UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549

FORM 10-K

(X) ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2000

or

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

Commission file number: 000-25221

CITIZENS HOLDING COMPANY
(exact name of Registrant as specified in its charter)

MISSISSIPPI	64-0666512
(State or other jurisdiction of incorporation of organization)	(I.R.S. Employer Identification Number)
521 Main Street, Philadelphia, MS	39350
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: 601-656-4692
Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, $.20 par value	American Stock Exchange

Securities registered pursuant to section 12(g) of the Act:

None

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

Indicate the number of shares outstanding of each of the Registrant's classes of common stock, as of the latest practicable date.

Class	Outstanding at March 8, 2001
Common stock, $.20 par value	3,308,750 Shares

The aggregate market value of the voting stock held by non-affiliates of the Registrant on March 8, 2001 was $41,529,127.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the following documents are incorporated by reference to Part I, II, and III of the Form 10-K report: 2000 Annual Report to Shareholders (Part II) and the Definitive Proxy Statement dated March 29, 2001 for Registrant's Annual Meeting of Stockholders to be held May 1, 2001 (Part III).

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PART I

In addition to historical information, this report contains statements which constitute forward-looking statements and information which are based on management's beliefs, plans, expectations, assumptions and on information currently available to management. The words "may," "should," "expect," "anticipate," "intend," "plan," "continue," "believe," "seek," "estimate," and similar expressions used in this report that do not relate to historical facts are intended to identify forward-looking statements. These statements appear in a number of places in this report, including, but not limited to, statements found in Item 1 "Business" and in Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations." The Corporation notes that a variety of factors could cause the actual results or experience to differ materially from the anticipated results or other expectations described or implied by such forward-looking statements. The risks and uncertainties that may affect the operation, performance, development and results of the Corporation's and the Bank's business include, but are not limited to, the following: (a) the risk of adverse changes in business conditions in the banking industry generally and in the specific markets in which the Corporation operates; (b) changes in the legislative and regulatory environment that negatively impact the Corporation and Bank through increased operating expenses; (c) increased competition from other financial institutions; (d) the impact of technological advances; (e) expectations about the movement of interest rates, including actions that may be taken by the Federal Reserve Board in response to changing economic conditions; changes in asset quality and loan demand; (g) expectations about overall economic strength and the performance of the economics in the Corporation's market area and (h) other risks detailed from time to time in the Corporation's filings with the Securities and Exchange Commission. The Corporation does not undertake any obligation to update or revise any forward-looking statements subsequent to the date on which they are made.

ITEM 1. BUSINESS

BACKGROUND

Citizens Holding Company (the "Corporation") is a one-bank holding company that holds 96.64% of the outstanding shares of The Citizens Bank of Philadelphia, Mississippi (the "Bank"). The Corporation was incorporated under Mississippi law on February 16, 1982, at the direction of the Board of Directors of the Bank in order to facilitate the Bank's adoption of a one-bank holding company structure.

The Bank was opened on February 8, 1908 as The First National Bank of Philadelphia. In 1917 the Bank surrendered its national charter and obtained a state charter at which time the name of the Bank was changed to The Citizens Bank of Philadelphia, Mississippi. At December

31, 2000, the Bank was the largest bank headquartered in Neshoba County with total assets of $381,557,740 and total deposits of $290,268,948.

The principal executive office for both the Corporation and the Bank is located at 521 Main Street, Philadelphia, Mississippi 39350 and its telephone number is (601) 656-4692. All references hereinafter to the activities or operations of the Corporation reflect the Corporation's activities or operations through the Bank.

OPERATIONS

The Corporation, through the Bank, engages in a wide range of commercial and personal banking activities, including accepting demand, savings and time deposit accounts, making secured and unsecured loans, issuing letters of credit, originating mortgage loans, and providing personal and corporate trust services; and provides certain services that are closely related to commercial banking such as credit life insurance and title insurance for its loan customers.

Revenues from the Corporation's lending activities constitute the largest component of the Corporation's operating revenues. Such lending activities include commercial, real estate, installment (direct and indirect) and credit card loans. The Corporation's primary lending area is East Central Mississippi, specifically Neshoba, Newton, Leake, Scott, Attala, Lauderdale and Kemper counties and contiguous counties. The Corporation extends out-of-area credit only to borrowers who are considered to be low risk, and only on a very limited basis.

This seven county lending area is mainly rural with Meridian, at 41,036 in population, being the largest city. Agriculture and some light industry are a big part of the economy of this area. The largest employer in the Corporation's service area is the Mississippi Band of Choctaw Indians with their schools, manufacturing plants and their main source of income, The Silverstar Casino and Resort (the "Casino"). The Casino and its related services employs approximately 2,500 people from the Corporation's service area.

The Corporation has in the past and intends to continue to make most types of real estate loans, including, but not limited to, single and multi-family housing, farm loans, residential and commercial construction loans and loans for commercial real estate. Historically, approximately 63.3% of the Corporation's loan portfolio has been attributed to this category of lending. Another 15.7% of the Corporation's loan portfolio has been comprised of commercial, industrial and agricultural production loans, with consumer loans making up the remaining 21.0% of the total loan portfolio.

The Corporation's loan personnel have the authority to extend credit under guidelines established and approved by the Board of Directors. Any aggregate credit that exceeds the authority of the loan officer is forwarded to the loan committee for approval. The loan committee is composed of various Bank directors, including the Chairman. All aggregate credits that

exceed the loan committee's lending authority are presented to the full Board of Directors for ultimate approval or denial. The loan committee not only acts as an approval body to ensure consistent application of the Corporation's loan policy, but also provides valuable insight through the communication and pooling of knowledge, judgment and experience of its members.

Of course, all loans in the Corporation's portfolio are subject to risk based on the economy in the Corporation's area and also that of the nation. However, because the Corporation's local economy has been strong and unemployment has remained at historic lows, management continues to consider general risk levels to be low.

In addition to lending services, the Corporation provides a wide range of personal and corporate trusts and trust-related services, which include it serving as executor of estates, as trustee under testamentary and inter vivos trusts and various pension and other employee benefit plans, as the guardian of the estates of minors and incompetents, and as escrow agent under various agreements.

The Corporation offers discount brokerage services through First Tennessee Bank.

In 1996 the Corporation opened the Westside building in Philadelphia, Mississippi, replacing a smaller drive-up only facility. In early 1998, the Corporation opened a new full service facility in Kosciusko, Mississippi.

The Corporation also expanded its ability to offer its customers broader options with their mortgage loan needs in 1999 with the acquisition of the assets of Three D Mortgage Company, with locations in Philadelphia and Kosciusko, Mississippi. The Corporation's Mortgage Department originates mortgage loans that are sold to the secondary market.

Through such innovations as its VISA Checkcard program, the 24 Hour Phone Teller and its Internet site (http://www.thecitizensbankphila.com), the Corporation's customers have the ability to have easy and convenient access to their funds and account balances 24 hours a day, 7 days a week. Additionally, the Internet site enables the Corporation's customers to review their accounts in detail, make transfers between their accounts and pay bills from anywhere in the world.

EXECUTIVE OFFICERS

From 1978 until the present, Steve Webb has served as President and Chief Executive Officer of the Corporation and the Bank. In addition, Mr. Webb has served as a member of the Board of Directors of the Corporation from 1982 until the present and of the Bank from 1970 until the present. Mr. Webb currently serves as Chairman for the Boards of both the Corporation and the Bank.

Robert T. Smith has been employed by the Bank since 1986 and has been in his current position of Vice-President and Controller since January of 1987. In addition to his position with the Bank, in February of 1996, Mr. Smith was elected to serve as Treasurer of the Corporation.

EMPLOYEES

The Corporation has no compensated employees. At December 31, 2000, the Bank employed 144 full-time employees and 27 part-time employees. The Bank is not a party to any collective bargaining agreements, and employee relations are considered to be good.

SUPERVISION AND REGULATION

The Bank is chartered under the banking laws of the State of Mississippi and is subject to the supervision of, and is regularly examined by, the Department of Banking and Consumer Finance and the FDIC. The Corporation is a registered bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), and is subject to the supervision of the Federal Reserve Board ("FRB"). Certain legislation and regulations affecting the businesses of the Corporation and the Bank are discussed below.

General.

The FRB requires the Corporation to maintain certain levels of capital. The FRB also has the authority to take enforcement action against any bank holding company that commits any unsafe or unsound practice, violates certain laws, regulations, or conditions imposed in writing by the FRB.

Capital Standards.

The FRB, FDIC and other federal banking agencies have established risk-based capital adequacy guidelines intended to provide a measure of capital adequacy that reflects the degree of risk associated with a bank's operations.

A banking organization's risk-based capital ratios are obtained by dividing its qualifying capital by its total risk-adjusted assets and off-balance sheet items. Since December 31, 1992, the federal banking agencies have required a minimum ratio of qualifying total capital to risk-adjusted assets and off-balance sheet items of 8%, and a minimum ratio of Tier 1 capital to risk-adjusted assets and off-balance sheet items of 4%.

In addition to the risk-based guidelines, federal banking regulators require banking organizations to maintain a minimum amount of Tier 1 capital to total assets, referred to as the leverage ratio. For a banking organization rated in the highest of the five categories used by regulators to rate banking organizations, the minimum leverage ratio of Tier 1 capital to total assets is 3%.

Prompt Corrective Action and Other Enforcement Mechanisms.

The Federal Deposit Insurance Corporation Improvement Act of 1991 ("FDICIA") requires each federal banking agency to take prompt corrective action to resolve the problems of insured depository institutions, including but not limited to those that fall below one or more of the prescribed minimum capital ratios. The law requires each federal banking agency to promulgate regulations defining the following five categories in which an insured depository institution will be placed, based on the level of its capital ratios: well-capitalized, adequately capitalized, undercapitalized, significantly undercapitalized, and critically undercapitalized. The Corporation and Bank are classified as well capitalized under these guidelines.

Safety and Soundness Standards.

FDICIA also implemented certain specific restrictions on transactions and required the regulators to adopt overall safety and soundness standards for depository institutions related to internal control, loan underwriting and documentation, and asset growth. Among other things, FDICIA limits the interest rates paid on deposits by undercapitalized institutions, the use of brokered deposits and the aggregate extension of credit by a depository institution to an executive officer, director, principal shareholder or related interest, and reduces deposit insurance coverage for deposits offered by undercapitalized institutions for deposits by certain employee benefits accounts.

Restrictions on Dividends and Other Distributions.

The power of the board of directors of an insured depository institution to declare a cash dividend or other distribution with respect to capital is subject to statutory and regulatory restrictions which limit the amount available for such distribution depending upon the earnings, financial condition and cash needs of the institution, as well as general business conditions.

The Corporation's ability to pay dividends depends in large part on the ability of the Bank to pay dividends to the Corporation. Certain provisions of state law restrict the payment of dividends by a Mississippi state bank. In addition, the Bank must obtain the prior approval of the Mississippi Department of Banking and Consumer Finance for the payment of any dividend.

FDIC Insurance Assessments.

The FDIC has established several mechanisms to increase funds to protect deposits insured by the Bank Insurance Fund ("BIF") and the Savings Association Insurance Fund ("SAIF"), both of which are administered by the FDIC. The Bank's deposits are insured through BIF except for those deposits the Bank acquired from the Resolution Trust Corporation in April, 1994. This acquisition consisted of one branch of the former Security Federal Savings and Loan in Kosciusko, Mississippi, and these deposits remain insured through SAIF.

Interstate Banking and Branching.

On September 29, 1994, the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994 (the "Interstate Act") was signed into law. The Interstate Act effectively permits nationwide banking.

Interstate branching by consolidation of banks was permitted beginning June 1, 1997, except in states that have passed legislation prior to that date "opting-out" of interstate branching. If a state opted-out prior to June 1, 1997, then banks located in that state may not participate in interstate branching. Effective May 1, 1997, Mississippi "opted in" to the interstate branching provision of the Interstate Act.

Community Reinvestment Act.

The revised CRA regulations emphasize an assessment of actual performance rather than of the procedures followed by a bank, to evaluate compliance with the CRA. Overall CRA compliance continues to be rated across a four-point scale from "outstanding" to "substantial noncompliance", and continues to be a factor in review of applications to merger, establishment of new branches or formation of bank holding companies. Different evaluation methods are used depending on the asset size of the bank.

The FDIC examined the Bank on March 12, 1997 and again most recently on June 1, 1999, for its performance under the CRA. The Bank was rated Satisfactory during both of these examinations. No discriminatory practices or illegal discouragement of applications were found.

Impact of Monetary Policies.

Banking is a business that depends on interest rate differentials. In general, the difference between the interest paid by a bank on its deposits and other borrowings, and the interest rate earned by banks on loans, securities and other interest-earning assets comprises the major source of banks' earnings. Thus, the earnings and growth of banks are subject to the influence of economic conditions generally, both domestic and foreign, and also to the monetary and fiscal policies of the United States and its agencies. The nature and timing of any future changes in such policies and their impact on the Corporation cannot be predicted.

COMPETITION

The banking business is a highly competitive business. The Corporation's market area consists principally of Neshoba, Newton, Leake, Scott, Attala, Lauderdale and Kemper Counties in Mississippi, although the Corporation also competes with other financial institutions in those counties and in surrounding counties in Mississippi in obtaining deposits and providing many types of financial services. The Corporation competes with larger regional banks for the business of companies located in the Corporation's market area. A healthy economy, such as the Corporation's market area is experiencing, invites certain challenges, especially that of competition.

All financial institutions today are faced with the challenge of competing for customers' deposits, and the Bank is no exception. The Bank competes with savings and loan associations, credit unions, production credit associations and federal land banks and with finance companies, personal loan companies, money market funds and other non-depository financial intermediaries. Many of these financial institutions have resources many times greater than those of the Corporation. In addition, new financial intermediaries such as money-market mutual funds and large retailers are not subject to the same regulations and laws that govern the operation of traditional depository institutions.

Recent changes in federal and state law have resulted in, and are expected to continue to result in, increased competition. The reductions in legal barriers to the acquisition of banks by out-of-state bank holding companies resulting from implementation of the Interstate Act and other recent and proposed changes are expected to continue to further stimulate competition in the markets in which the Corporation operates, although it is not possible to predict the extent or timing of such increased competition.

Currently, there are approximately fourteen different financial institutions in the Corporation's market area competing for the same customer base. Despite these challenges, the Corporation has not only been able to maintain its market share, but has actually increased its share in recent years.

ITEM 2. PROPERTIES

The Corporation, through the Bank, currently operates from its main office in downtown Philadelphia, and from 13 additional branches in Neshoba, Newton, Leake, Scott, Attala, Lauderdale and Kemper counties, all located in

Mississippi. Information about these branches is set forth in the table below:

NAME OF OFFICE	LOCATION/ TELEPHONE NUMBER	BANKING FUNCTIONS OFFERED
Main Office	521 Main Street Philadelphia, Mississippi (601) 656-4692	Full Service Trust
Eastside Branch	585 East Main Street Philadelphia, Mississippi (601) 656-4976	Drive-up
Westside Branch	912 West Beacon Street Philadelphia, Mississippi (601) 656-4978	Full Service 24 Hour Teller
Northside Branch	720 Pecan Avenue Philadelphia, Mississippi (601) 656-4977	Deposits 24 Hour Teller
Pearl River Branch	110 Choctaw Town Center Philadelphia, Mississippi (601) 656-4971	Full Service 24 Hour Teller
Union Branch	Corner of Horne & Bank Union, Mississippi (601) 774-9231	Full Service
Carthage Main Office	219 West Main Street Carthage, Mississippi (601) 267-4525	Full Service
Crossroads Branch	Intersection of Hwys 35 & 16 Carthage, Mississippi (601) 267-4525	Drive-up
Madden Branch	Highway 488 Madden, Mississippi (601) 267-7366	Deposits
Sebastopol Branch	Main Street Sebastopol, Mississippi (601) 625-7447	Loans Deposits

NAME OF OFFICE	LOCATION/ TELEPHONE NUMBER	BANKING FUNCTIONS OFFERED
DeKalb Branch	Corner of Main & Bell DeKalb, Mississippi (601) 743-2115	Full Service
Kosciusko Branch	775 North Jackson Avenue Kosciusko, Mississippi (601) 289-4356	Full Service 24-hour Teller
Scooba Branch	1048 Johnston Street Scooba, Mississippi (601) 476-8431	Full Service

Meridian Branch	2209 E Hwy 45 North Meridian, Mississippi (601) 693-8367	Loans Deposits

The Bank owns its main office and its branch offices, except for the Pearl River Branch Office and the Meridian Branch Office, which are leased. The main office facility, originally occupied in 1966, is used solely by the Corporation and the Bank. This facility contains approximately 20,000 square feet and houses the executive offices and all operations related departments of the Corporation. The other branches range in size from nearly 4,000 square feet to 1,000 square feet.

ITEM 3. LEGAL PROCEEDINGS

There are no material pending legal proceedings, other than routine litigation incidental to their business, to which the Corporation or the Bank is a party or which any of its property is subject.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

There were no matters submitted to the Corporation's shareholders during the fourth quarter of 2000.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON STOCK AND RELATED STOCKHOLDER MATTERS

MARKET PRICE.

The Corporation's Common Stock is traded on the American Stock Exchange ("AMEX") under the symbol "CIZ." The stock began trading on the AMEX on October 19, 1999 and prior to that date was sold by private transactions between parties. At December 31, 2000, the Common Stock's closing price was $17.00.

1999	High	Low	Dividends Declared (per common share)
January - March	N/A	N/A	0.00
April - June	N/A	N/A	0.15
July - September	N/A	N/A	0.00
October - December	29.25	21.00	0.17

2000	High	Low	Dividends Declared (per common share)
January - March	20.50	16.75	0.10
April - June	16.75	15.19	0.10
July - September	18.00	16.13	0.10
October - December	17.38	16.38	0.125

On March 9, 2001, the shares of Common Stock were held of record by approximately 466 shareholders.

DIVIDENDS

Dividends for 2000 totaled $.425 per share compared to $.32 in 1999 and $.24 in 1998. These dividends reflect a 33% increase in 2000 over 1999 and a 33% increase in 1999 over 1998.

The Corporation declares dividends on a quarterly basis in March, June, September and December with payment following at the end of the month in which the dividend was declared.

Funds for the payment by the Corporation of cash dividends are obtained from dividends received by the Corporation from the Bank. Accordingly, the declaration and payment of

dividends by the Corporation depend upon the Bank's earnings and financial condition, general economic conditions, compliance with regulatory requirements, and other factors.

ITEM 6. SELECTED FINANCIAL DATA

FIVE YEAR SUMMARY OF CONSOLIDATED STATEMENTS AND RELATED STATISTICS

(amounts in Thousands, Except Percent and Per Share Data)

	2000	1999	1998	1997	1996
SUMMARY OF EARNINGS					
Total interest income	$ 28,638	$ 25,476	$ 23,956	$ 21,588	$ 20,369
Total interest expense	14,064	10,974	10,860	9,659	8,684
Provision for loan losses	918	849	846	740	791
Non-interest income	3,285	3,122	2,897	2,990	2,686
Non-interest expense	8,772	8,360	7,948	7,046	6,665
Income tax expense	2,635	2,793	2,487	2,561	2,407
Net Income	5,534	5,621	4,712	4,490	4,394
Per Share Data					
Earnings-basic and diluted	$ 1.67	$ 1.70	$ 1.42	$ 1.36	$ 1.33
Cash dividends	0.425	0.32	0.24	0.17	0.15
Book value at year end	13.11	11.35	10.72	9.44	8.09
SELECTED YEAR END ACTUAL BALANCES					
Loans, net of unearned income	$252,022	$234,349	$211,349	$194,304	$177,005
Allowance for possible loan losses	-3,325	-3,100	-2,900	-2,700	-2,500
Investment securities	103,533	102,451	91,539	67,292	72,472
Total assets	382,800	362,790	334,232	286,634	270,679
Deposits	289,908	284,462	282,242	248,984	229,443
Long term borrowings	10,000	10,000	10,000	0	33
Shareholders' equity	43,377	37,546	35,455	31,220	26,758
SELECTED YEAR END AVERAGE BALANCES					
Loans, net of unearned income	$244,307	$221,165	$202,228	$186,843	$168,542
Allowance for possible loan losses	-3,198	-2,974	-2,701	-2,523	-2,342
Investment securities	102,325	97,219	79,401	70,023	76,138
Total assets	374,439	347,613	314,896	279,961	271,241
Deposits	290,704	288,176	268,514	242,459	238,358
Long term borrowings	10,000	10,000	7,630	3	35
Shareholders' equity	40,701	37,603	33,513	28,920	24,610
SELECTED RATIOS					
Return on average assets	1.48%	1.62%	1.50%	1.60%	1.62%
Return on average equity	13.60%	14.95%	14.08%	15.24%	17.77%
Dividend payout	25.41%	18.84%	16.85%	12.52%	11.29%
Equity to year end assets	11.33%	10.35%	10.61%	10.89%	9.89%
Total risk-based capital to risk-adjusted assets	18.88%	18.52%	18.13%	17.02%	15.84%
Leverage capital ratio	11.61%	11.06%	10.61%	10.46%	9.43%
Efficiency ratio	47.20%	45.48%	48.01%	45.56%	45.29%

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Information on the Management's Discussion and Analysis of Financial Condition and Results of Operations as of December 31, 2000, 1999, and 1998, required by this Item 7 can be found under the headings "Management's Discussion and Analysis" and "Consolidated Financial Statements" in the 2000 Annual Report to Shareholders, a copy of which is filed as an Exhibit to this Annual Report on Form 10-K. Such information is incorporated herein by reference.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Information on the Quantitative and Qualitative Disclosures about Market Risk, required by this Item 7A can be found under the headings "Quantitative and Qualitative Disclosures about Market Risk" in the 2000 Annual Report to Shareholders, a copy of which is filed as an Exhibit to this Annual Report on Form 10-K. Such information is incorporated herein by reference.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Information on Financial Statements and Supplementary Data required by this Item 8 can be found under the headings "Management's Discussion and Analysis", "Consolidated Financial Statements" and "Quarterly Financial Trends" in the 2000 Annual Report to Shareholders, a copy of which is filed as an Exhibit to this Annual Report of Form 10-K. Such information is incorporated herein by reference.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Information regarding the Directors and Executive Officers of the Registrant required by this Item 10 can be found under the headings "Section 16(a) Beneficial Ownership Reporting Compliance", "Board of Directors", and Executive Compensation" in the Corporation's Definitive Proxy Statement dated March 29, 2001, relating to its 2001 Annual Meeting of Shareholders. Such information is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

Information regarding the Executive Compensation paid by the Registrant required by this Item 11 can be found under the headings "Executive Compensation" and "Compensation of the Board of Directors" in the Corporation's Definitive Proxy Statement dated March 29, 2001, relating to its 2001 Annual Meeting of Shareholders. Such information is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Information regarding Security Ownership of Certain Beneficial Owners and Management can be found under the headings "Stock Ownership of Directors and Executive Officers" and "Ownership of Certain Beneficial Owners" in the Corporation's Definitive Proxy Statement dated March 29, 2001, relating to its 2001 Annual Meeting of Shareholders. Such information is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Information regarding Certain Relationships and Related Transactions can be found under the headings "Indebtedness of Related Parties" and "Interests of the Board of Directors" in the Corporation's Definitive Proxy Statement dated March 29, 2001, relating to its 2001 Annual Meeting of Shareholders. Such information is incorporated herein by reference.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) Financial Statements

Consolidated Financial Statements and Supplementary Information for years ended December 31, 1998, 1999 and 2000, which include the following:

(i) Independent Auditor's Report
(ii) Consolidated Statements of Financial Condition
(iii) Consolidated Statements of Income
(iv) Consolidated Statements of Comprehensive Income
(v) Consolidated Statements of Changes in Shareholders' Equity
(vi) Consolidated Statements of Cash Flows
(vii) Notes to Consolidated Financial Statements

(b) Reports on Form 8-K.

None.

(c) Exhibits required by Item 601 of Regulation S-K

3(i) Amended Articles of Incorporation of the Corporation *

3(ii)	Amended and Restated Bylaws of the Corporation	*
4	Rights Agreement between Citizens Holding Company and The Citizens Bank of Philadelphia, Mississippi	*
10	Directors' Deferred Compensation Plan - Form of Agreement	*
10(a)	Citizens Holding Company 1999 Directors' Stock Compensation Plan	*
10(b)	Citizens Holding Company 1999 Employees' Long-Term Incentive Plan	*
13	2000 Annual Report to Shareholders	
21	Subsidiaries of Registrant	*
27	Financial Data Schedule	

* Filed as an exhibit to the Form 10 Registration Statement of the Corporation (File No. 000-25221) filed on December 30, 1998 and incorporated herein by reference, and also filed as an exhibit to Amendment No. 1 to Form 10 Registration Statement of the Corporation (File No. 000-25221) filed on June 21, 1999 and incorporated herein by reference.

(d) Financial Statement Schedules.
None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15 (d) 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.

By: /s/ Steve Webb

STEVE WEBB
CHAIRMAN, CHIEF EXECUTIVE
OFFICER, PRESIDENT AND DIRECTOR

By: /s/ Robert T. Smith

ROBERT T. SMITH
TREASURER

DATE: March 21, 2001

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the Registrant and in the capacities and on the dates indicated:

SIGNATURES	CAPACITIES	DATE
/s/ Don L. Fulton	Director	March 21, 2001
/s/ William M. Mars	Director	March 21, 2001
/s/ W. W. Dungan	Director	March 21, 2001
/s/ George R. Mars	Director	March 21, 2001
/s/ Steve Webb	Director, President and Chief Executive Officer	March 21, 2001
/s/ David A. King	Director	March 21, 2001

EXHIBIT INDEX

3(i)	Amended Articles of Incorporation of the Corporation	*
3(ii)	Amended and Restated Bylaws of the Corporation	*
4	Rights Agreement between Citizens Holding Company and The Citizens Bank of Philadelphia, Mississippi	*
10	Directors' Deferred Compensation Plan - Form of Agreement	*
10(a)	Citizens Holding Company 1999 Directors' Stock Compensation Plan	*

10(b)	Citizens Holding Company 1999 Employees' Long-Term Incentive Plan	*
13	2000 Annual Report to Shareholders	
21	Subsidiaries of Registrant	*

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EXHIBIT 13

Dreams Dreams do come true

Citizens Holding Company 2000 Annual Report

THREE
DIFFERENT COUPLES

THREE
STAGES OF LIFE

THREE DIFFERENT DREAMS

JON AND JAMIE
OUT OF COLLEGE
DREAMS OF MARRIAGE
LOW ON FUNDS

YOU PROVIDE
THE DREAMS
WE PROVIDE
THE FUNDS

MAX AND KAREN
RAISING TWO KIDS
DREAMS OF A NEW HOME
LOW ON FUNDS

YOU PROVIDE
THE DREAMS
WE PROVIDE
THE FUNDS

BILL AND IRENE
ENTREPRENEURS
DREAMS OF A BUSINESS
LOW ON FUNDS

YOU PROVIDE
THE DREAMS
WE PROVIDE
THE FUNDS

Dear Stockholder:

The year 2000 was a challenging year for financial institutions and we are fortunate that our earnings remained strong in an environment of rising interest rates and increased competition for deposits. If you have examined the earnings statement, you can see that net interest income increased slightly and non-interest earnings increased by $162,598. Non-interest expense only increased by a small amount but the increase in interest expense was significant due to the rapid increase in interest rates during the year. We could not re-price our loans and investments as rapidly as the rise in the cost of funding. This was the case with the entire industry and the effect has been decreased profits for most banks in the year 2000. Due in large part to our above average efficiency rating, we held up well with a 1.48% return on assets.

Dividends paid to you in 2000, increased by 33% from the previous year, to $.42 1/2 per share. This increase reflects a positive trend during which your dividends have increased 300% since 1994. Although our dividend payout ratio of 25.4% of earnings in 2000 is conservative, it is more than double the ratio in 1996. This earnings retention has allowed us to build equity needed to cover our normal asset growth and strategic acquisitions.

Total assets in 2000 grew $20,010,707 or 5.5% to $382,800,409 from $362,789,702 in 1999. Total deposits for the year advanced $5,446,118 or 1.9% for the year to $289,907,757. Net loans increased $17,448,204 or 7.5% to end the year at $248,696,755. Although loan demand continued to be strong due to the favorable economic conditions of our area, deposit growth was basically flat, consistent with an industry trend that reflects increased competition for deposits. Book value per share rose to $13.11 at year-end from $11.35 the previous year.

During 2001 we will complete or have already completed several projects designed to enhance and expand our Bank operations. We expect to complete the acquisition of the Forest and Decatur branches of Union Planters Bank by the second quarter of this year. We are in the process of constructing a new building in Sebastopol to replace our existing Branch building. We have opened our new branch in Meridian and are expanding our services in that area.

During the past year bank stocks in general have not performed well. In fact, many bank stocks are at their lowest levels in recent times. Our efforts to promote our stock were hampered by the overall financial stock environment and therefore we elected to conserve our promotional funds during this period and utilize them when economic conditions became more favorable for financial institutions.

During 2000, management made presentations to brokerage firms and instituted a Dividend Reinvestment Plan. We are continuing to explore every opportunity to bring your company to the attention of the investing public. By second quarter 2001, we will have a Citizens Holding Company website that have financial statements, links to SEC filings, press releases, the Bank website and other information about the Company.

As I review our past stock transaction activity, it was interesting to note that our stock sold for $7.00 to $9.00 per share during 1997. Recently our stock has been selling for approximately double that amount. Even though our stock price has doubled in this three-year period, we continue to believe that our stock at the current price is a bargain.

I would like to discuss what I see in the future for the Bank as this to me is of the utmost importance and your incentive to continue to own stock in this company. We are investing in technology and smart people, most of them smarter than I, you will be happy to hear. We offer banking on the Internet, which has no physical boundaries and this has been a learning experience. When we first established Internet banking, there were less than two hundred banks in the country that had Internet banking available to their customers. The last count I am aware of indicated there were over 1600 banks on the Internet and over 60 million people using Internet banking services.

We have kept a strong capital base in order to take advantage of acquisitions as they present themselves and to allow for growth. I mentioned the acquisition of the two branches from Union Planters. We have done this with hardly a blip to our capital structure. We will continue to do this not just to get larger but when we see that we can prosper from it. I see abundant opportunity for this organization because we have a growing economy in which we can participate and an outstanding and loyal group of employees.

I have attempted to write a little about where we have been, where we are now and where we are going. To quote someone, "The greatest thing in this world is not so much where we are, but in what direction we are going".

Sincerely,

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis of Financial Condition and Results of Operations as of December 31, 2000, 1999 and 1998

BACKGROUND

Citizens Holding Company (the "Company") is a one-bank holding company that holds 96.64% of the outstanding shares of The Citizens Bank of Philadelphia, Mississippi (the "Bank"). The Company was incorporated under Mississippi law on February 16, 1982.

The Bank was opened on February 8, 1908 as The First National Bank of Philadelphia. In 1917 the Bank surrendered its national charter and obtained a state charter at which time the name of the Bank was changed to The Citizens Bank of Philadelphia, Mississippi. At December 31, 2000, the Bank was the largest bank headquartered in Neshoba County with total assets of $381,557,740 and total deposits of $290,268,948. The principal executive office for both the Company and the Bank is located at 521 Main Street, Philadelphia, Mississippi 39350 and its telephone number is (601) 656-4692. All references hereinafter to the activities or operations of the Company reflect the Company's acting or operating through the Bank.

OVERVIEW

The Company continued in 2000 to show good growth for the period in assets and loans. Total assets at the end of 2000 were $382,800,409, an increase of 5.5% over 1999; net loans were $248,696,755, an increase of 7.5% and deposits increased to $289,907,757, an increase of 1.9%.

Net income after taxes of the Company for 2000 decreased by 1.6% from 1999 to $5,534,365. Net income was affected in 2000 by an increase in interest paid on deposits and other borrowed money. Net income for 1999 and 1998 was up 19.3% and 4.9%, respectively, both years' net income being the result of a favorable interest rate environment and asset and loan growth. Net income for 2000 produced, on a fully diluted basis, earnings per share of $1.67 compared to $1.70 for 1999 and $1.42 for 1998.

The Company's Return on Average Assets (ROA) was 1.48% in 2000 compared to 1.62% in 1999 and 1.50% in 1998 and our Return on Average Equity (ROE) was 13.60% in 2000, 14.95% in 1999 and 14.08% in 1998. ROA and ROE decreased in 2000 due mainly to the increase in interest costs. In 1999, ROE and ROA increased due to an increase in net interest income that was the result of a larger growth in interest earning assets than interest bearing liabilities and a larger decrease in the rates paid on interest bearing liabilities than interest earning assets. ROE has declined over the last five years due to the retention of retained earnings that caused our capital percentages to rise. During this period, leverage capital ratios increased from 9.43% in 1996 to 11.61% in 2000.

SELECTED DATA

The following selected data has been taken from the Company's consolidated financial statements and should be read in conjunction with the consolidated financial statements and related notes included elsewhere. The major components of the Company's operating results for the past five years are summarized in Table 1 - Five Year Financial Summary. All dollar references in the following tables are in thousands except for per share data.

TABLE 1 - FIVE YEAR SUMMARY OF CONSOLIDATED STATEMENTS AND RELATED STATISTICS
(amounts in thousands, except percent and per share data)

	2000	1999	1998	1997	1996
SUMMARY OF EARNINGS					
Total interest income	$ 28,638	$ 25,476	$ 23,956	$ 21,588	$ 20,369
Total interest expense	14,064	10,974	10,860	9,659	8,684
Provision for loan losses	918	849	846	740	791
Non-interest income	3,285	3,122	2,897	2,990	2,686
Non-interest expense	8,772	8,360	7,948	7,046	6,665
Income tax expense	2,635	2,793	2,487	2,561	2,407
Net Income	5,534	5,621	4,712	4,490	4,394

Per Share Data					
Earnings-basic and diluted	$ 1.67	$ 1.70	$ 1.42	$ 1.36	$ 1.33
Cash dividends	0.425	0.32	0.24	0.17	0.15
Book value at year end	13.11	11.35	10.72	9.44	8.09
SELECTED YEAR END ACTUAL BALANCES					
Loans, net of unearned income	$252,022	$234,349	$211,349	$194,304	$177,005
Allowance for possible loan losses	-3,325	-3,100	-2,900	-2,700	-2,500
Investment securities	103,533	102,451	91,539	67,292	72,472
Total assets	382,800	362,790	334,232	286,634	270,679
Deposits	289,908	284,462	282,242	248,984	229,443
Long term borrowings	10,000	10,000	10,000	0	33
Shareholders' equity	43,377	37,546	35,455	31,220	26,758
SELECTED YEAR END AVERAGE BALANCES					
Loans, net of unearned income	$244,307	$221,165	$202,228	$186,843	$168,542
Allowance for possible loan losses	-3,198	-2,974	-2,701	-2,523	-2,342
Investment securities	102,325	97,219	79,401	70,023	76,138
Total assets	374,439	347,613	314,896	279,961	271,241
Deposits	290,704	288,176	268,514	242,459	238,358
Long term borrowings	10,000	10,000	7,630	3	35
Shareholders' equity	40,701	37,603	33,513	28,920	24,610
SELECTED RATIOS					
Return on average assets	1.48%	1.62%	1.50%	1.60%	1.62%
Return on average equity	13.60%	14.95%	14.08%	15.24%	17.77%
Dividend payout	25.41%	18.84%	16.85%	12.52%	11.29%
Equity to year end assets	11.33%	10.35%	10.61%	10.89%	9.89%
Total risk-based capital to risk-adjusted assets	18.88%	18.52%	18.13%	17.02%	15.84%
Leverage capital ratio	11.61%	11.06%	10.61%	10.46%	9.43%
Efficiency ratio	47.20%	45.48%	48.01%	45.56%	45.29%

NET INTEREST INCOME

Net interest income is the most significant component of the Company's earnings. Net interest income is the difference between interest and fees realized on earning assets, primarily loans and securities, and interest paid on deposits and other borrowed funds. The net interest margin is this difference expressed as a percentage of average earning assets. Net interest income is determined by several factors, including the volume of earning assets and liabilities, the mix of earning assets and liabilities and interest rates.

Net interest income on a tax equivalent basis was $14,403,000, $14,455,000 and $12,839,000 and the net interest margin percentage was 4.16%, 4.52% and 4.38% for the years 2000, 1999 and 1998, respectively. In 2000, the yield on earnings assets increased to 8.20% from 7.94% and the rate on interest-bearing liabilities increased to 4.82% from 4.11%. Earnings assets increased 8.2% while interest-bearing liabilities increased 8.8% in 2000. The larger increases in both volume and rate of interest-bearing liabilities combined to cause lower net interest income in 2000.

In 1999, the yield on earning assets declined 15 basis points from 1998 but was overcome by a 38 basis point decline in the rate on interest-bearing liabilities. This combination was the main reason that the net interest margin increased to 4.52% in 1999.

The net interest margin in 1998 declined from 1997 to 4.38% from 4.67% in 1997. The yield on earnings assets decreased to 8.09% from 8.41% and the rate on interest bearing liabilities declined to 4.49% from 4.57%. Again, the main reason for the change in the net interest margin was the change in interest rates.

During this three year period loan demand has remained strong and has allowed the Company to continue to invest its available funds in loans that provide the Company with yields that are greater than the yields on investment securities. Since deposit growth has been relatively flat during this same period, a large part of this growth was funded by the use of wholesale funding such as Federal Home loan Bank advances and Federal Funds Purchased.

TABLE 2 - AVERAGE BALANCE SHEETS AND INTEREST RATES

	Average Balance			Income/Expense			Average Yield/Rate		
	2000	1999	1998	2000	1999	1998	2000	1999	1998
Loans:									
Commercial Loans	$221,671	$199,537	$181,931	$19,568	$17,138	$16,122	8.83%	8.59%	8.86%
Installment Loans (Net)	21,572	20,751	20,297	2,319	2,199	2,185	10.75%	10.60%	10.77%

Total Loans	243,243	220,288	202,228	21,887	19,337	18,307	9.00%	8.78%	9.05%
Investment Securities									
Taxable	79,533	80,075	70,801	5,067	4,729	4,213	6.37%	5.91%	5.95%
Tax-exempt	22,370	16,143	8,600	1,438	1,191	565	6.43%	7.38%	6.57%
Total Investment Securities	101,903	96,218	79,401	6,505	5,920	4,778	6.38%	6.15%	6.02%
Federal Funds Sold and Other	1,181	3,541	11,380	75	172	614	6.31%	4.78%	5.32%
Total Interest Earning Assets	346,327	320,047	293,009	28,467	25,429	23,699	8.20%	7.94%	8.09%
Non-Earning Assets	28,112	27,566	21,887						
Total Assets	$374,439	$347,613	$314,896						
Deposits:									
Interest-bearing Demand Dep	$ 75,810	$ 77,820	$ 68,330	$ 2,333	$ 2,099	$ 1,958	3.08%	2.70%	2.87%
Savings	19,271	19,481	18,201	672	603	678	3.44%	3.10%	3.72%
Time	158,185	153,497	147,074	8,747	7,385	7,761	5.53%	4.81%	5.28%
Total Deposits	253,266	250,799	233,605	11,752	10,087	10,397	4.63%	4.02%	4.45%
Borrowed Funds									
Short-term Borrowings	26,696	5,805	635	1,748	323	33	6.55%	5.49%	5.20%
Long-term Borrowings	10,000	10,000	7,630	564	564	430	5.56%	5.56%	5.64%
Total Borrowed Funds	36,696	15,805	8,265	2,312	887	463	6.30%	5.53%	5.60%
Total Interest-Bearing Liabilities	289,962	266,604	241,870	14,064	10,974	10,860	4.82%	4.11%	4.49%
Non-Interest Bearing Liabilities									
Demand Deposits	37,439	37,377	34,909						
Other Liabilities	6,334	6,029	4,604						
Shareholders' Equity	40,704	37,603	33,513						
Total Liabilities and Shareholders' Equity	$374,439	$347,613	$314,896						
INTEREST RATE SPREAD							3.38%	3.83%	3.60%
NET INTEREST INCOME				$14,403	$14,455	$12,839			
NET INTEREST MARGIN							4.16%	4.52%	4.38%

Table 3 - Net Interest Earning Assets illustrates net interest earning assets and liabilities for 2000, 1999, and 1998.

TABLE 3 - NET AVERAGE INTEREST EARNING ASSETS

	2000	1999	1998
Average interest earning assets	$346,327	$320,047	$293,009
Average interest bearing liabilities	289,962	266,604	241,870
Net average interest earning assets	$ 56,365	$ 53,443	$ 51,139

Table 4 - Volume and Rate Analysis depicts the dollar effect of volume and rate changes from 1998 through 2000. Variances which were not specifically attributable to volume or rate were allocated proportionately between rate and volume using the absolute values of each for a basis for the allocation. Non-accruing loans were included in the average loan balances used in determining the yields. Interest income on tax-exempt securities and loans has been adjusted to a tax equivalent basis using a marginal federal income tax rate of 34%.

TABLE 4 - VOLUME/RATE ANALYSIS

2000 change from 1999			1999 change from 1998		
Volume	Rate	Total	Volume	Rate	Total

INTEREST INCOME						
Loans	2,066	484	2,550	1,576	-546	1,030
Taxable Securities	-34	372	338	546	-30	516
Non-Taxable Securities	400	-153	247	556	70	626
FHLB Account	4	9	13	-42	-14	-56
Federal Funds Sold	-161	51	-110	-333	-53	-386
TOTAL INTEREST INCOME	$2,275	$ 763	$3,038	$2,303	-$573	$1,730
INTEREST EXPENSE						
Interest-bearing demand deposits	-62	296	234	256	-115	141
Savings Deposits	-7	76	69	39	-114	-75
Time Deposits	259	1,103	1,362	309	-685	-376
Short-term borrowings	1,368	57	1,425	179	10	189
Long-term borrowings	0	0	0	230	5	235
TOTAL INTEREST EXPENSE	1,558	1,532	3,090	1,013	-899	114
NET INTEREST INCOME	$ 717	-$769	-$52	$1,290	$ 326	$1,616

PROVISION FOR LOAN LOSSES AND ASSET QUALITY

The provision for loan losses represents charges against operations to establish reserves for probable loan losses inherent in the Company's loan portfolio. This expense is determined

by a number of factors including historical loan losses, assessment of specific credit weaknesses within the portfolio, assessment of the prevailing economic climate, and other factors that may affect the overall condition of the loan portfolio. The ratio of net loans charged off to average loans was .28% in 2000, .29% in 1999, .32% in 1998, .29% in 1997 and .35% in 1996. These percentages are representative of normal loan charge-offs and are not the result of an economic downturn in any particular segment of our economy. Management evaluates the adequacy of the allowance for loan loss on a quarterly basis and makes provisions to the allowance based on this analysis.

The provision was $917,519 in 2000, $849,344 in 1999, $846,466 in 1998, $740,309 in 1997 and $790,761 in 1996. At the end of 2000, the allowance for loan losses was $3,325,000, an amount that management considers to be sufficient to protect against future loan losses.

Activity in the allowance for loan losses is reflected in Table 5 - Analysis of Allowance for Loan Losses. The Company's policy is to charge-off loans, when, in management's opinion, the loan is deemed uncollectable, although concerted efforts are made to maximize recovery of the loan after it is charged off.

TABLE 5 - ANALYSIS OF ALLOWANCE FOR LOAN LOSSES

	2000	1999	1998	1997	1996
BALANCE AT BEGINNING OF YEAR	$ 3,100	$ 2,900	$ 2,700	$ 2,500	$ 2,300
LOANS CHARGED-OFF					
Commercial, financial and agricultural	186	320	364	326	287
Real estate - construction	0	0	0	0	0
Real estate - mortgage	26	74	10	13	41
Consumer	801	522	505	449	428
TOTAL CHARGE-OFFS	1,013	916	879	788	756
CHARGE-OFFS RECOVERED					
Commercial, financial and agricultural	121	122	55	89	41
Real estate - construction	0	0	0	0	0
Real estate - mortgage	24	0	3	0	0
Consumer	175	145	175	159	124
TOTAL RECOVERIES	320	267	233	248	165

Net loans charged-off	693	649	646	540	591
Current year provision	918	849	846	740	791
BALANCE AT END OF YEAR	$ 3,325	$ 3,100	$ 2,900	$ 2,700	$ 2,500
Loans at year end	$252,022	$234,349	$211,349	$191,605	$177,005
Ratio of allowance to loans at year end	1.32%	1.32%	1.37%	1.41%	1.41%
Average loans - net of unearned	$244,307	$221,165	$202,228	$186,843	$168,542
Ratio of net loans charged-off to average loans	0.28%	0.29%	0.32%	0.29%	0.35%

ALLOCATION OF ALLOWANCE FOR LOAN LOSSES AT DECEMBER 31,

	2000	1999	1998	1997	1996
Commercial, financial and agricultural	$1,000	$ 900	$ 850	$ 800	$ 700
Real estate - construction	250	225	225	225	200
Real estate - mortgage	650	600	575	550	525
Consumer	1075	1050	950	850	825
Unallocated	350	325	300	275	250
Total	$3,325	$3,100	$2,900	$2,700	$2,500

COMPOSITION OF LOAN PORTFOLIO BY TYPE AT DECEMBER 31,

	2000	1999	1998	1997	1996
Commercial, financial and agricultural	48.02%	47.52%	46.25%	46.08%	44.59%
Real estate - construction	2.08%	3.02%	3.11%	2.30%	3.20%
Real estate - mortgage	29.35%	28.43%	27.40%	27.50%	28.00%
Consumer	20.55%	21.03%	23.24%	24.12%	24.21%
	100.00%	100.00%	100.00%	100.00%	100.00%

Non-performing assets and relative percentages to loan balances are presented in Table 6 - Non-performing Assets. Non-performing loans include non-accrual loans, restructured loans, and loans delinquent 90 days or more. Loans are classified as non-accrual when management believes that collection of interest is doubtful, typically when payments are past due over 90 days, unless well secured and in the process of collection. Another element associated with asset quality is other real estate owned (OREO), which represents properties acquired by the Company through loan defaults by customers.

Loans on non-accrual status amounted to $589,788 in 2000 and the effect of such loan classification was to reduce interest income by $146,797. All interest accrued on these loans at the time they are classified as non-accrual is reversed and interest accruals are suspended until such time that the loan is in compliance with its terms.

TABLE 6 - NON-PERFORMING ASSETS

As of December 31,

	2000	1999	1998	1997	1996
PRINCIPAL BALANCE - DOMESTIC					
Non-accrual	$ 590	$ 390	$ 649	$ 344	$ 171
90 days or more past due	1,746	1,643	1,641	1,862	1,731
Troubled debt restructuring	0	0	0	0	0
TOTAL DOMESTIC LOANS	$ 2,336	$ 2,033	$ 2,290	$ 2,206	$ 1,902

PRINCIPAL BALANCE - FOREIGN					
Non-accrual	$ 0	$ 0	$ 0	$ 0	$ 0
90 days or more past due	0	0	0	0	0
Troubled debt restructuring	0	0	0	0	0
TOTAL FOREIGN LOANS	$ 0	$ 0	$ 0	$ 0	$ 0
TOTAL NON-PERFORMING LOANS	$ 2,336	$ 2,033	$ 2,290	$ 2,206	$ 1,902
Income on non-accrual loans not recorded	$ 147	$ 110	$ 135	$ 32	$ 21
Non-performing as a percent of loans	0.93%	0.87%	1.08%	1.15%	1.07%
Other real estate owned	$ 133	$ 292	$ 57	$ 10	$ 132
OREO as a percent of loans	0.05%	0.15%	0.03%	0.01%	0.07%
Allowance as a percent of non-performing loans	142.34%	152.48%	126.64%	122.39%	131.44%

Statements of Financial Accounting Standard No. 114 and 118, "Accounting by Creditors for Impairment of a Loan," became effective January 1, 1995. These statements changed the way loan loss allowance estimates were to be made for problem loans. In general, when it is determined that principal and interest due under the contractual terms of a loan are not fully collectible, management must value the loan using discounted future expected cash flows. Management has not recognized any loans as being impaired in conformity with FASB 114 and 118 for the years 2000, 1999, 1998, 1997 and 1996.

Management believes loans classified for regulatory purposes as loss, doubtful or substandard that are not included in non-performing or impaired loans do not represent or result from trends or uncertainties which will have a material impact on future operating results, liquidity, or capital resources. In addition to loans classified for regulatory purposes,

management also designates certain loans for internal monitoring purposes in a watch category. Loans may be placed on management's watch list as a result of delinquent status, concern about the borrower's financial condition or the value of the collateral securing the loan, substandard classification during regulatory examinations, or simply as a result of management's desire to monitor more closely a borrower's financial condition and performance. Watch category loans may include loans with loss potential that are still performing and accruing interest and may be current under the terms of the loan agreement; however, management may have a significant degree of concern about the borrowers' ability to continue to perform according to the terms of the loan. Loss exposure on these loans is typically evaluated based primarily upon the estimated liquidation value of the collateral securing the loan. Also, watch category loans may include credits which, although adequately secured and performing, reflect a past delinquency problem or unfavorable financial trends exhibited by the borrower.

NON-INTEREST INCOME AND EXPENSE

A listing of non-interest income and expense from 1998 through 2000 and percentage changes between years is included in Table 7 - Non-interest Income and Expense.

TABLE 7 - NON-INTEREST INCOME & EXPENSE

	2000	% CHANGE FROM '99	1999	% CHANGE FROM '98	1998
NON-INTEREST INCOME					
Income from fiduciary activities	$ 2	50.00%	$ 2	100.00%	$ 1
Service charges on deposit accounts	2,470	4.13%	2,372	8.91%	2,178
Other operating income	813	8.69%	748	4.18%	718

TOTAL NON-INTEREST INCOME	$3,285	5.22%	$3,122	7.77%	$2,897
NON-INTEREST EXPENSE					
Salaries and employee benefits	$4,902	5.28%	$4,656	-0.17%	$4,664
Occupancy expense	1,386	1.54%	1,365	11.34%	1,226
Other operating expense	2,484	6.20%	2,339	13.65%	2,058
TOTAL NON-INTEREST EXPENSE	$8,772	4.93%	$8,360	5.18%	$7,948

Non-interest income typically consists of service charges on checking accounts and other financial services. With continued pressure on net interest income, the Company has sought to increase its non-interest income through the expansion of fee income and the development of new services. Currently, the Company's main sources of non-interest income are service charges on checking, safe deposit box rentals, credit life insurance premiums, title insurance service fees and income contributions from the Company's credit life insurance subsidiary.

Non-interest income for 2000 was $3,284,820, an increase of $162,598 or 5.2% over 1999. This increase was attributable to increases in checking account service charges related to volume increases, an increase in the number of safe deposit boxes rented, and another year of

increased income from its credit life and title insurance subsidiaries and fees from its mortgage origination department.

Similarly, non-interest income rose by $225,649 or 7.8% in 1999 over 1998. This increase was also due to increased fees from the addition of more deposit accounts and good earnings growth from the credit life subsidiary.

Non-interest expenses consist of salaries and benefits, occupancy expense and other overhead expenses incurred by the Company in the transaction of its business. Non- interest expense increased $411,663 or 4.9% in 2000 over 1999 and increased $412,736 in 1999 over 1998. The increases in both years were from normal growth activity in the Company.

In 2000 the Company's efficiency ratio was 47.20% compared to 45.48% in 1999 and 48.01% in 1998. The efficiency ratio is calculated by dividing non-interest expense by the sum of net interest income, on a fully tax equivalent basis, and non-interest income.

INCOME TAXES

The Corporation records a provision for income taxes currently payable, along with a provision for deferred taxes to be realized in the future. Such deferred taxes arise from differences in timing of certain items for financial statement reporting rather than income tax reporting. The major difference between the effective tax rate applied to the Corporation's financial statement income and the federal statutory rate of 34% is interest on tax-exempt securities and loans.

The Corporation's effective tax rate was 32.26%, 33.19%, and 34.54% in 2000, 1999 and 1998, respectively. Further tax information regarding the Corporation is disclosed in Note 5 to the consolidated financial statements.

SECURITIES

At December 2000, the Corporation classified all of its securities as available-for-sale. Securities available-for-sale are reported at fair value, with unrealized gains and losses included as a separate component of equity, net of tax. The Corporation does not classify any securities as held to maturity or held for trading purposes.

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities." This statement establishes accounting and reporting standards for derivative instruments and hedging activities and requires companies to recognize all derivatives as either assets or liabilities in the statement of financial position and measures those instruments at fair value. In 1999, SFAS No. 133 was amended to extend its effective date such that it is applicable to financial statements for all fiscal quarters beginning after June 15, 1999. Management does not believe that the implementation of SFAS No.

133 will have any impact on the financial statements of the Company because the Company does not engage in derivative or hedging activities.

Table 8 - Securities and Security Maturity Schedule summarizes the carrying value of securities from 1998 through 2000 and the maturity distribution at December 31, 2000, by classification.

TABLE 8 - SECURITIES

	2000	1999	1998
SECURITIES AVAILABLE FOR SALE			
U. S. Treasuries	$ 41,341	$ 41,428	$37,879
U. S. Agencies	20,147	18,670	15,757
Mortgage Backed	15,925	19,466	23,556
States, Municipals and Other	26,120	22,887	14,347
TOTAL SECURITIES AVAILABLE FOR SALE	$103,533	$102,451	$91,539
SECURITIES HELD TO MATURITY			
TOTAL SECURITIES HELD TO MATURITY	$ 0	$ 0	$ 0
TOTAL SECURITIES	$103,533	$102,451	$91,539

SECURITIES MATURITY SCHEDULE

	1 year and less		1 to 5 years		5 to 10 years		over 10 years	
	Actual Balance	Average Yield	Actual Balance	Average Yield	Actual Balance	Average Yield	Actual Balance	Average Yield
AVAILABLE-FOR-SALE								
U. S. Treasuries	$27,622	6.04%	$13,719	6.16%	$ 0	0.00%	$ 0	0.00%
U. S. Agencies	0	0.00%	9,248	6.62%	8,999	6.83%	1,913	7.35%
Mortgage Backed	0	0.00%	1,464	6.41%	2,319	7.18%	12,129	6.88%
States, Municipal and Other (1)	1,020	6.54%	6,878	6.67%	4,082	7.24%	14,140	7.48%
TOTAL AVAILABLE-FOR-SALE	$28,642	6.06%	$31,309	6.42%	$15,400	6.99%	$28,182	7.21%
TOTAL HELD-TO-MATURITY	$ 0	0.00%	$ 0	0.00%	$ 0	0.00%	$ 0	0.00%

(1) Average rates were calculated on tax equivalent basis using a marginal federal income tax rate of 34% and a state tax rate of 5%.

Although the change in equity due to market value fluctuations in the available-for-sale portfolio is not used in the Tier 1 capital calculation, the change which occurred in the unrealized gain/loss on securities between 2000 and 1999 was a result of the changing in the interest rate environment during that period, in conjunction with the change in the portfolio mix.

LOANS

The loan portfolio constitutes the major earning asset of the Company and in the opinion of management offers the best alternative for maximizing interest spread above the cost of funds. The Company's loan personnel has the authority to extend credit under guidelines established and approved by the Board of Directors. Any aggregate credit that exceeds the authority of the loan officer is forwarded to the loan committee for approval. The loan committee is composed of various directors, including the Chairman. All aggregate credits which exceed the loan committee's lending authority are presented to the full Board of Directors for ultimate approval or denial. The loan committee not only acts as an approval body to ensure consistent application of the Company's loan policy but also provides valuable insight through communication and pooling of knowledge, judgment, and experience of its members.

The Company has stated in its Loan Policy the following objectives for its loan portfolio: (a) to make loans on sound and thorough credit analysis, (b) proper documentation of all loans, (c) to eliminate loans from the portfolio that are under-priced, high risk or difficult and costly to administer, (d) to seek good relationships with the customer, (e) to avoid undue concentrations of loans, and (f) to keep non-accrual loans to a minimum by aggressive collection policies.

In general, the loan growth experienced in 2000 was due to a continuation of the overall growth in the area that is served by the Company. The continued success of the casino on the nearby Choctaw Indian Reservation caused an increase in the number of businesses to serve the visitors drawn by the casino. The increase of jobs in the area also helped to tighten the housing market in the area and caused a large number of new houses to be built. This is evidenced by the fact that real estate mortgage loans grew by $7,447,552 or 11.1% in 2000, $8,738,416 or 14.90% in 1999, and $4,518,516 or 8.35% in 1998.

Commercial and agricultural loans also showed large growth during this period. These loans grew $9,777,317 or 8.7% in 2000, $13,678,304 or 13.8% in 1999, and $8,265,632 or 9.1% in 1998. This increase was not caused solely by the influence of the casino in the area, but was due in part to an increase in the number of loans to poultry producers originated during this period.

Consumer loans have shown moderate growth during the period. This category increased $2,554,094 or 5.1% in 2000, $106,008 or .2% in 1999 and $2,268,148 or 4.78% in 1998. Changes in consumer purchasing habits and the increase in loan sources have affected the growth of this segment of loans. Low unemployment has insured that more people have jobs and that some people have improved their employment and in turn has lessened the dependence on consumer loans for some purchases.

Commercial and agricultural loans are the largest segment of the loan portfolio and, by nature, bear a higher degree of risk. Management is aware of the growth of loans in this category and believes the lending practices, policies, and procedures surrounding this loan category are adequate to manage this risk.

Table 9 - Loans Outstanding reflects outstanding balances by loan type for the past five years. Additional loan information is presented in Note 4 to the consolidated financial statements.

TABLE 9 - LOANS OUTSTANDING
AT DECEMBER 31,

	2000	1999	1998	1997	1996
Commercial, financial and agricultural	$122,412	$112,634	$ 98,956	$ 90,690	$ 81,089
Real estate - construction	5,310	7,157	6,645	4,533	5,826
Real estate - mortgage	74,824	67,376	58,637	54,119	50,916
Consumer	52,394	49,840	49,734	47,466	44,015
TOTAL LOANS	$254,940	$237,007	$213,972	$196,808	$181,846

Table 10 - Loan Liquidity and Sensitivity to Changes in Interest Rates reflects the maturity schedule or repricing frequency of all loans. Also indicated are fixed and variable rate loans maturing after one year for all loans.

TABLE 10 - LOAN LIQUIDITY
LOAN MATURITIES AT DECEMBER 31, 2000

	1 YEAR AND LESS	1 - 5 YEARS	OVER 5 YEARS	Total
Commercial, financial and agricultural	$40,936	$ 50,845	$30,631	$122,412
Real estate - construction	4,434	716	161	5,311
Real estate - mortgage	8,999	58,354	7,471	74,824

Consumer	22,844	28,785	764	52,393
Total loans	$77,213	$138,700	$39,027	$254,940

SENSITIVITY TO CHANGES IN INTEREST RATES

	1 - 5 YEARS	OVER 5 YEARS
Fixed rates	$136,622	$24,000
Variable rates	2,078	15,027
Total loans	$138,700	$39,027

DEPOSITS

The Company offers a wide variety of deposit services to individual and commercial customers, such as non-interest-bearing and interest-bearing checking accounts, savings accounts, money market deposit accounts, and certificates of deposit. The deposit base provides the major funding source for earning assets. Time deposits continue to be the largest single source of the Company's deposit base.

A three-year schedule of deposits by type and maturities of time deposits greater than $100,000 is presented in Table 11 - Deposit Information.

TABLE 11 - DEPOSIT INFORMATION

	2000		1999		1998	
	Average Balance	Average Rate	Average Balance	Average Rate	Average Balance	Average Rate
Noninterest-bearing	$ 37,438		$ 37,378		$ 34,909	
Interest-bearing demand	75,810	3.08%	77,820	2.69%	68,330	2.87%
Savings	19,271	3.43%	19,481	3.09%	18,201	3.73%
Certificates of deposit	158,185	5.53%	153,497	4.81%	147,074	5.28%
	$290,704	3.50%	$288,176	3.50%	$268,514	3.88%

MATURITY RANGES OF TIME DEPOSITS OF $100,000 OR MORE
AT DECEMBER 31,

	2000
3 months or less	$23,754
3 through 6 months	33,101
6 through 12 months	6,542
over 12 months	615
	$64,012

The Company in its normal course of business will acquire large certificates of deposit, generally from public entities, for a variety of maturities. These funds are acquired on a bid basis and are considered to be part of the deposit base of the Company.

BORROWINGS

Aside from the core deposit base and large denomination certificates of deposit mentioned above, the remaining funding sources include short-term and long-term borrowings. Short-term borrowings consist of federal funds purchased from other financial institutions on an overnight basis, short-term and long-term borrowings from the Federal Home Loan Bank of Dallas (FHLB), and U.S. Treasury demand notes for treasury, tax and loan (TT&L).

TABLE 12 - SHORT-TERM BORROWINGS

	As of December 31, 2000	1999	1998
Federal Home Loan Bank borrowings			
Year-end balance	$32,000	$13,100	$ 0
Weighted average rate	6.39%	5.93%	0.00%
Maximum month-end balance	$32,000	$13,100	$ 0
Year to date average balance	$14,389	$ 1,762	$ 0
Weighted average rate	6.61%	5.58%	0.00%

The Company foresees short-term borrowings to be a continued source of liquidity and will continue to use these borrowings as a method to fund short-term needs. The Company has the capacity to borrow up to $92,171,500 from the FHLB and other financial institutions in the form of federal funds purchased and will use these borrowings if circumstances warrant such action.

The Company, at the end of 2000, had long-term debt in the amount of $10,000,000 to the Federal Home Loan Bank for advances and $2,520,290 payable to the State of Mississippi for advances under the Agribusiness Enterprise Loan program. This program provides monies to banks to be extended to qualifying farmers at no interest. Farmers that qualify for the program receive 20% of their loan at zero interest. When the loan is repaid, the State receives its pro-rata share of 20% of the principal payment. The remaining maturity schedule of the long-term debt at December 31, 2000 is listed below.

	2000
Less than one year	$ 0
One year to three years	20
Over three years	12,500
Total Long-term borrowings	$12,520

LIQUIDITY AND RATE SENSITIVITY

Liquidity management is the process by which the Company ensures that adequate liquid funds are available to meet financial commitments on a timely basis. These commitments include honoring withdrawals by depositors, funding credit obligations to borrowers, servicing long-term obligations, making shareholder dividend payments, paying operating expenses, funding capital expenditures, and maintaining reserve requirements.

Interest rate risk is the exposure of Company earnings and capital to changes in interest rates. All financial institutions assume interest rate risk as an integral part of

normal operations. Managing and measuring the interest rate risk is the process that ranges from reducing the exposure of the Company's interest margin to swings in interest rates to assuring that there are sufficient capital and liquidity to support future balance sheet growth.

The Bank's source of funding is predominantly core deposits consisting of both commercial and individual deposits, proceeds from maturities of securities, repayments of loan principal and interest, federal funds purchased, and short-term and long-term borrowing from the FHLB. The growth of core deposits has been at a lower growth rate than that of loans. As a result, the Company is increasingly dependent upon non-core sources of funding such as federal funds purchased and short and long term borrowings from the FHLB.

The deposit base is diversified between individual and commercial accounts which help avoid dependence on large concentrations of funds. The Company does not solicit certificates of deposit from brokers. The primary sources of liquidity on the asset side of the balance sheet are federal funds sold and securities classified as available-for-sale. All of the investment securities portfolio are classified in the available-for-sale category, and are available to be sold, should liquidity needs arise.

Table 13 - Funding Uses and Sources details the main components of cash flows for 2000 and 1999.

TABLE 13 - FUNDING USES AND SOURCES

	2000			1999		
	Average Balance	Increase/(decrease) Amount	Percent	Average Balance	Increase/(decrease) Amount	Percent
FUNDING USES						
Loans, net of unearned	$244,307	$23,142	10.46%	$221,165	$18,937	9.36%
Taxable securities	79,533	-541	0.68%	80,074	9,273	13.10%
Tax-exempt securities	22,370	6,227	38.57%	16,143	7,543	87.71%
Federal funds sold and other	1,181	-2,360	-66.60%	3,541	-6,263	-63.88%
TOTAL USES	$347,391	$26,468	8.49%	$320,923	$29,490	10.03%
FUNDING SOURCES						
Noninterest-bearing deposits	$ 37,439	$ 62	0.17%	$ 37,377	$ 2,468	7.07%
Interest-bearing demand and savings deposits	95,081	-2,220	-2.28%	97,301	10,770	12.45%
Time Deposits	158,185	4,688	3.05%	153,497	6,423	4.37%
Short-term borrowings	26,696	20,891	359.88%	5,805	5,170	814.17%
Long-term debt	12,671	-5	-0.04%	12,676	5,046	66.13%
TOTAL SOURCES	$330,072	$23,416	7.64%	$306,656	$29,877	10.79%

Rate sensitivity gap is defined as the difference between the repricing of interest earning assets and the repricing of interest bearing liabilities within certain defined time frames. The Company's interest rate sensitivity position is influenced by the distribution of interest earning assets and interest-bearing liabilities among the maturity categories. Table 14 - Liquidity and Interest Rate Sensitivity reflects interest earning assets and interest-bearing liabilities by maturity distribution as of December 31, 2000. Product lines repricing in time periods predetermined by contractual agreements are included in the respective maturity categories.

TABLE 14 - LIQUIDITY AND INTEREST RATE SENSITIVITY

AT DECEMBER 31, 2000

	1 - 90 Days	91 - 365 Days	1 - 5 Years	Over 5 years	Total
INTEREST EARNING ASSETS					
Loans	$ 59,062	$ 63,896	$112,450	$13,288	$248,696
Investment securities	5,548	24,644	28,076	42,766	101,034
Federal Home Loan Bank Account	863	0	0	0	863
Federal Funds Sold	3,100	0	0	0	3,100
TOTAL INTEREST BEARING ASSETS	$ 68,573	$ 88,540	$140,526	$56,054	$353,693

INTEREST BEARING LIABILITIES

Interest bearing demand deposits	$ 68,499	$ 0	$ 0	$ 0	$ 68,499
Savings deposits	19,054	0	0	0	19,054
Time deposits	61,520	90,628	13,245	0	165,393
Short term borrowings	32,700	0	0	0	32,700
Long term borrowings	0	20	12,500	0	12,520
TOTAL INTEREST BEARING LIABILITIES	$ 181,773	$ 90,648	$ 25,745	$ 0	$298,166
Rate sensitive gap	-$113,200	-$2,108	$114,781	$56,054	$ 55,527
Rate sensitive cumulative gap	-113,200	-115,308	-527	55,527	
Cumulative gap as a percentage of total earning assets	-32.01%	-32.60%	-0.15%	15.70%	

The purpose of the above table is to measure interest rate risk utilizing the repricing intervals of interest sensitive assets and liabilities. Rate sensitive gaps constantly change as funds are acquired and invested and as rates change. Rising interest rates are likely to increase net interest income in a positive gap position while falling interest rates are beneficial in a negative gap position.

The above rate sensitivity analysis places interest-bearing demand and savings deposits in the shortest maturity category because these liabilities do not have defined maturities. If these deposits were placed in a maturity distribution representative of the Company's deposit base history, the shortfall of the negative rate sensitive gap position would be reduced in the 1-to-90 day time frame.

The Company's large negative cumulative gap position in the one year time period as of December 31, 2000 was mainly due to: (1) the interest-bearing and savings deposits being classified in the 1-90 day category; (2) approximately 92% of certificates of deposit maturing during the next twelve months; and (3) a significant portion of the Company's loans maturing after one year. A decline in the interest rate environment would enhance earnings, while an increase in interest rates would have the opposite effect on corporate earnings. The effect would be mitigated by the fact that interest-bearing demand and savings deposits may not be immediately affected by changes in general interest rates.

CAPITAL RESOURCES

The Company and Bank are subject to various regulatory capital guidelines as required by federal and state banking agencies. These guidelines define the various components of core capital and assign risk weights to various categories of assets.

The Federal Deposit Insurance Corporation Improvement Act of 1991 (AFDICIA@) requires federal regulatory agencies to define capital tiers. These are: well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized, and critically undercapitalized. Under these regulations, a "well-capitalized" institution must achieve a Tier 1 risk-based capital ratio of at least 6.00%, and a total capital ratio of at least 10.00%, and a leverage ratio of at least 5.00% and not be under a capital directive order. Failure to meet capital requirements can initiate regulatory action that could have a direct material effect on the Company's financial statements. If adequately capitalized, regulatory approval is required to accept brokered deposits. If undercapitalized, capital distributions, asset growth, and expansion are limited, in addition to the institution being required to submit a capital restoration plan.

Management believes the Company and the Bank meet all the capital requirements to be well-capitalized under the guidelines established by the banking regulators as of December 31, 2000, as noted below in Table 15 - Capital Ratios. To be well-capitalized, the Company and Bank must maintain the prompt corrective action capital guidelines described above.

Management has sought in the past to maintain a high level of capital to allow the Company to respond to growth and acquisition opportunities in our service area. Although the Company has not made an acquisition since 1995, we remain committed to acquire banks or branches that fit into our banking plan. Because the Company has been able to increase capital through the retention of earnings, the Company has not implemented a plan to raise additional capital at this time nor does it have any plans to do so.

TABLE 15 - CAPITAL RATIOS

	At December 31, 2000	1999	1998
Tier 1 capital			
Shareholders' equity	$ 43,377	$ 37,546	$ 35,456
Less: Intangibles	-654	-650	-717
Add/less: Unrealized loss/(gain) on securities	-161	1,542	-930
Add: Minority interest in equity accounts of unconsolidated subsidiaries	1,452	1,261	1,200
TOTAL TIER 1 CAPITAL	$ 44,014	$ 39,699	$ 35,009
Total capital			
Tier 1 capital	$ 44,014	$ 39,699	$ 35,009
Allowable allowance for loan losses	3,124	2,876	2,597
TOTAL CAPITAL	$ 47,138	$ 42,575	$ 37,606
RISK WEIGHTED ASSETS	$249,683	$229,898	$207,437
AVERAGE ASSETS (FOURTH QUARTER)	$379,130	$358,995	$330,079
RISK BASED RATIOS			
TIER 1	17.63%	17.27%	16.88%
TOTAL CAPITAL	18.88%	18.52%	18.13%
LEVERAGE RATIOS	11.61%	11.06%	10.61%

INFLATION

For a financial institution, effects of price changes and inflation vary considerably from an industrial organization. Changes in the prices of goods and services are the primary determinant of the industrial company's profit, whereas changes in interest rates have a major impact on a financial institution's profitability. Inflation affects the growth of total assets, but it is difficult to assess its impact because neither the timing nor the magnitude of the changes in the consumer price index directly coincide with changes in interest rates.

During periods of high inflation there are normally corresponding increases in the money supply. During such times financial institutions often experience above average growth in loans and deposits. Also, general increases in the price of goods and services will result in increased operating expenses. Over the past few years the rate of inflation has been relatively low, and its impact on the growth in the balance sheets and increased levels of income and expense has been nominal.

FORWARD LOOKING STATEMENTS

The discussion in this Management's Discussion and Analysis of Financial Condition and Results of Operations may include forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 relating to such matters as (a) assumptions concerning future economic and business conditions and their effect on the economy in general and on the markets in which the Company and the Bank do business, and (b) expectations for increased revenues and earnings for the Company and Bank through growth resulting from acquisitions, attraction of new deposit and loan customers and the introduction of new products and services. Such forward-looking statements are based on assumptions rather than historical or current facts and, therefore, are inherently uncertain and subject to risk.

The Company notes that a variety of factors could cause the actual results or experience to differ materially from the anticipated results or other expectations described or implied by such forward-looking statements. The risks and uncertainties that may affect the operation, performance, development and results of the Company's and Bank's business include, but are limited to, the following: (a) the risk of adverse changes in business conditions in the banking industry generally and in the specific markets in which the Company operates; (b) changes in the legislative and regulatory environment that negatively impact the Company and Bank through increased operating expenses; (c) increased competition from other financial institutions; (d) the impact of technological advances; (e) expectations about the movement of interest rates, including actions that may be taken by the Federal Reserve Board in response to changing economic conditions; changes in asset quality and loan demand; (g) expectations about overall economic strength and the performance of the economics in the Company's market area and (h) other risks detailed from time to time in the Company's filings with the Securities and Exchange Commission. The Company does not undertake any obligation to update or revise any forwarding-looking statements subsequent to the date on which they are made.

CITIZENS HOLDING COMPANY
AND SUBSIDIARY

Philadelphia, Mississippi

Audited Consolidated Financial Statements

Years Ended December 31, 2000, 1999, and 1998

CONTENTS

[HORNE CPA GROUP - LOGO]

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Citizens Holding Company
Philadelphia, Mississippi

We have audited the accompanying consolidated balance sheets of Citizens Holding Company and Subsidiary as of December 31, 2000 and 1999, and the related consolidated statements of income, comprehensive income, changes in stockholders' equity, and cash flows for each of the years in the three year period ended December 31, 2000. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly in all material respects, the financial position of Citizens Holding Company and Subsidiary and the results of their operations and their cash flows for each of the years in the three year period ended December 31, 2000, in conformity with generally accepted accounting principles.

/s/ Horne CPA Group

Horne CPA Group

Jackson, Mississippi
January 18, 2001

CITIZENS HOLDING COMPANY AND SUBSIDIARY
Consolidated Balance Sheets
December 31, 2000 and 1999

	2000	1999
ASSETS		
Cash and due from banks	$ 10,415,155	$ 13,312,028
Interest bearing deposits with other banks	863,371	182,042
Federal funds sold	3,100,000	-
Securities Available for Sale, at Fair Value (amortized cost of $103,281,306 in 2000, and $104,799,083 in 1999)	103,533,174	102,451,360
Loans, net of allowance for loan losses of $3,325,000 in 2000 and $3,100,000 in 1999	248,696,755	231,248,551
Bank premises, furniture, fixtures and equipment, net	4,362,206	4,410,976
Real estate acquired by foreclosure	133,325	291,508
Accrued interest receivable	4,726,113	3,683,849
Cash value of life insurance	3,019,454	2,828,265
Goodwill, net	654,160	649,854
Other assets	3,296,696	3,731,269
Total Assets	$ 382,800,409	$ 362,789,702
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits		
Non-interest bearing demand deposits	$ 36,961,489	$ 37,090,779
Interest bearing NOW and money market accounts	68,499,167	74,616,711
Interest bearing time deposits	165,393,512	152,722,496
Interest bearing savings deposits	19,053,589	20,031,653
Total deposits	289,907,757	284,461,639
Federal funds purchased	-	10,600,000
Federal Home Loan Bank advances	42,000,000	23,100,000
Treasury tax and loan advances	700,000	700,000
Accrued interest payable	1,597,445	1,242,916
Directors deferred compensation payable	916,256	812,130
Other Liabilities	2,849,999	3,066,407
Total Liabilities	337,971,457	323,983,092
Commitments and Contingencies		
Minority interest	1,451,991	1,260,649

Stockholders' Equity		
Common stock, $.20 par value, authorized 15,000,000 shares; 3,353,750 shares issued at 2000 and 1999	670,750	670,750
Additional paid in capital	3,353,127	3,353,127
Accumulated other comprehensive income (loss), net of deferred tax asset (liability) of $(85,635) in 2000 and $821,577 in 1999	160,834	(1,542,020)
Retained earnings	39,431,650	35,303,504
	43,616,361	37,785,361
Less cost of treasury stock - 45,000 shares at 2000 and 1999	(239,400)	(239,400)
Total Stockholders' Equity	43,376,961	37,545,961
Total Liabilities and Stockholders' Equity	$ 382,800,409	$ 362,789,702

The accompanying notes are an integral part of these statements.

CITIZENS HOLDING COMPANY AND SUBSIDIARY
Consolidated Statements of Income
Years Ended December 31, 2000, 1999, and 1998

	2000	1999	1998
Interest Income			
Interest and fees on loans	$ 22,280,018	$ 19,607,524	$ 18,472,801
Interest on securities			
Taxable	5,066,547	4,840,807	4,424,809
Non-taxable	1,073,142	799,867	444,566
Other interest	218,392	227,354	614,469
Total Interest Income	28,638,099	25,475,552	23,956,645
Interest Expense			
Deposits	11,751,889	10,087,438	10,397,077
Other borrowed funds	2,312,030	886,774	463,051
Total Interest Expense	14,063,919	10,974,212	10,860,128
Net Interest Income	14,574,180	14,501,340	13,096,517
Provision for loan losses	(917,519)	(849,344)	(846,466)
Net Interest Income After Provision for Loan Losses	13,656,661	13,651,996	12,250,051
Non-Interest Income			
Service charges on deposit accounts	2,470,018	2,371,809	2,177,631
Other service charges and fees	383,558	289,420	259,826
Other income	431,244	460,993	459,116
Total Non-Interest Income	3,284,820	3,122,222	2,896,573
Non-Interest Expense			
Salaries and employee benefits	4,901,589	4,656,363	4,663,908
Occupancy expense	654,037	552,348	533,091
Equipment expense	731,878	813,000	693,107
Earnings applicable to minority	190,393	196,475	163,662
Other expense	2,294,008	2,142,056	1,893,738
Total Non-Interest Expense	8,771,905	8,360,242	7,947,506
Income before income taxes	8,169,576	8,413,976	7,199,118
Income tax expense	2,635,211	2,792,620	2,486,682
Net Income	$ 5,534,365	$ 5,621,356	$ 4,712,436
Net Income Per Share - Basic and Diluted	$ 1.67	$ 1.70	$ 1.42
Average Shares Outstanding:			
Basic	3,308,750	3,308,750	3,308,750
Diluted	3,316,834	3,316,023	3,308,750

The accompanying notes are an integral part of these statements.

CITIZENS HOLDING COMPANY AND SUBSIDIARY
Consolidated Statements of Comprehensive Income
Years Ended December 31, 2000, 1999, and 1998

	2000	1999	1998
Net Income	$ 5,534,365	$ 5,621,356	$ 4,712,436
Other Comprehensive Income (Loss), Net of Tax			
Unrealized holding gains (losses) during year	1,748,548	(2,471,959)	297,553
Less reclassification adjustment for gains (losses) included in net income	45,694	(54)	(18,940)
Total Other Comprehensive Income (Loss)	1,702,854	(2,471,905)	316,493
Comprehensive Income	$ 7,237,219	$ 3,149,451	$ 5,028,929

The accompanying notes are an integral part of these statements.

CITIZENS HOLDING COMPANY AND SUBSIDIARY
Consolidated Statements of Changes in Stockholders' Equity
Years Ended December 31, 2000, 1999, and 1998

	Number of Shares Issued	Common Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Treasury Stock	Total
Balance, December 31, 1997	670,750	$ 670,750	$ 3,353,127	$ 613,39	$ 26,822,612	$ (239,400)	31,220,481
Net income	-	-	-		4,712,436	-	4,712,436
Dividends paid	-	-	-		(794,100)	-	(794,100)
Other comprehensive income, net	-	-	-	316,49	-	-	316,493
Balance, December 31, 1998	670,750	670,750	3,353,127	929,88	30,740,948	(239,400)	35,455,310
Net income	-	-	-		5,621,356	-	5,621,356
Dividends paid	-	-	-		(1,058,800)	-	(1,058,800)
5 for 1 stock split	2,683,000	-	-		-	-	-
Other comprehensive loss, net	-	-	-	(2,471,90)	-	-	(2,471,905)
Balance, December 31, 1999	3,353,750	670,750	3,353,127	(1,542,02	35,303,504	(239,400)	37,545,961
Net income	-	-	-		5,534,365	-	5,534,365
Dividends paid	-	-	-		(1,406,219)	-	(1,406,219)
Other comprehensive income, net	-	-	-	1,702,85	-	-	1,702,854
Balance, December 31, 2000	3,353,750	$ 670,750	$ 3,353,127	$ 160,83	$ 39,431,650	$ (239,400)	$ 43,376,961

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The accompanying notes are an integral part of these statements.

CITIZENS HOLDING COMPANY AND SUBSIDIARY
Consolidated Statements of Cash Flows
Years Ended December 31, 2000, 1999, and 1998

	2000	1999	1998
Cash Flows from Operating Activities			
Net income	$ 5,534,365	$ 5,621,356	$ 4,712,436
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation	476,585	526,778	450,039
Amortization of goodwill	72,110	67,008	67,008
Amortization of premiums and accretion of discounts on investment securities	(108,863)	(68,773)	(46,683)
Provision for loan losses	917,519	849,344	846,466
Investment securities (gains) losses	(45,694)	54	18,940
Deferred income tax benefit	(79,528)	(49,041)	(113,214)
Net earnings applicable to minority interest	190,343	61,021	93,876
(Increase) decrease in real estate acquired by foreclosure	158,183	(234,414)	(47,174)
(Increase) decrease in accrued interest receivable	(1,042,264)	13,260	(543,241)
Increase in cash value of life insurance	(191,189)	(311,904)	(298,748)
Increase in other assets	(302,250)	(322,880)	(439,529)
Increase (decrease) in income taxes payable	30,577	-	(34,029)
Increase (decrease) in accrued interest payable	354,529	(31,143)	(41,998)
Increase in directors deferred compensation	104,126	93,262	88,557
Increase (decrease) in other liabilities	(398,390)	424,692	(2,110)
Net Cash Provided by Operating Activities	5,670,159	6,638,620	4,710,596
Cash Flows from Investing Activities			
Proceeds from maturities of securities available for sale	15,705,000	19,931,583	18,965,865
Proceeds from sales of securities available for sale	12,442,879	3,998,853	11,812,981
Purchases of investment securities	(26,479,943)	(38,580,853)	(54,505,473)
Purchases of bank premises, furniture, fixtures and equipment	(427,815)	(504,102)	(632,872)
Decrease (increase) in interest bearing deposits with other banks	(681,329)	881,202	(915,803)
Net (increase) decrease in federal funds sold	(3,100,000)	4,500,000	1,000,000
Net increase in loans	(18,365,723)	(23,648,480)	(17,691,166)
Net Cash Used by Investing Activities	(20,906,931)	(33,421,797)	(41,966,468)

CITIZENS HOLDING COMPANY AND SUBSIDIARY
Consolidated Statements of Cash Flows
Years Ended December 31, 2000, 1999, and 1998

	2000	1999	1998
Cash Flows from Financing Activities			
Net increase (decrease) in federal funds purchased	$ (10,600,000)	$ 600,000	$ 10,000,000
Net increase in deposits	5,446,118	2,219,411	33,258,683
Dividends paid to stockholders	(1,406,219)	(1,058,800)	(794,100)
Net increase in Federal Home Loan Bank			

advances	18,900,000	23,100,000	-
Net Cash Provided by Financing Activities	12,339,899	24,860,611	42,464,583
Net Increase (Decrease) in Cash and Due from Banks	(2,896,873)	(1,922,566)	5,208,711
Cash and due from banks, beginning of year	13,312,028	15,234,594	10,025,883
Cash and due from banks, end of year	$ 10,415,155	$ 13,312,028	$ 15,234,594
Supplemental Disclosures of Cash Flow Information			
Cash paid for Interest	$ 13,717,444	$ 11,005,355	$ 10,902,126
Income taxes	$ 2,744,590	$ 2,923,786	$ 2,647,655
Supplemental Schedule of Noncash Activities			
Unrealized gain (loss) on securities available for sale	$ 2,594,194	$ (3,806,280)	$ 494,841
Increase (decrease) in deferred income tax liability on unrealized gain (loss) on securities	$ (891,340)	$ 1,317,486	$ (168,246)
Minority interest on unrealized gain (loss) on securities	$ 87,113	$ (16,889)	$ 10,102

The accompanying notes are an integral part of these statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Financial Statement Presentation

The accounting policies of Citizens Holding Company and Subsidiary conform to generally accepted accounting principles and to general practices within the banking industry. The consolidated financial statements of Citizens Holding Company include the accounts of its approximately 97 percent owned subsidiary, The Citizens Bank of Philadelphia, Mississippi (collectively referred to as "the Company"). All significant intercompany transactions have been eliminated in consolidation.

Nature of Business

The Citizens Bank of Philadelphia, Mississippi ("Citizens Bank") operates under a state bank charter and provides general banking services. As a state bank, the bank is subject to regulations of the Mississippi Department of Banking and Consumer Finance and the Federal Deposit Insurance Corporation. Citizens

Holding Company is subject to the regulations of the Federal Reserve. The area served by Citizens Bank is Neshoba County, Mississippi, and the immediately surrounding areas. Services are provided at several branch offices.

Fair Value of Financial Instruments

Statement of Financial Accounting Standards (SFAS) No. 107, "Disclosures about Fair Value of Financial Instruments," requires disclosure of financial instruments' fair values, as well as the methodology and significant assumptions used in estimating fair values. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. In that regard, the derived fair value estimates cannot be substantiated by comparison to independent markets and, in many cases, could not be realized in immediate settlement of the instrument. SFAS No. 107 excludes certain financial instruments from its disclosure requirements. Accordingly, the aggregate fair value amounts presented do not represent the underlying value of the Company and may not be indicative of amounts that might ultimately be realized upon disposition or settlement of those assets and liabilities.

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, 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.

NOTE 1. CONTINUED

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.

A portion of the Company's loan portfolio consists of loans secured by residential property in the east central Mississippi area. The regional economy depends heavily on light industry, agriculture, and the gaming industry. Accordingly, the ultimate collectibility of a substantial portion of the Company's loan portfolio and the recovery of a substantial portion of the carrying amount of foreclosed real estate are susceptible to changes in local market conditions.

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. In addition, regulatory agencies, as an integral part of their examination process, periodically review the Company's allowances for losses on loans and foreclosed real estate. Such agencies may require the Company 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.

Trust Assets

Assets held by the Trust Department of Citizens Bank in fiduciary or agency capacities are not assets of the Company and are not included in the financial statements.

Cash and Due from Banks

Cash and due from banks consist of cash on hand and demand deposits with banks. Cash flows from loans originated by the Company, deposits, and federal funds purchased and sold are reported at net in the statements of cash flows. The Company is required to maintain average reserve balances with the Federal Reserve Bank based on a percentage of deposits. The average amount of those reserves for the year ended December 31, 2000 was $1,500,000.

Securities Available for Sale

Securities available for sale are reported at fair value with unrealized gains and losses net of income taxes reported as other comprehensive income. Fair values for securities are based on quoted market prices where available. If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments. The Company classifies all of its portfolio, which consists of U.S. Treasury notes, U.S. Government and Agency securities, taxable state and municipal obligations, and mortgage-backed securities, as securities available for sale.

NOTE 1. CONTINUED

Realized gains or losses, determined on the basis of the cost of specific securities sold, are included in other income. The amortization of premiums and accretion of discounts are recognized in interest income, using the interest method.

Loans and Allowances for Loan Losses

Loans are reported at the principal amount outstanding, net of unearned discounts and unearned finance charges. Unearned discounts on installment loans are recognized as income over the terms of the loans by a method which approximates the interest method. Unearned finance charges and interest on commercial loans are recognized based on the principal amount outstanding.

The allowance for loan losses is established through a provision for loan losses charged against net income. Loans declared to be uncollectible are charged against the allowance for loan losses, and subsequent recoveries, if any, are credited to the allowance. The allowance represents an amount which, in management's judgment, will be adequate to absorb estimated probable losses on existing loans that may become uncollectible. Management's judgment in determining the adequacy of the allowance is based on evaluations of the collectibility of loans. These evaluations take into consideration such factors as the Company's past loan loss experience, composition of the loan portfolio, adverse situations that may affect the borrowers' ability to pay, the estimated value of any underlying collateral, current economic conditions, and other relevant factors. This evaluation is inherently subjective as it requires material estimates that may be susceptible to significant change.

The Company generally discontinues the accrual of interest income when a loan becomes 90 days past due as to principal or interest; however, management may elect to continue the accrual when the estimated net realizable value of collateral is sufficient to cover the principal balance and the accrued interest. Interest on impaired loans is discontinued when, in management's opinion, the borrower may be unable to meet payments as they become due. Any unpaid interest previously accrued on nonaccrual loans is reversed from income to charges to the allowance for loan losses. Interest income, generally, is not recognized on specific impaired 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. Interest income on other nonaccrual loans is recognized only to the extent of interest payments received.

Bank Premises, Furniture, Fixtures, and Equipment

Bank premises and equipment are stated at cost less accumulated depreciation computed on the straight-line basis for buildings and on an accelerated method for fixtures and equipment.

NOTE 1. CONTINUED

Real Estate Acquired by Foreclosure

Real estate acquired by foreclosure consists of properties repossessed by the Company on foreclosed loans. These assets are stated at the lower of the outstanding loan amount (including accrued interest, if any) or fair value based on appraised value at the date acquired less estimated costs to sell. Losses arising from the acquisition of such property are charged against the allowance for loan losses; declines in value resulting from subsequent reappraisals or losses resulting from disposition of such property are expensed.

Income Taxes

Provisions for income taxes are based on taxes payable or refundable for the current year (after exclusion of nontaxable income such as interest on state and municipal securities) and deferred taxes on temporary differences between the tax bases of assets and liabilities and their reported amounts in the financial statements. Deferred tax assets and liabilities are included in the financial statements at currently enacted income tax rates applicable to the period in which the deferred tax assets and liabilities are expected to be realized or settled as described in SFAS No. 109, "Accounting for Income Taxes." As changes in tax laws or rates are enacted, deferred tax assets and liabilities are adjusted through the provision for income taxes.

Citizens Holding Company files a consolidated Federal income tax return. Citizen Bank remits to Citizens Holding Company amounts determined to be currently payable.

Net Income Per Share

Basic net income per share is computed by dividing net income by the weighted average number of common shares outstanding during the year. The weighted average number of shares outstanding was 3,308,750 for each of the years ended December 31, 2000, 1999 and 1998. Diluted net income per share is based on the weighted average number of shares of common stock outstanding for the periods, including dilutive potential common equivalent shares which reflect the dilutive effect of the Company's outstanding stock options. Dilutive common equivalent shares for the years ended December 31, 2000 and 1999 were 8,084 and 7,273, respectively, all attributable to stock options. There were no common equivalent shares outstanding in 1998.

Off-Balance Sheet Financial Instruments

In the ordinary course of business the Company has entered into off-balance-sheet financial instruments consisting of commitments to extend credit and letters of credit. Such financial instruments are recorded in the financial statements when they become payable.

NOTE 1. CONTINUED

Goodwill

Goodwill is amortized over an estimated useful life of 15 years.

Investment - Insurance Company

The Company is accounting for its investment in New South Life Insurance Company ("New South"), a 20 percent owned affiliate, by the equity method of accounting. The Company's share of the net income of the affiliate is recognized as income in the Company's income statement and added to the investment account, and dividends received from New South would be treated as a reduction of the investment account. New South has not paid dividends.

The fiscal year of New South ends on November 30, and the Company follows the practice of recognizing the net income of New South on that basis.

The investment, which is included in other assets, totaled $1,238,205 and $1,110,278 at December 31, 2000 and 1999, respectively. Income from the investment for the years ended December 31, 2000, 1999, and 1998 included in other income totaled $127,927, $214,835, and $190,011, respectively.

Reclassifications

Certain reclassifications were made to the financial statement amounts from the prior year in order to facilitate comparability.

Recent Pronouncements

In June 1998, the Financial Accounting Standards Board (FASB) issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." This statement provides a comprehensive and consistent standard for the recognition and measurement of derivatives and hedging activities. During 1999, the FASB issued SFAS No. 137, "Accounting for Derivative Instruments and Hedging Activities-Deferral of the Effective Date of FASB Statement No. 133-an amendment of FASB Statement No. 133," which concluded that it was appropriate to defer the effective date of SFAS No. 133 to fiscal years beginning after June 15, 2000. The Company does not expect that the adoption of this statement will have a material effect on its financial position or results of operations.

NOTE 1. CONTINUED

In September 2000, the FASB issued SFAS No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities (a replacement of FASB Statement No. 125)." SFAS No. 140 replaces SFAS No. 125, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities." SFAS No. 140 revises the standard for accounting for securitizations and other transfers of financial assets and collateral and requires certain disclosures, but it carries over most of SFAS No. 125's provisions without reconsideration. SFAS No. 140 is effective for recognition and reclassification of collateral and for disclosures relating to securitization transactions and collateral for fiscal years ending after December 15, 2000. The adoption of this statement will not have a material effect on the Company's financial position or results of operations.

NOTE 2. INVESTMENT SECURITIES

The amortized cost of investment securities and their market values at December 31, 2000 and 1999, were as follows:

	2000			
AVAILABLE FOR SALE	AMORTIZED COST	GROSS UNREALIZED GAINS	GROSS UNREALIZED LOSSES	ESTIMATED FAIR VALUE
U.S. Treasury Direct	$ 41,101,850	$ 271,274	$ 31,994	$ 41,341,130
U.S. Agency	20,068,853	149,635	71,523	20,146,965
Mortgage-backed securities	15,937,226	89,029	101,599	15,924,656
State, county and municipals	23,674,377	284,577	337,531	23,621,423
Federal Home Loan Bank stock	2,499,000	-	-	2,499,000
	$ 103,281,306	$ 794,515	$ 542,647	$ 103,533,174

	1999			
AVAILABLE FOR SALE	AMORTIZED COST	GROSS UNREALIZED GAINS	GROSS UNREALIZED LOSSES	ESTIMATED FAIR VALUE
U.S. Treasury Direct	$ 41,601,900	$ 98,168	$ 271,728	$ 41,428,340
U.S. Agency	19,275,580	21,994	627,733	18,669,841
Mortgage-backed securities	19,940,076	40,789	515,006	19,465,859
State, county and municipals	22,697,527	29,515	1,123,722	21,603,320
Federal Home Loan Bank stock	1,284,000	-		1,284,000
	$ 104,799,083	$ 190,466	$ 2,538,189	$ 102,451,360

NOTE 2. CONTINUED

U.S. Government and municipal securities with an amortized cost of $87,690,044 (market value $87,852,839) at December 31, 2000, and $83,889,814 (market value $82,166,708) at December 31, 1999, were pledged to secure public and trust deposits and for other purposes as required by law.

Gross realized gains and losses are included in other income. Total gross realized gains and gross realized losses from the sale of investment securities for each of the years ended December 31, were:

	2000	1999	1998
Gross realized gains	$ 64,880	$ 3,713	$ 3,409
Gross realized losses	(19,186)	(3,767)	(22,349)
	$ 45,694	$ (54)	$ (18,940)

The amortized cost and fair values of the maturities of investment securities at December 31, 2000, were as follows:

	AMORTIZED COST	Fair Value
Due in one year or less	$ 30,823,967	$ 30,876,353
Due in one to five years	43,166,286	43,371,792
Due from five to ten years	13,150,060	13,264,471
Due after ten years	16,140,993	16,020,558
	$ 103,281,306	$ 103,533,174

The amortized cost and fair value of mortgage-backed securities are presented by contractual maturity in the preceding table. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations without call or prepayment penalties.

NOTE 3. LOANS

The components of loans in the consolidated balance sheets were as follows:

	2000 CARRYING AMOUNT	1999 CARRYING AMOUNT
Commercial, financial and agricultural	$ 122,411,768	$ 112,634,451
Real estate - construction	5,310,937	7,156,904
Real estate - mortgage	74,823,572	67,376,020
Consumer	52,393,799	49,839,705
	254,940,076	237,007,080
Unearned discount	(2,918,321)	(2,658,529)
Allowance for loan losses	(3,325,000)	(3,100,000)
Loans, Net	$ 248,696,755	$ 231,248,551

Changes in the allowance for loan losses were summarized as follows:

	2000	1999	1998
Balance at January 1	$ 3,100,000	$ 2,900,000	$ 2,700,000
Recoveries on loans previously charged-off	319,887	267,311	233,278
Loans charged-off	(1,012,406)	(916,656)	(879,744)
Provision charged to expense	917,519	849,345	846,466

Balance at December 31	$ 3,325,000	$ 3,100,000	$ 2,900,000

Loans on nonaccrual status amounted to approximately $589,788, $389,876, and $649,353 at December 31, 2000, 1999, and 1998, respectively. The effect of such loans was to reduce net income by approximately $146,797, $109,970 and $135,049 in 2000, 1999, and 1998, respectively. No loans have been recognized as impaired in conformity with SFAS No. 114 for 2000 and 1999.

NOTE 4. PREMISES, FURNITURE, FIXTURES AND EQUIPMENT

Components of premises, furniture, fixtures and equipment included in the consolidated balance sheets at December 31, 2000 and 1999, were as follows:

NOTE 4. CONTINUED

	2000	1999
Cost		
Land	$ 792,918	$ 792,918
Buildings	4,888,045	4,767,375
Furniture and equipment	4,633,693	4,326,548
Total Cost	10,314,656	9,886,841
Less accumulated depreciation	5,952,450	5,475,865
Bank Premises, Furniture, Fixtures and Equipment, Net	$ 4,362,206	$ 4,410,976

Depreciation expense was $476,585, $526,778, and $450,039 for the years ended December 31, 2000, 1999, and 1998, respectively.

The consolidated provision for income taxes consisted of the following:

	2000	1999	1998
Currently payable			
Federal	$ 2,491,383	$ 2,590,386	$ 2,370,478
State	223,356	251,275	229,418
	2,714,739	2,841,661	2,599,896
Deferred tax benefit	(79,528)	(49,041)	(113,214)
Income Tax Expense	$ 2,635,211	$ 2,792,620	$ 2,486,682

The differences between the federal statutory rate and the effective tax rates for 2000, 1999, and 1998, were as follows:

	2000	1999	1998
Federal tax based on statutory rate	$ 2,777,656	$ 2,860,752	$ 2,447,700
State income tax	147,415	165,841	151,416
Change due to			
Tax-exempt investment interest	(303,191)	(301,076)	(146,507)
Minority interest	64,734	66,801	46,424

Other, net	(51,403)	302	(12,351)
Income Tax Expense	$ 2,635,211	$ 2,792,620	$ 2,486,682

NOTE 5. CONTINUED

At December 31, 2000 and 1999, net deferred tax asset consisted of the following:

	2000	1999
Allowance for loan losses	$ 886,157	$ 823,642
Deferred compensation liability	311,527	276,124
Other real estate	13,447	18,650
Investment securities basis	(209,303)	(196,116)
Unrealized gain or loss on available for sale securities	(85,635)	821,577
	$ 916,193	$ 1,743,877

The net deferred tax assets are included in other assets. The Company has evaluated the need for a valuation allowance and, based on the weight of the available evidence, has determined that it is more likely than not that all deferred tax assets will be realized.

NOTE 6. DEPOSITS

The aggregate amount of time deposits, each with a minimum denomination of $100,000, was approximately $64,012,405 and $55,921,436 at December 31, 2000 and 1999, respectively.

The scheduled maturities of time deposits are as follows:

YEAR ENDING DECEMBER 31,	Amount
2001	$ 142,683,623
2002	15,510,910
2003	6,561,563
2004	20,178
2005	617,238
	$ 165,393,512

NOTE 7. FEDERAL HOME LOAN BANK ADVANCES

Pursuant to collateral agreements with the Federal Home Loan Bank (FHLB), advances are collateralized by all the Company's stock in the FHLB and qualifying first mortgage loans. Advances at December 31, 2000 consist of $32,000,000 repayable in 90 days or less at an interest rate of 6.39 percent and $10,000,000 in long-term advances due in 2008, callable in 5 years at rates ranging from 5.457 percent to 5.66 percent.

NOTE 8. INVESTMENT IN NEW SOUTH LIFE INSURANCE COMPANY

Condensed unaudited financial information of New South Life Insurance Company as of December 31, 2000 and 1999, and for the years ended December 31, 2000, 1999, and 1998, was as follows:

	2000 (Unaudited)	1999 (Unaudited)
Assets		
Cash	$ 464,910	$ 260,856
Investments	5,587,154	5,438,949
Deferred acquisition costs	636,205	700,460
Other assets	22,526	7,748
Total Assets	$ 6,710,795	$ 6,408,013
Liabilities and Stockholders' Equity		
Unearned premium reserves	$ 1,533,364	$ 1,688,368
Claims liability	179,988	150,751
Income taxes payable	11,427	50,372
Other liabilities	34,098	6,080
	1,758,877	1,895,571
Common stock	250,000	250,000
Preferred stock	400,000	400,000
Paid-in capital	600,000	600,000
Retained earnings	3,701,918	3,262,442
	4,951,918	4,512,442
Total Liabilities and Stockholders' Equity	$ 6,710,795	$ 6,408,013

	2000 (UNAUDITED)	1999 (UNAUDITED)	1998 (UNAUDITED)
Income			
Insurance premiums earned	$ 1,143,990	$ 1,309,027	$ 1,446,975
Investment income	323,738	307,820	269,637
Total Income	1,467,728	1,616,847	1,716,612
Expenses			
Claims incurred	296,919	249,230	216,568
Commissions and service fees incurred	541,464	617,445	412,283
Other expenses	83,412	91,292	76,639
Income taxes	106,457	(74,742)	217,391
Total Expenses	1,028,252	883,225	922,881
Net Income	$ 439,476	$ 733,622	$ 793,731

NOTE 9. SUMMARIZED FINANCIAL INFORMATION OF CITIZENS HOLDING COMPANY

Summarized financial information of Citizens Holding Company, parent company only, at December 31, 2000 and 1999, and for the years ended December 31, 2000, 1999, and 1998, was as follows:

Balance Sheets
December 31, 2000 and 1999

	2000	1999
Assets		
Cash	$ 361,191	$ 245,872
Securities available for sale, at fair value	1,308,357	1,253,316
Investment in bank subsidiary	41,783,101	36,077,743
Other assets	18,901	34,775
Total Assets	$ 43,471,550	$ 37,611,706
Liabilities		
Income taxes payable - current	$ 81,747	$ 60,745
Other liabilities	12,842	5,000
	94,589	65,745
Stockholders' equity	43,376,961	37,545,961
Total Liabilities and Stockholders' Equity	$ 43,471,550	$ 37,611,706

Income Statements
Years Ended December 31, 2000, 1999, and 1998

	2000	1999	1998
			>
Interest income	$ 86,053	$ 81,743	$ 88,827
Interest expense	-	-	1,151
Net Interest Income	86,053	81,743	87,676
Other Income			
Other	46,062	54,701	114,201
Dividends from bank subsidiary	1,406,219	1,058,800	794,100
Equity in undistributed earnings of bank subsidiary	4,069,658	4,533,999	3,840,019
Total Other Income	5,521,939	5,647,500	4,748,320
Other expense	42,625	93,566	77,138
Income before Income Taxes	5,565,367	5,635,677	4,758,858
Income tax expense	31,002	14,321	46,422
Net Income	$ 5,534,365	$ 5,621,356	$ 4,712,436

NOTE 9. CONTINUED

Statements of Cash Flows
Years Ended December 31, 2000, 1999, and 1998

	2000	1999	1998
Cash Flows from Operating Activities			
Net income	$ 5,534,365	$ 5,621,356	$ 4,712,436
Adjustments to reconcile net income to net cash provided by operating activities			
(Increase) decrease in other assets	15,874	(13,540)	3,501
Increase (decrease) in income taxes payable	21,002	10,321	(16,396)
Increase (decrease) in other liabilities	7,842	(73,126)	57,605
Net Cash Provided by Operating Activities	5,579,083	5,545,011	4,757,146
Cash Flows from Investing Activities			
Change in investment securities available for sale	(55,041)	(2,416,615)	209,138
Increase in investment in bank subsidiary	(4,002,504)	(2,101,880)	(4,093,057)
Net Cash Used by Operating Activities	(4,057,545)	(4,518,495)	(3,883,919)
Cash Flows from Financing Activities			
Dividends paid to stockholders	(1,406,219)	(1,058,800)	(794,100)
Net Increase (Decrease) in Cash	115,319	(32,284)	79,127
Cash, beginning of year	245,872	278,156	199,029
Cash, end of year	$ 361,191	$ 245,872	$ 278,156

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 10. LEASES

The Company leases computer equipment and some branch facilities under operating leases. Rent expense was $30,120, $48,000, and $43,767 for 2000, 1999, and 1998, respectively. At December 31, 2000, the future minimum lease commitments for leases which have terms in excess of one year are:

YEAR ENDING DECEMBER 31,	AMOUNT
2001	$ 107,100
2002	107,100
2003	107,100
2004	67,100
2005	53,100
	$ 441,500

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NOTE 11. RELATED PARTY TRANSACTIONS

During the ordinary course of business, the Company has made loans to its directors and significant stockholders and their 10 percent or more owned businesses. As of December 31, 2000 and 1999, these loans totaled $1,196,032 and $1,177,156, respectively. During 2000, new loans to such related parties amounted to $1,908,104, and repayments amounted to $1,889,228.

The Company has received commissions related to credit life insurance for the years ended December 31, 2000, 1999, and 1998, totaling $84,364, $107,331, and $108,382, respectively.

NOTE 12. BENEFIT PLANS

Profit Sharing Plan

The Company has a profit sharing and savings plan in effect for substantially all full-time employees. Under the profit sharing and savings plan, the Company automatically contributes an amount equal to 2.7 percent of each participant's base salary to the plan. A participant may elect to make contributions to the plan. The Company matches 100 percent of employee contributions up to a limit of 6 percent of each employee's salary.

The Company's contributions to the profit sharing plan and savings plan in 2000, 1999, and 1998, totaled $261,153, $251,875, and $238,104, respectively.

NOTE 12. CONTINUED

Deferred Compensation Plan

The Company provides a deferred compensation plan covering its directors. Participants in the deferred compensation plan can defer a portion of their compensation for payment after retirement. Life insurance contracts have been purchased which may be used to fund payments under the plan. Net expenses related to this plan were $74,972 in 2000, $42,096 in 1999 and $36,697 in 1998.

NOTE 13. CONCENTRATIONS OF CREDIT RISK

All of the Company's loans, commitments, and letters of credit have been granted to customers in the Company's market area. All such customers are depositors of the Company. Investments in state and municipal securities also involve governmental entities within the Company's market area. The concentrations of credit by type of loan are set forth in Note 3. The distribution of commitments to extend credit approximates the distribution of loans outstanding. Letters of credit were granted primarily to commercial borrowers.

At times the Company has balances in due from bank accounts in excess of federal deposit insurance limits.

At December 31, 2000, 9.7% of the Company's deposits were from one entity.

NOTE 14. COMMITMENTS AND CONTINGENCIES

In the normal course of business, various commitments and contingent liabilities are outstanding, such as guarantees and commitments to extend credit that are not reflected in the accompanying consolidated financial statements. At December 31, 2000 and 1999, a summary of such commitments and contingent liabilities is as follows:

	2000	1999
Commitments to extend credit	$ 13,745,594	$ 19,964,616
Letters of credit	452,825	334,025
Total	$ 14,198,419	$ 20,298,641

Commitments to extend credit, and letters of credit all include exposure to some credit loss in the event of nonperformance of the customer. The Company's credit policies and procedures for credit commitments and financial guarantees are the same as those for extension of credit that are recorded in the consolidated balance sheets. Because these instruments have fixed maturity

NOTE 14. CONTINUED

dates, and because many of them expire without being drawn upon, they do not generally present any significant liquidity risk to the Company. The Company's experience has been that approximately 54 percent of loan commitments are drawn upon by customers. When letters of credit are utilized, a significant portion of such utilization is on an immediate payment basis. The Company has not been required to perform on any financial guarantees during the past two years. The Company has not incurred any losses on its commitments in 2000, 1999, or 1998.

Legal Proceedings

The Company is party to lawsuits and other claims that arise in the ordinary course of business. The lawsuits assert claims related to the general business activities of the Company. The cases are being vigorously contested. In the regular course of business, management evaluates estimated losses or costs related to litigation, and provision is made for anticipated losses whenever management believes that such losses are probable and can be reasonably estimated. At the present time, management believes, based on the advice of legal counsel, that the final resolution of pending legal proceedings will not have a material impact on the Company's financial position or results of operations.

NOTE 15. REGULATORY MATTERS

The Company is subject to the various regulatory capital requirements of the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory--and possibly additional discretionary--actions by regulators that, if undertaken, could have a direct material effect on the Company's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Company must meet specific capital guidelines that involve quantitative measures of the Company's assets, liabilities, and certain off-balance sheet items as calculated under regulatory accounting practices. The Company'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 Company to maintain minimum amounts and ratios (set forth in the table below) of total and Tier I capital (as defined in the regulations) to risk-weighted assets (as defined), and of Tier I capital (as defined) to average assets (as defined). Management believes, as of December 31, 2000, that the Company meets all capital adequacy requirements to which it is subject.

At its most recent notification from the Federal Deposit Insurance Corporation, the Company was categorized as "well capitalized" under the regulatory framework for prompt corrective action. To be categorized as "adequately capitalized," the Company must maintain minimum total risk-based, Tier I risk-based, and Tier I leverage ratios as set forth in the table. There are no conditions or events since the notification that management believes have changed the Company's prompt corrective action category.

NOTE 15. CONTINUED

	ACTUAL		FOR CAPITAL ADEQUACY PURPOSES		TO BE WELL CAPITALIZED UNDER PROMPT CORRECTIVE ACTION PROVISIONS	
	AMOUNT	RATIO	AMOUNT	RATIO	AMOUNT	Ratio
As of December 31, 2000						
Total Capital						
(to Risk-Weighted Assets)						
Citizens Holding Company	$ 47,137,511	18.88%	$ 19,974,622	8.00%	$ N/A	- %
Citizens Bank	45,541,318	18.25	19,958,747	8.00	24,948,434	10.00
Tier I Capital						
(to Risk-Weighted Assets)						
Citizens Holding Company	44,013,958	17.63	9,987,311	4.00%	N/A	-
Citizens Bank	42,420,215	17.00	9,979,374	4.00	14,969,060	6.00
Tier I Capital						
(to average Assets)						
Citizens Holding Company	44,013,958	11.61	15,165,218	4.00%	N/A	-
Citizens Bank	42,420,215	11.24	15,092,240	4.00	18,865,300	5.00

	ACTUAL		FOR CAPITAL ADEQUACY PURPOSES		TO BE WELL CAPITALIZED UNDER PROMPT CORRECTIVE ACTION PROVISIONS	
	AMOUNT	RATIO	AMOUNT	RATIO	AMOUNT	Ratio
As of December 31, 1999						
Total Capital						
(to Risk-Weighted Assets)						
Citizens Holding Company	$ 42,575,291	18.52%	$ 18,391,823	8.00%	$ N/A	- %
Citizens Bank	41,125,499	17.91	18,368,702	8.00	22,960,878	10.00
Tier I Capital						
(to Risk-Weighted Assets)						
Citizens Holding Company	39,698,775	17.27	9,195,911	4.00%	N/A	-
Citizens Bank	38,252,551	16.66	9,184,351	4.00	13,776,527	6.00
Tier I Capital						
(to average Assets)						
Citizens Holding Company	39,698,775	11.06	14,359,801	4.00%	N/A	-
Citizens Bank	38,252,551	10.70	14,300,800	4.00	17,876,000	5.00

NOTE 16. FAIR VALUES OF FINANCIAL INSTRUMENTS

The fair value estimates, methods and assumptions used by the Company in estimating its fair value disclosures for financial instruments were:

	2000		1999	
	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
Financial Assets				
Cash and due from banks	$ 10,415,155	$ 10,415,155	$ 13,312,028	$ 13,312,028
Interest bearing deposits with banks	863,371	863,371	182,042	182,042
Federal funds sold	3,100,000	3,100,000	-	-
Securities available for sale	103,533,174	103,533,174	102,451,360	102,451,360
Net loans	248,696,755	247,046,384	231,248,551	228,248,614
Financial Liabilities				
Deposits	$ 290,268,948	$ 289,481,457	$ 284,461,639	$ 284,461,639
Federal funds purchased	-	-	10,600,000	10,600,000
Federal Home Loan Bank advances	42,000,000	42,000,000	23,100,000	23,100,000

Cash and due from banks, Interest bearing deposits with banks and Federal funds sold: The carrying amounts reported in the balance sheet for these instruments approximate those assets' fair values because of their immediate and shorter-term maturities.

Securities available for sale: Fair values for investment securities are based on quoted market prices, where available. If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments.

Net Loans: For variable-rate loans that reprice frequently and with no significant change in credit risk, fair values are based on carrying values. The fair values for other loans (e.g., commercial real estate and rental property mortgage loans, commercial and industrial loans, financial institution loans, and agricultural loans) are estimated using discounted cash flow analyses, using interest rates currently being offered for loans with similar terms to borrowers of similar credit quality. The carrying amount of accrued interest approximates its fair value.

Deposits: The fair values for demand deposits, NOW and money market accounts and savings accounts are, by definition, equal to the amount payable on demand at the reporting date (i.e., their carrying amounts). The carrying amounts for variable-rate, fixed-term money market accounts and time deposits approximate their fair values at the reporting date. Fair values for fixed-rate time deposits are estimated using a discounted cash flow calculation that applies interest rates currently being offered on certificates to a schedule of aggregated expected monthly maturities on time deposits.

NOTE 16. CONTINUED

Federal funds purchased: The carrying amounts of Federal funds purchased approximate their fair values because of their short term maturities.

Federal Home Loan Bank advances: The fair value of the portion of Federal Home Loan Bank advances that matures within 90 days approximates its fair value. For longer term maturities, the fair value is based on discounted cash flow analysis.

Off-balance-sheet instruments: The fair value of commitments to extend credit and letters of credit are estimated using fees currently charged to enter into similar agreements. The fees associated with these financial instruments are not material.

NOTE 17. COMMON STOCK SPLIT

On January 1, 1999, the Company reduced the par value of its common stock from $1 per share to $.20 per share and issued the 2,683,000 additional shares necessary to effect a 5-for-1 common stock split. The earnings per common share for the years ended December 31, 1998 and 1997, have been retroactively adjusted for this split as if it occurred on January 1, 1997.

NOTE 18. STOCK OPTIONS

The Company has a directors' stock compensation plan and employees' long-term incentive plan. Under the directors' plan the Company may grant options up to 70,000 shares of common stock. The price of each option shall be equal to the market price determined as of the option grant date. Options granted are exercisable after 6 months and shall expire after 10 years. Under the employees' incentive plan the Company may grant options up to 7 percent of the total number of shares of common stock which may be issued and outstanding. Incentive options must be granted within 10 years of the adoption of the plan and shall expire no later than 10 years from the grant date. The exercise price shall be equal to the market price of the Company's stock on the date of grant.

The Company applies APB Opinion 25 in accounting for the compensation and long-term incentive plan. Accordingly, there was no compensation cost related to options granted during the year ending December 31, 2000 and compensation cost related to options granted during the year ended December 31, 1999 was immaterial. Had compensation cost been determined on the basis of fair value pursuant to FASB Statement No. 123 using publicly traded share prices as a basis of determining fair values, net income and earnings per share would have been reduced as follows:

NOTE 18. CONTINUED

	2000	1999
Net Income		
As reported	$ 5,534,365	$ 5,621,356
Proforma	5,451,393	$ 5,482,356
Basic Earnings Per Share		
As reported	$ 1.67	$ 1.70
Proforma	$ 1.65	$ 1.60
Diluted Earnings Per Share		
As reported	$ 1.67	$ 1.70
Proforma	$ 1.64	$ 1.65

The fair value of each option is estimated on the grant date using the Black-Scholes option pricing model. The following assumptions were made in estimating fair values in 2000 and 1999:

ASSUMPTION	2000	1999
Dividend yield	1.5 %	1.5 %
Risk-free interest rate	6.25%	6.25%
Expected life	10 years	5 years
Expected volatility	22.80%	20.43%

CITIZENS HOLDING COMPANY AND SUBSIDIARY
Years Ended December 31, 2000, 1999, and 1998

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 18. CONTINUED

Following is a summary of the status of the plans for the year ending December 31, 2000 and 1999:

	Directors' Plan		Employees' Plan	
	Number Of Shares	Weighted Average Exercise Price	Number Of Shares	Weighted Average Exercise Price
Outstanding at January 1, 1999	-	$ -	-	$ -
Granted	15,400	10.90	3,900	10.80
Exercised	-	-	-	-
Forfeited	-	-	-	-
Outstanding at December 31, 1999	15,400	10.90	3,900	10.80
Granted	10,000	16.50	9,900	15.50
Exercised	-	-	-	-
Forfeited	-	-	-	-
Outstanding at December 31, 2000	25,400	$ 13.10	13,800	$ 14.17
Options exercisable at:				
December 31, 1999	15,400	$ 10.90	3,000	$ 10.80
December 31, 2000	25,400	$ 13.10	13,800	$ 14.17
Weighted average fair value of options granted during year ended:				
December 31, 1999		$ 11.22		$ 11.22
December 31, 2000		$ 6.51		$ 6.12

INFORMATION

CITIZENS HOLDING COMPANY OFFICERS AND DIRECTORS

Officers:

Steve Webb - Chairman & President
Carolyn K. McKee - Secretary
Robert T. Smith - Treasurer

Directors:

M. G. Bond
Retired Mississippi State Senator

Karl Brantley
Plant Manager
U. S. Electric Motors

W. W. Dungan
Partner

McDaniel Timber Company

Don L. Fulton
President and General Manager
Nemanco, Inc.

David A. King
Proprietor
Philadelphia Motor Company

Herbert A. King
Civil Engineer
King Engineering Associates, Inc.

George R. Mars
Retired Proprietor
Mars Department Store

William M. Mars
Attorney
Mars, Mars and Mars P. A.

David P. Webb
Attorney
Phelps Dunbar LLP

Steve Webb
Chairman, President and CEO
Citizens Holding Company and The Citizens Bank of Philadelphia

THE CITIZENS BANK OFFICERS

Steve Webb
Chairman & President

Danny Hicks
Sr. Vice-President

Greg McKee
Sr. Vice-President

Robert T. Smith
Vice-President & Controller

Erdis Chaney
Vice-President & Cashier

Tim Lofton
Vice-President & CIO

Randy Cheatham
Vice-President

Mike Guthrie
Vice-President

Joe Foster
Vice-President & Trust Officer

Murray Johnson
Vice-President

Jackie Hester
Vice-President & Marketing

Kaye Johnson
Vice-President

Darrell Bates
Asst. Vice-President

Mark Majure
Asst. Cashier

Beth Branning
Asst. Cashier

Adriana Burt
Asst. Cashier

Mitch Peden
Asst. Cashier

CARTHAGE OFFICE

Mike Brooks
President

Billie Nell Dowdle
Vice-President

Byron Hines
Vice-President

Mike Ellis
Vice-President

Margaret Thompson
Asst. Cashier

Judy Kuntz
Asst. Cashier

Carol Wright
Asst. Cashier

SEBASTOPOL OFFICE

Linda Bennett

KOSCIUSKO OFFICE

Steve Cain
President

SCOOBA OFFICE

Fran Knight
Vice-President

MERIDIAN OFFICE

Charles Young
Vice-President

MORTGAGE LOAN DEPARTMENT

David Blair, Jr.
Vice-President & Manager

President

David Sharp
Asst. Vice-President

Gayle Sharp
Asst. Vice-President

Jean T. Fulton
Asst. Cashier

Lucille M. Myatt
Asst. to President

Carolyn K. McKee
Student Loan Officer

UNION OFFICE

Robert C. Palmer, Jr.
President

Karen Foster
Asst. Vice-President

DEKALB OFFICE

Steven Lockley
Vice-President

CITIZENS HOLDING COMPANY - 2000 ANNUAL REPORT

LOCATIONS

The Citizens Bank
Main Office
521 Main Street
Philadelphia, MS 39350
601.656.4692

Westside Office
912 West Beacon Street
Philadelphia, MS 39350
601.656.4978

Northside Office
802 Pecan Avenue
Philadelphia, MS 39350
601.656.4977

Eastside Office
599 East Main Street
Philadelphia, MS 39350
601.656.4976

Pearl River Office
110 Choctaw Town Center
Highway 16 West
Philadelphia, MS 39350
601.656.4971

Union Office
502 Bank Street
Union, MS 39365
601.656.4879
601.774.9231

Carthage Main Office
219 West Main Street
Carthage, MS 39051
601.267.4525

Crossroads Office
501 Highway 35 South
Carthage, MS 39051
601.267.4525

Madden Office
53 Dr. Brantley Road
Madden, MS 39109
601.267.7366

Sebastopol Office
17651 Highway 21
Sebastopol, MS 39359
601.625.7447

DeKalb Office
Corner of Main & Bell Street
DeKalb, MS 39328
601.743.2115

Kosciusko Office
775 North Jackson Street
Kosciusko, MS 39090
662.289.4356

Scooba Office
1048 Johnson Street
Scooba, MS 39358
662.476.8431

Meridian Office
2209 Highway 45 North
Suite E
Meridian, MS 39301
601.693.8367

Internet Banking
http://www.thecitizensbankphila.com

PhoneTeller
1.800.397.0344

FINANCIAL INFORMATION

CORPORATE HEADQUARTERS

STOCK REGISTRAR AND TRANSFER

521 Main Street
P. O. Box 209
Philadelphia, MS 39350
601.656.4692

ANNUAL STOCKHOLDERS MEETING
The Annual Stockholder Meeting of The Citizens Holding Company, Inc. will be held Tuesday, May 1, 2001 at 3:30 P.M. at the main office of The Citizens Bank, 521 Main Street, Philadelphia, Mississippi.

AGENT
American Stock Transfer & Trust
40 Wall Street - 46th Floor
New York, NY 10005

Form 10-K
The Corporation's most recent Annual Report on Form 10-K, as filed with the Securities and Exchange Commission, is available to stockholders upon request to the Treasurer of the Citizens Holding Company.

FINANCIAL CONTACT
Robert T. Smith
Treasurer
P. O. Box 209
Philadelphia, Mississippi 39350
601.656.4692

MARKET PRICE AND DIVDEND INFORMATION

MARKET PRICE.

The Corporation's Common Stock is traded on the American Stock Exchange ("AMEX") under the symbol "CIZ." The stock began trading on the AMEX on October 19, 1999 and prior to that date was sold by private transactions between parties. At December 31, 2000, the Common Stock's closing price was $17.00.

1999	High	Low	Dividends Declared (per common share)
January - March	N/A	N/A	0.00
April - June	N/A	N/A	0.15
July - September	N/A	N/A	0.00
October - December	29.25	21.00	0.17

2000	High	Low	Dividends Declared (per common share)
January - March	20.50	16.75	0.10
April - June	16.75	15.19	0.10
July - September	18.00	16.13	0.10
October - December	17.38	16.38	0.125

On March 9, 2001, Shares of Common Stock were held of record by approximately 466 shareholders.

DIVIDENDS

Dividends for 2000 totaled $.425 per share compared to $.32 in 1999 and $.24 in 1998. These dividends reflect a 33% increase in 2000 over 1999 and a 33% increase in 1999 over 1998.

The Corporation declares dividends on a quarterly basis in March, June, September and December with payment following at the end of that month.

Funds for the payment by the Corporation of cash dividends are obtained from dividends received by the Corporation from the Bank. Accordingly, the declaration and payment of dividends by the Corporation depend upon the Bank's earnings and financial condition, general economic conditions, compliance with regulatory requirements, and other factors.

QUARTERLY FINANCIAL TRENDS

	2000				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year to Date
Interest Income	$6,792	$7,010	$7,353	$7,483	$28,638
Interest Expense	3,131	3,437	3,627	3,869	14,064
Net Interest Income	3,661	3,573	3,726	3,614	14,574
Provision for Loan Losses	86	197	316	319	$ 918
Non-interest Income	762	855	796	872	$ 3,285
Non-interest Expense	2,226	2,131	2,178	2,237	$ 8,772
Income Taxes	739	723	680	493	$ 2,635
Net Income	$1,372	$1,377	$1,348	$1,437	$ 5,534
Per common share:					
Basic	$ 0.41	$ 0.42	$ 0.41	$ 0.43	$ 1.67
Diluted	$ 0.41	$ 0.42	$ 0.41	$ 0.43	$ 1.67
Cash Dividends	$ 0.10	$ 0.10	$ 0.10	$0.125	$ 0.425

	1999				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year to Date
Interest Income	$6,007	$6,121	$6,718	$6,629	$25,475
Interest Expense	2,639	2,648	2,729	2,958	10,974
Net Interest Income	3,368	3,473	3,989	3,671	14,501
Provision for Loan Losses	146	237	156	310	849
Non-interest Income	848	919	554	801	3,122
Non-interest Expense	2,007	1,851	2,247	2,255	8,360
Income Taxes	740	747	723	583	2,793
Net Income	$1,323	$1,557	$1,417	$1,324	$ 5,621
Per common share:					
Basic	$ 0.40	$ 0.47	$ 0.43	$ 0.40	$ 1.70
Diluted	$ 0.40	$ 0.47	$ 0.43	$ 0.40	$ 1.70
Cash Dividends	$ 0.00	$ 0.15	$ 0.00	$ 0.17	$ 0.32

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Overview

The definition of market risk is the possibility of loss that could result from adverse changes in market prices and rates. The Company has taken steps to assess the amount of risk that is associated with its asset and liability structure. The Company measures the potential risk on a regular basis and makes changes to its strategies to manage these risks. The Board of Directors reviews important policy limits each month with a more detailed risk analysis completed on a quarterly basis. These measurement tools are important in allowing the Company to manage market risk and to plan effective strategies to respond to any adverse changes in risk. The Company does not participate in some of the financial instruments that are inherently subject to substantial market risk.

Market/Interest Rate Risk Management

The primary purpose in managing interest rate risk is to effectively invest capital and preserve the value created by the core banking business. The Company utilizes an investment portfolio to manage the interest rate risk naturally created through its business activities. The quarterly interest rate risk report is used to evaluate exposure to interest rate risk, project earnings and manage the composition of the balance sheet and its growth. This report utilizes a 200 basis point rate shock up and down and measures the effect on earnings and the value of equity.

Static gap analysis is also used in measuring interest rate risk. Although management believes that this does not provide a complete picture of the Company's exposure to interest rate risk, it does highlight significant short-term repricing volume mismatches. The following table presents the Company's rate sensitivity static gap analysis at December 31, 2000 ($ in thousands):

	Interest Sensitive Within	
	90 days	One year
Total rate sensitive assets	$ 68,573	$ 88,540
Total rate sensitive liabilities	181,773	90,648

Net gap	($113,200)	($2,108)

The analysis indicates a negative gap position over the next three- and twelve - month periods which indicates that the Company would benefit somewhat from a decrease in market interest rates. Although rate increases would be detrimental to the interest rate risk of the Company, management believes there is adequate flexibility to alter the overall rate sensitivity structure as necessary to minimize exposure to these changes.

The static gap analysis does not fully capture the impact of interest rate movements on interest sensitive assets and liabilities. The interest rate sensitivity table that follows provides additional information about the financial instruments that are sensitive to changes in interest rates. This tabular disclosure is limited by its failure to depict accurately the effect on assumptions of significant changes in the economy or interest rates as well as changes in management's expectations or intentions. The information in the interest rate sensitivity table below reflects contractual interest rate pricing dates and contractual maturity dates. For indeterminate maturity deposit products (money market, NOW and savings accounts), the tables present principal cash flows in the shortest term. Although these deposits may not reprice within this time frame, they certainly have the opportunity to do so. Weighted average floating rates are based on the rate for that product as of December 31, 2000.

INTEREST RATE SENSITIVITY
DECEMBER 31, 2000

	2001	2002	2003	2004	2005	Thereafter	Carrying Value	Fair Value
Loans								
Fixed Rate	$ 63,476	$19,973	$30,894	$48,129	$37,626	$24,000	$224,098	$217,675
Average Int Rate	9.81%	10.14%	8.94%	8.43%	8.94%	7.83%	9.06%	
Floating Rate	$ 12,602	$ 589	$ 610	$ 234	$ 645	$15,027	$ 29,707	$ 29,371
Average Int Rate	9.88%	10.00%	10.23%	9.74%	10.42%	10.49%	10.21%	
Investment securities								
Fixed Rate	$ 28,642	$17,123	$ 7,091	$ 1,498	$ 5,597	$43,582	$103,533	$103,533
Average Int Rate	6.06%	6.31%	6.49%	6.16%	6.75%	7.13%	6.62%	
Floating Rate								
Average Int Rate								
Other earning assets								
Fixed Rate	$ 3,100						$ 3,100	$ 3,100
Average Int Rate	6.06%						6.06%	
Floating Rate								
Average Int Rate								
Interest-bearing deposits								
Fixed Rate	$225,978	$ 8,412	$ 4,218		$ 616		$239,224	$238,575
Average Int Rate	4.82%	6.56%	6.72%		6.00%		6.09%	
Floating Rate	$ 4,258	$ 7,099	$ 2,344	$ 20	$ 2		$ 13,723	$ 13,686
Average Int Rate	6.11%	6.11%	6.11%	6.11%	6.11%		6.11%	
Other int-bearing liabilities								
Fixed Rate	$ 32,700		$10,000				$ 42,700	$ 42,700
Average Int Rate	6.39%		5.56%				6.20%	
Floating Rate								
Average Int Rate								