total liabilities	$ —	$ —
Common stock	546	546
Additional paid-in capital	784	784
Retained earnings	34,344	32,514
Accumulated other comprehensive income	4	146
Total shareholders' equity	35,678	33,990
Total liabilities and shareholders' equity	$35,678	$33,990
Statements of Income		
Income		
Equity in undistributed net income of Citizens Bank	$ 1,993	$ 1,775
Dividends received from Citizens Bank	167	460
Total income	2,160	2,235
Expenses		
Other expense	2	—
Net income	$ 2,158	$ 2,235
Statements of Cash Flows		
Cash flows from operating activities		
Net income	$ 2,158	$ 2,235
Adjustments to reconcile net income to net cash provided by operating activities:		
Equity in undistributed net income of Citizens Bank	(1,993)	(1,775)
Other	2	(1)
Net cash provided by operating activities	167	459
Cash flows from investing activities	—	—
Cash flows from financing activities		
Dividends paid	(328)	(317)
Net cash (used) by financing activities	(328)	(317)
Net increase (decrease) in cash and equivalents	(161)	142
Cash and equivalents at beginning of year	231	89
Cash and equivalents at end of year	$ 70	$ 231

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(14) Bank Subsidiary Statements

The balance sheets and income of Citizens Bank (bank only) at December 31 and for the years then ended follow (in thousands of dollars):

	2016	2015
Balance Sheets		
Assets		
Cash and due from banks	$ 4,440	$ 4,645
Federal funds sold	1,000	1,000
Federal Reserve Bank excess balance account	21,650	16,150
Interest-bearing deposits with banks	10,172	9,930
Investment securities	76,197	83,924
Loans receivable	126,849	126,400
Accrued interest receivable	761	768
Premises and equipment	2,004	2,124
Foreclosed real estate	89	—
Deferred tax asset	673	571
Other assets	1,526	1,523
Total assets	$245,361	$247,035
Liabilities and Shareholder’s Equity		
Deposits	$208,670	$212,338
Accrued interest payable	140	145
Accrued expenses and other liabilities	943	795
Common stock	575	575
Additional paid-in capital	9,425	9,425
Retained earnings	25,604	23,611
Accumulated other comprehensive income	4	146
Total liabilities and shareholder’s equity	$245,361	$247,035
Statements of Income		
Interest income		
Loans	$ 7,119	$ 7,036
Investment securities	1,127	1,171
Federal funds sold	4	2
Deposits with banks	211	134
Total interest income	8,461	8,343
Interest expense	1,013	1,026
Net interest income	7,448	7,317
Provision for loan losses	—	—
Net interest income after provision for loan losses	7,448	7,317
Noninterest income	911	994
Noninterest expense	5,181	5,029
Income tax expense	1,018	1,047
Net income	$ 2,160	$ 2,235