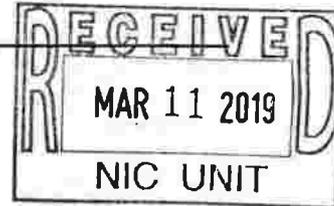


FR Y-6  
OMB Number 7100-0287  
Approval expires November 30, 2019  
Page 1 of 2

Board of Governors of the Federal Reserve System



Annual Report of Holding Companies—FR Y-6



Report at the close of business as of the end of fiscal year

This Report is required by law: Section 5(c)(1)(A) of the Bank Holding Company Act (12 U.S.C. § 1844(c)(1)(A)); sections 8(a) and 13(a) of the International Banking Act (12 U.S.C. §§ 3106(a) and 3108(a)); sections 11(a)(1), 25, and 25A of the Federal Reserve Act (12 U.S.C. §§ 248(a)(1), 602, and 611a); and sections 113, 165, 312, 618, and 809 of the Dodd-Frank Act (12 U.S.C. §§ 5361, 5365, 5412, 1850a(c)(1), and 5488(b)(1)). Return to the appropriate Federal Reserve Bank the original and the number of copies specified.

This report form is to be filed by all top-tier bank holding companies, top-tier savings and loan holding companies, and U.S. intermediate holding companies organized under U.S. law, and by any foreign banking organization that does not meet the requirements of and is not treated as a qualifying foreign banking organization under Section 211.23 of Regulation K (12 C.F.R. § 211.23). (See page one of the general instructions for more detail of who must file.) The Federal Reserve may not conduct or sponsor, and an organization (or a person) is not required to respond to, an information collection unless it displays a currently valid OMB control number.

NOTE: The Annual Report of Holding Companies must be signed by one director of the top-tier holding company. This individual should also be a senior official of the top-tier holding company. In the event that the top-tier holding company does not have an individual who is a senior official and is also a director, the chairman of the board must sign the report. If the holding company is an ESOP/ESOT formed as a corporation or is an LLC, see the General Instructions for the authorized individual who must sign the report.

Date of Report (top-tier holding company's fiscal year-end):

December 31, 2018

Month / Day / Year

N/A

Reporter's Legal Entity Identifier (LEI) (20-Character LEI Code)

Reporter's Name, Street, and Mailing Address

I, Max Ham

Name of the Holding Company Director and Official

Director/President/Chairman

Title of the Holding Company Director and Official

I attest that the Annual Report of Holding Companies (including the supporting attachments) for this report date has been prepared in conformance with the instructions issued by the Federal Reserve System and are true and correct to the best of my knowledge and belief.

Citizens Bancshares, Inc.

Legal Title of Holding Company

202 W. Main Street

(Mailing Address of the Holding Company) Street / P.O. Box

Crosbyton

TX

79322

City

State

Zip Code

N/A

Physical Location (if different from mailing address)

With respect to information regarding individuals contained in this report, the Reporter certifies that it has the authority to provide this information to the Federal Reserve. The Reporter also certifies that it has the authority, on behalf of each individual, to consent or object to public release of information regarding that individual. The Federal Reserve may assume, in the absence of a request for confidential treatment submitted in accordance with the Board's "Rules Regarding Availability of Information," 12 C.F.R. Part 261, that the Reporter and individual consent to public release of all details in the report concerning that individual.

Person to whom questions about this report should be directed:

Lisa Polumbus

CPA

Name

Title

806-281-9249

Area Code / Phone Number / Extension

806-293-3338

Area Code / FAX Number

lisa@mrd-cpa.com

E-mail Address

N/A

Address (URL) for the Holding Company's web page

Signature of Holding Company Director and Official

03/01/2019

Date of Signature

For holding companies not registered with the SEC—

Indicate status of Annual Report to Shareholders:

- is included with the FR Y-6 report
- will be sent under separate cover
- is not prepared

For Federal Reserve Bank Use Only

RSSD ID

1102161

C.I.

Is confidential treatment requested for any portion of this report submission?  No  Yes 0

In accordance with the General Instructions for this report (check only one).

- 1. a letter justifying this request is being provided along with the report.
- 2. a letter justifying this request has been provided separately.

NOTE: Information for which confidential treatment is being requested must be provided separately and labeled as "confidential."

**Citizens Bancshares, Inc.  
Crosbyton, TX  
December 31, 2018 and 2017**



**MOSELEY & RIDDLE, INC.**

*Certified Public Accountants*

PLAINVIEW, TX



# MOSELEY & RIDDLE, INC.

*Certified Public Accountants*

To Board of Directors  
Citizens Bancshares, Inc.  
Crosbyton, Texas

Management is responsible for the accompanying financial statements of Citizens Bancshares, Inc. (an S corporation), which comprise the balance sheets as of December 31, 2018 and 2017, and the related statements of income and retained earnings and cash flows for the year then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements, nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

*Moseley & Riddle, Inc.*

Moseley & Riddle, Inc.  
Plainview, Texas  
January 14, 2019

**Citizens Bancshares, Inc.**  
**Balance Sheets**  
**December 31, 2018 and 2017**

<b>Assets</b>	<u>2018</u>	<u>2017</u>
<b>Current assets</b>		
Cash in bank	\$ 926	\$ 2,026
Total current assets	<u>926</u>	<u>2,026</u>
<b>Other assets</b>		
Investment in subsidiaries not consolidated,		
Citizens National Bank of Crosbyton	8,220,827	7,728,284
Goodwill, net	<u>236,395</u>	<u>236,395</u>
Total other assets	<u>8,457,222</u>	<u>7,964,679</u>
Total assets	\$ <u>8,458,148</u>	\$ <u>7,966,705</u>
<b>Liabilities and Stockholders' Equity</b>		
<b>Current liabilities</b>		
Accrued interest payable	\$ -	\$ -
Total current liabilities	<u>-</u>	<u>-</u>
<b>Long-term liabilities</b>		
Total long-term liabilities	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>
<b>Stockholders' equity</b>		
Common stock, 1,500,000 shares authorized @ \$1 par value		
177,317 shares issued and outstanding	177,317	177,317
Paid in capital in excess of par	96,422	96,422
Retained earnings	9,257,932	8,778,261
Accumulated other comprehensive income	(21,985)	(33,757)
Treasury stock, 44,501 shares @ cost	<u>(1,051,538)</u>	<u>(1,051,538)</u>
Total stockholders' equity	<u>8,458,148</u>	<u>7,966,705</u>
Total liabilities and stockholders' equity	\$ <u>8,458,148</u>	\$ <u>7,966,705</u>

See accompanying notes and accountants' report.

**Citizens Bancshares, Inc.**  
**Statements of Income and Retained Earnings**  
**Years Ended December 31, 2018 and 2017**

Income	<u>2018</u>	<u>2017</u>
Earnings (loss) of subsidiaries not consolidated		
Citizens National Bank of Crosbyton	\$ 690,771	\$ 483,562
Total income	<u>690,771</u>	<u>483,562</u>
Expenses		
Bonus fees, officers	14,700	17,900
Salaries	9,000	9,000
Directors' fees	1,500	1,250
Taxes	1,975	3,451
Key man life insurance premiums	1,925	1,925
Total expenses	<u>29,100</u>	<u>33,526</u>
Net income	661,671	450,036
Retained earnings, January 1	8,778,261	8,473,225
Distributions to shareholders	<u>(182,000)</u>	<u>(145,000)</u>
Retained earnings, December 31	\$ <u>9,257,932</u>	\$ <u>8,778,261</u>

See accompanying notes and accountants report.

**Citizens Bancshares, Inc.**  
**Statements of Cash Flows**  
**Years Ended December 31, 2018 and 2017**

Cash flows from operating activities

	<u>2018</u>	<u>2017</u>
Net income	\$ 661,671	\$ 450,036
Noncash items included in income		
Earnings of nonconsolidated subsidiaries	<u>(690,771)</u>	<u>(483,562)</u>
Net cash provided (used) by operation activities	<u>(29,100)</u>	<u>(33,526)</u>

Cash flows from financing activities

Distributions to shareholders	(182,000)	(145,000)
Dividends from subsidiaries	<u>210,000</u>	<u>175,000</u>
Net cash provided (used) by financing activities	<u>28,000</u>	<u>30,000</u>

Net increase (decrease) in cash and cash equivalents	(1,100)	(3,526)
Cash and cash equivalents at beginning of year	<u>2,026</u>	<u>5,552</u>
Cash and cash equivalents at end of year	<u>\$ 926</u>	<u>\$ 2,026</u>

Net unrealized gain (loss) in marketable securities	\$ 11,772	\$ 8,065
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See accompanying notes and accountants' report.

**CITIZENS BANCSHARES, INC.  
CROSBYTON, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018 AND 2017**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**1. Nature of Operations**

Citizens Bancshares, Inc. was chartered on September 24, 1973 and commenced business January 14, 1974 with the purchase of Citizens National Bank of Crosbyton, Texas. The investment in Citizens National Bank is recorded on the Company's books using the equity method of accounting. The company reports its income and expenses on the accrual basis of accounting.

**2. Investment in Subsidiary**

The financial statements presented do not reflect the consolidation of Citizens National Bank, a wholly owned subsidiary of the Company. The investment in the subsidiary is accounted for under the equity method for the purpose of these financial statements.

**3. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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.

**4. Cash Equivalents**

For purposes of the statement of cash flows, cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less.

**5. Income Taxes**

The Company elected to be taxed as an 'S' Corporation effective for the year ended December 31, 2005. Thus, taxable income and expenses are passed through to the shareholders. The Company is not liable for income taxes since the shareholders will pay income taxes on their respective portion of taxable income.

**NOTE B – INVESTMENT IN SUBSIDIARY**

Citizens National Bank of Crosbyton was acquired by purchase of one hundred percent of its stock in the amount of \$1,469,019. The excess of the cost of the stock over the identifiable underlying net assets of the subsidiary is carried as goodwill. Goodwill was not impaired during the period, and therefore, no amortization expense was recorded. The investment has been increased by earnings and decreased by dividends of the subsidiary. The ability of the subsidiary to pay dividends to the Company is restricted to regulatory approval. A schedule of the transactions is presented below:

**CITIZENS BANCSHARES, INC.  
CROSBYTON, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
Purchase Price, January 14, 1974	\$ 1,469,019	\$ 1,469,019
Less: Goodwill	<u>(639,631)</u>	<u>(639,631)</u>
Net Underlying Value of Assets	829,388	829,388
Add: Earnings of Subsidiary Since Acquisition	15,530,829	14,840,058
Less: Dividends of Subsidiary Since Acquisition	(8,117,405)	(7,907,405)
Accumulated Other Comprehensive Income	<u>(21,985)</u>	<u>(33,757)</u>
 Balance, December 31	 <u>\$ 8,220,827</u>	 <u>\$ 7,728,284</u>

The subsidiaries records its available for sale investment securities at market. The loss, or gain, is charged or credited to stockholders' equity, net of income taxes on the Company's books. Such gains and losses are reflected as accumulated other comprehensive income.

Summarized unaudited financial information of Citizens National Bank, for the years ended December 31, 2018 and 2017 are as follows:

	<u>2018</u>	<u>2017</u>
Assets	<u>\$ 51,777,472</u>	<u>\$ 46,707,060</u>
Liabilities	\$ 43,556,645	\$ 39,295,402
Stockholders' Equity	<u>8,220,827</u>	<u>7,411,658</u>
Total Liabilities and Stockholders' Equity	<u>\$ 51,777,472</u>	<u>\$ 46,707,060</u>
 Net Income	 <u>\$ 690,771</u>	 <u>\$ 483,562</u>

**NOTE C – REGULATORY MATTERS**

The Company is subject to regulatory capital requirements administered by bank regulatory authorities. Failure to meet minimum capital requirements can initiate certain mandatory and possible discretionary actions by regulators. Therefore, the paying dividends from earnings and profits are subject to these capital requirements and regulatory authority approval.

**NOTE D – SUBSEQUENT EVENTS**

The Bank has evaluated subsequent events through January 14, 2018, which is the date the financial statements were available to be issued.

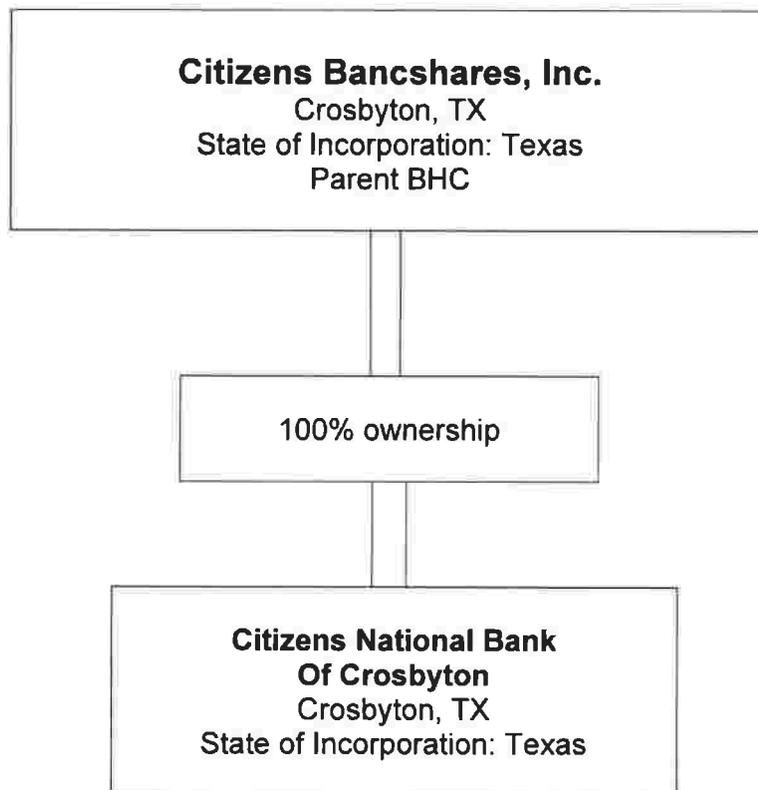
There were no subsequent events through January 14, 2018, that would have been required to have been recognized in the financial statements if the financial statements would have otherwise been misleading.

**Form FR Y-6**

**Citizens Bancshares, Inc.  
Crosbyton, Texas  
Fiscal Year Ending December 31, 2018**

**Report Item**

- 1: a. The BHC is not required to prepare form 10K with the SEC.
- 1: b. The BHC does prepare an annual report for its shareholders. Enclosed is a copy of each required copy of the FR Y-6.
- 2: Organizational Chart



The Company has no other investments, directly or indirectly.  
LEI : N/A

Results: A list of branches for your depository institution: CITIZENS NATIONAL BANK OF CROSBYTON (ID\_BSSD 901451)  
 This depository institution is held by CITIZENS BANCSHARES, INC. (1102161) of CROSBYTON, TX  
 The data are as of 12/31/2018. Data reflects information that was received and processed through 01/06/2019

Reconciliation and Verification Steps

1. In the Data Action column of each branch row, enter one or more of the actions specified below
2. If required, enter the date in the Effective Date column

**Actions**

**OK:** If the branch information is correct, enter 'OK' in the Data Action column.

**Change:** If the branch information is incorrect or incomplete, revise the date, enter 'Change' in the Data Action column and the date when this information first became valid in the Effective Date column.

**Close:** If a branch listed was sold or closed, enter 'Close' in the Data Action column and the sale or closure date in the Effective Date column.

**Delete:** If a branch listed was never owned by this depository institution, enter 'Delete' in the Data Action column.

**Add:** If a reportable branch is missing, insert a row, add the branch data, and enter 'Add' in the Data Action column and the opening or acquisition date in the Effective Date column.

If printing this list, you may need to adjust your page setup in MS Excel. Try using landscape orientation, page scaling, and/or legal sized paper.

Submission Procedures

When you are finished, send a saved copy to your FRB contact. See the detailed instructions on this site for more information.

If you are e-mailing this to your FRB contact, put your institution name, city and state in the subject line of the e-mail.

**Note:**

To satisfy the FR Y-10 reporting requirements, you must also submit FR Y-10 Domestic Branch Schedules for each branch with a Data Action of Change, Close, Delete, or Add

The FR Y-10 report may be submitted in a hardcopy format or via the FR Y-10 Online application - <https://online.federalreserve.gov>.

\* FDIC UNIFORM, Office Number, and ID\_BSSD columns are for reference only. Verification of these values is not required.

Data Action	Effective Date	Branch Service Type	Branch ID_BSSD*	Branch Name	Street Address	City	State	Zip Code	County	Country	FDIC UNIFORM*	Office Number*	Head Office	Head Office ID_BSSD*	Comments
		Full Service (Retail Office)	901451	CITIZENS NATIONAL BANK OF CROSBYTON	207 W. MAIN	CROSBYTON, TX	79722	CROSBY	UNITED STATES	Not Required	Not Required	CITIZENS NATIONAL BANK OF CROSBYTON	901451		

**Form FR Y-6**

**Citizens Bancshares, Inc.  
December 31, 2018**

**Report Item 3: Shareholders  
(1)(a) (1)(b) and (1)(c)**

**Current Shareholders with ownership, control or holdings of 5% or more with power to vote as of 12-31-18**

(1)(a) Name & Address (City, State, Country)	(1)(b) Country of Citizenship or Incorporation	1(c) Number and Percentage of Each Class of Voting Securities	
		Number	Percentage
Max Ham	U.S.A.	23,631.5	17.793%
Anne Marie Ham	U.S.A.	33,965.5	25.573%
Chase Ham Crosbyton, Texas	U.S.A.	24,013	18.080% Common Stock
Kim Eudy	U.S.A.	44,797	33.729%
Ron Eudy	U.S.A.	1,356	1.021%
Kim and Ron Eudy Austin, Texas	U.S.A.	4,053	3.051% Common Stock

The Company does not have any shareholders, not listed above, that owned or controlled, or held with power to vote, 5% or more of any class of voting securities of the Company.

Report Item 3(2) : N/A

Form FR Y-6

Citizens Bancshares, Inc.  
December 31, 2018

Report Item 4: Directors and Officers  
(1) (2) (3)(a)(b)(c) and (4)(a)(b)(c)

(1) Name & Address (City, State, Country)	(2) Principal Occupation if other than with Bank Holding Company	(3)(a) Title & Position with Bank Holding Company	(3)(b) Title & Position With Subsidiaries (include names of subsidiaries)	(3)(c) Title & Position with Other Businesses (Include names of other businesses)	(4)(a) Percentage of Voting Shares in Bank Holding Company	(4)(b) Percentage of Voting Shares in Subsidiaries (Include Names of subsidiaries)	4(c) List Names of other companies (includes partnerships) if 25% or more of voting securities are held (List names of companies and percentage of voting securities held)
Janelle Snodgrass Crosbyton, Texas	Investments	Director	Director CNB Crosbyton	N/A	.753	None	N/A
Max Ham Crosbyton, Texas	Banker CNB Crosbyton	Director / President / Chairman	Director/ President CNB Crosbyton	N/A	17.793	None	N/A
Kim Eudy Austin, Texas	Housewife	Director	Director CNB Crosbyton	N/A	36.780**	None	N/A
Chase Ham Crosbyton, Texas	Banker CNB Crosbyton	Director	Asst. Vice Pres CNB Crosbyton	N/A	18.080	None	N/A
Anne-Marie Ham Crosbyton, Texas	Housewife	Director	Director CNB Crosbyton	N/A	25.573	None	N/A
Ron Eudy Austin, TX	Attorney	N/A	N/A	N/A	4.072***	None	N/A

\* No insiders hold positions as executive director or director in any other unaffiliated company.

\*\* No insiders own, controls, or has the power to vote 25% or more in any unaffiliated company.

\*\*\*Includes 3.051% of voting securities jointly held with Ron Eudy

\*\*\*\*Includes 3.051% of voting securities jointly held with Kim Eudy