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 5468(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.

I, W.T. Weber, Jr.
Name of the Holding Company Director and Official

Chairman & President
Title of the Holding Company Director and Official

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.

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.

Signature of Holding Company Director and Official

03/25/2020
Date of Signature

For holding companies not registered with the SEC—
Indicate status of Annual Report to Shareholders:
- [x] 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 ____
C.I. ____

Date of Report (top-tier holding company's fiscal year-end):
December 31, 2019
Month / Day / Year

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

Reporter's Name, Street, and Mailing Address

Citizens Bancshares, Inc.
Legal Title of Holding Company

201 Main Avenue / P.O. Box 310
(Mailing Address of the Holding Company) Street / P.O. Box

City	State	Zip Code
Weston	WV	26452

Physical Location (if different from mailing address)

Person to whom questions about this report should be directed:

Name	Title
Julie M. Bush	CFO

304-517-1036
Area Code / Phone Number / Extension

304-269-7886
Area Code / FAX Number

jbush@citizensbankweston.com
E-mail Address

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

Is confidential treatment requested for any portion of this report submission? (0=No, 1=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."

Public reporting burden for this information collection is estimated to vary from 1.3 to 101 hours per response, with an average of 5.50 hours per response, including time to gather and maintain data in the required form and to review instructions and complete the information collection. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden to: Secretary, Board of Governors of the Federal Reserve System, 20th and C Streets, NW, Washington, DC 20551, and to the Office of Management and Budget, Paperwork Reduction Project (7100-0297), Washington, DC 20503.

For Use By Tiered Holding Companies

Top-tiered holding companies must list the names, mailing address, and physical locations of each of their subsidiary holding companies below.

Legal Title of Subsidiary Holding Company

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

City | State | Zip Code

Physical Location (if different from mailing address)

Legal Title of Subsidiary Holding Company

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

City | State | Zip Code

Physical Location (if different from mailing address)

Legal Title of Subsidiary Holding Company

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

City | State | Zip Code

Physical Location (if different from mailing address)

Legal Title of Subsidiary Holding Company

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

City | State | Zip Code

Physical Location (if different from mailing address)

Legal Title of Subsidiary Holding Company

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

City | State | Zip Code

Physical Location (if different from mailing address)

Legal Title of Subsidiary Holding Company

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

City | State | Zip Code

Physical Location (if different from mailing address)

Legal Title of Subsidiary Holding Company

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

City | State | Zip Code

Physical Location (if different from mailing address)

Legal Title of Subsidiary Holding Company

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

City | State | Zip Code

Physical Location (if different from mailing address)

Form FR Y-6

Citizens Bancshares, Inc.
Weston, West Virginia
Fiscal Year Ending December 31, 2019

Report Item

1: The bank holding company prepares an annual report for its stockholders. Three copies are enclosed.

2: Organization Chart

2a:

Citizens Bancshares, Inc.
Weston, WV U.S.A.
"No LEI"
Incorporated in West Virginia

100%

The Citizens Bank of Weston, Inc.
Weston, WV U.S.A.
"No LEI"
Incorporated in West Virginia

2b: Submitted via email on March 25, 2020.

3: Securities holders

(1)(a)(b)c) Information pertaining to stockholders of record that directly or indirectly own, control, or hold with power to vote 5 percent or more of any class of voting securities of the bank holding company shown on page 2 of the proxy statement for the annual shareholders meeting to be held April 20, 2019. Please note that Securty National Trust Company, Wheeling, WV, 26003, is incorporated in the USA and all three members of the Advisory Committee that votes the stock are citizens of the USA. The proxy statement is submitted herewith and is incorporated herein by reference. Further, the T.A. Whelan Trust owns 702,800 shares or 50.2% of the outstanding shares on record. The Advisory Committee members are Gene H. Edwards, Jr., W.T. Weber, Jr., and W.T. Weber, III.

(2)(a)(b)c) None

Results: A list of branches for your depository institution: CITIZENS BANK OF WESTON, INC., THE (ID_RSSD: 639633).
This depository institution is held by CITIZENS BANCSHARES, INC. (1133969) of WESTON, WV.
The data are as of 12/31/2019. Data reflects information that was received and processed through 03/05/2020.

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 data, 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 Procedure
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://y10online.federalreserve.gov.

* FDIC UNINUM, Office Number, and ID_RSSD columns are for reference only. Verification of these values is not required.

Data Action	Effective Date	Branch Service Type	Branch ID_RSSD*	Popular Name	Street Address	City	State	Zip Code	County	Country	FDIC UNINUM*	Office Number*	Head Office	Head Office ID_RSSD*	Comments
OK		Full Service (Head Office)	639633	CITIZENS BANK OF WESTON, INC., THE	201 MAIN AVENUE	WESTON	WV	26452	LEWIS	UNITED STATES	Not Required	Not Required	CITIZENS BANK OF WESTON, INC., THE	639633	
OK		Full Service	1400438	JANE LEW BRANCH	47 INDUSTRIAL PARK ROAD	JANE LEW	WV	26378	LEWIS	UNITED STATES	Not Required	Not Required	CITIZENS BANK OF WESTON, INC., THE	639633	

Form FR Y-6
Citizens Bancshares, Inc.
Fiscal Year Ending December 31, 2019

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

(1) Name, 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 Subsidiary Citizens Bank	(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 Subsidiary Citizens Bank	(4)(c) 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)
Gene H. Edwards, Jr. Weston, WV USA	Retired	Director & Vice-Chairman & Secretary	Director & Vice-Chairman & Secretary	N/A	1.76%*	N/A**	N/A
W. T. Weber, Jr. Weston, WV USA	Attorney	Director & Chairman & President	Director & Chairman	Attorney Weber & Weber Weston, WV USA	2.65%*	N/A**	Black Dog, LLC (50%) Weber & Weber a proprietorship (100%)
W. T. Weber, III Weston, WV USA	Attorney	Director & Treasurer	Director	Attorney Weber & Weber Weston, WV USA	0.09%	N/A**	Black Dog, LLC (50%)
James L. Sherrell Weston, WV USA	Retired	Director	Director	N/A	0.00%	N/A**	N/A
Charles C. Stalnaker Weston, WV USA	President & CEO Citizens Bank	Director	Director President & CEO	N/A	0.00%	N/A**	N/A
R. Dennis Xander Buckhannon, WV USA	President Denex Petroleum	Director	Director	President Denex Petroleum	0.00%	N/A**	Denex Petroleum Corp S Corp (100%) Denex Diversified Ventures C Corp (100%)
T. A. Whelan Trust *voted by Advisory Com					50.20%		

* This includes 702,800 shares owned by Security National Trust Company as successor Trustee of JPMorgan Chase Bank, N.A. as successor Trustee of Bank One, West Virginia, N.A., as successor Trustee of the Charleston National Bank as Trustee of the Estate of T. A. Whelan, deceased, and voted by Advisory Committee which consists of Gene H. Edwards, Jr., W. T. Weber, Jr. and W. T. Weber, III. Gene H. Edwards, Jr., recieves 8.3341% of the trust income.

**The subsidiary is owned 100% by Holding Company.

CONTENTS

A Message for our Stockholders

The year just ended marked another profitable year for Citizens Bancshares and its sole subsidiary Citizens Bank. We are pleased to provide you with the 2019 Annual Report. It was another successful year with record growth in earnings.

We finished the year with total assets of $205,248,000 an increase of 3.1% from the 2018 total of $199,034,000. Deposits were $178,821,000 at year end, an increase of $14,150,000 or 8.6%. Securities sold under agreements to repurchase declined to $2,213,000 a decrease of $9,942,000 or 81.8%. This decrease was a result of management's decision not to match interest rates offered by other financial institutions.

Loans totaled $122,551,000 up 3.5% or $4,157,000 from the 2018 total of $118,394,000. During 2019 our loan staff worked very hard to increase our loan portfolio. The increase was accomplished in a soft loan market in Lewis County.

Citizens Bancshares remains strong with total stockholders' equity of $23,336,000 and a capital to assets ratio of 11.37%. Earnings in 2019 of $3,334,000 reflected an increase of $77,000 or 2.36%. Our increase in earnings in 2019, however modest, was achieved in a falling rate environment. Our increased loan portfolio was the principal driver of our successful year ending December 2019.

The 2019 return on average assets was 1.62% down from 1.63% in 2018 a decrease of 0.01%. Total dividends paid in 2019 were $1.25 per share for a total payout of $1,750,000. From 2004 to 2019 annual dividends have increased from $1,120,000 to $1,750,000. Your Board of Directors voted to increase the first quarter 2020 dividend from $0.25 to $0.30.

Looking forward through 2020 our local economy will remain challenged. The economic forecasts call for further rate cuts beyond the unusual .50% cut in March. Further, at the time of this message our local, national and global economies are under pressure from the coronavirus epidemic, declining oil prices and stock values. We are hopeful that with the hard work of our staff and continued guidance of our Board of Directors we will have a successful 2020.

Thank you, our shareholders, for your continued trust and support.

W.T. Weber, Jr.
Chairman and President,
Citizens Bancshares, Inc.

Charles C. Stalnaker
President and C.E.O.
The Citizens Bank of Weston

Conley
CPA GROUP, PLLC

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Citizens Bancshares, Inc.
Weston, West Virginia

We have audited the accompanying financial statements of Citizens Bancshares, Inc. and subsidiary, which comprise the consolidated balance sheets as of December 31, 2019 and 2018, and the related consolidated statements of income, comprehensive income, changes in stockholders' equity, and cash flows for the years ended December 31, 2019, 2018, and 2017, and the related notes to the financial statements.

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

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

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

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

2857 White Hall Blvd. • Fairmont, WV 26554 • 304.366.2270 phone • 304.366.2338 fax • conleycpagroup.com

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Citizens Bancshares, Inc. and subsidiary as of December 31, 2019 and 2018, and the results of their operations and cash flows for the years ended December 31, 2019, 2018, and 2017, in accordance with accounting principles generally accepted in the United States of America.

Conley CPA Group, PLLC

Fairmont, West Virginia
March 9, 2020

CONSOLIDATED BALANCE SHEETS
CITIZENS BANCSHARES, INC.
December 31, 2019 and 2018

	2019	2018
ASSETS		
Cash and due from banks (Note 2)	$ 44,251,081	$ 24,286,166
Interest-bearing deposits in other banks	3,728,272	3,659,717
Total Cash and Cash Equivalents	47,979,353	27,945,883
Investment securities (Note 3)		
Securities available-for-sale at approximate market value	33,630,027	51,540,508
Loans (Note 4)	122,551,339	118,393,868
Allowance for loan losses	(1,332,711)	(1,375,346)
Net Loans	121,218,628	117,018,522
Bank premises, furniture and equipment, net (Note 5)	1,011,293	1,043,122
Accrued interest receivable and other assets	1,408,925	1,485,570
TOTAL ASSETS	$ 205,248,226	$ 199,033,605
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits (Note 6)		
Non-interest bearing	$ 54,009,527	$ 46,413,932
Interest bearing	124,811,502	118,249,109
Total Deposits	178,821,029	164,663,041
Securities sold under agreements to repurchase (Note 7)	2,212,996	12,154,725
Interest, taxes and other liabilities	877,897	944,350
Total Liabilities	181,911,922	177,762,116
STOCKHOLDERS' EQUITY		
Common stock, $.125 par value, 8,000,000 shares authorized; 1,400,000 shares issued and outstanding	175,000	175,000
Additional paid-in capital	2,825,000	2,825,000
Retained earnings (Note 14)	20,647,960	19,063,900
Accumulated other comprehensive (loss) (Note 13)	(311,656)	(792,411)
Total Stockholders' Equity	23,336,304	21,271,489
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 205,248,226	$ 199,033,605

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

CONSOLIDATED STATEMENTS OF INCOME
CITIZENS BANCSHARES, INC.
Years Ended December 31, 2019, 2018, and 2017

	2019	2018	2017
INTEREST INCOME			
Interest and fees on loans	$ 7,726,730	$ 7,321,354	$ 6,441,840
Deposits in other banks	71,887	50,462	34,008
Investment securities:			
Taxable	1,176,337	1,032,713	726,975
Tax-exempt	57,791	78,412	92,256
Total Interest Income	9,032,745	8,482,941	7,295,079
INTEREST EXPENSE			
Deposits	919,604	643,923	422,844
Other	65,556	122,886	55,529
Total Interest Expense	985,160	766,809	478,373
NET INTEREST INCOME	8,047,585	7,716,132	6,816,706
Provision for loan losses (Note 4)	150,000	97,718	120,000
Net Interest Income After Provision for Loan Losses	7,897,585	7,618,414	6,696,706
NONINTEREST INCOME			
Bankcard fees	398,521	390,389	351,437
Customer service fees	335,397	326,443	306,360
Other operating income	37,243	91,591	32,943
Total Noninterest Income	771,161	808,423	690,740
NONINTEREST EXPENSES			
Salaries and employee benefits	2,100,623	2,042,976	1,955,689
Occupancy	234,664	283,759	268,085
Equipment expense	228,347	207,006	174,698
Data processing	411,127	396,059	394,505
Other operating expenses (Note 8)	1,312,425	1,250,480	1,246,203
Total Noninterest Expenses	4,287,186	4,180,280	4,039,180
Income Before Income Taxes	4,381,560	4,246,557	3,348,266
Income Taxes (Note 9)	1,047,500	990,000	1,339,200
NET INCOME	$ 3,334,060	$ 3,256,557	$ 2,009,066
Net Income Per Common Share	$ 2.38	$ 2.33	$ 1.44

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
CITIZENS BANCSHARES, INC.
Years Ended December 31, 2019, 2018, and 2017

	2019	2018	2017
Net Income	$ 3,334,060	$ 3,256,557	$ 2,009,066
Other Comprehensive Income (Loss), net of tax:			
Unrealized gains (losses) on available-for-sale securities:			
Unrealized holding gains (losses) arising during period (Net of tax of $(127,500), $62,700, and $13,000)	499,804	(169,630)	(18,436)
	499,804	(169,630)	(18,436)
Defined benefit pension plans:			
Net (loss) gain arising during period (Net of tax of $1,870, $17,126, and $(5,443))	(8,518)	78,241	10,566
Add: ASC 715 Event (Net of tax of $-0-, $-0-, and $(15,463))	--	--	30,016
Less: amortization of prior service cost included in net periodic pension cost (Net of tax of $2,430, $9,685, and $12,195)	(10,531)	(26,183)	(23,673)
	(19,049)	52,058	16,909
Other Comprehensive Income (Loss)	480,755	(117,572)	(1,527)
COMPREHENSIVE INCOME	$ 3,814,815	$ 3,138,985	$ 2,007,539

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

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
CITIZENS BANCSHARES, INC.
Years Ended December 31, 2019, 2018, and 2017

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
Balance, December 31, 2016	$ 175,000	$ 2,825,000	$17,072,077	$ (559,112)	$19,512,965
Net income			2,009,066		2,009,066
Other comprehensive (loss)				(1,527)	(1,527)
Total Comprehensive Income					2,007,539
Reclassification for effects of remeasuring deferred tax asset (Note 19)			114,200	(114,200)	--
Cash dividends - $1.17 per share			(1,638,000)		(1,638,000)
Balance, December 31, 2017	175,000	2,825,000	17,557,343	(674,839)	19,882,504
Net income			3,256,557		3,256,557
Other comprehensive (loss)				(117,572)	(117,572)
Total Comprehensive Income					3,138,985
Cash dividends - $1.25 per share			(1,750,000)		(1,750,000)
Balance, December 31, 2018	175,000	2,825,000	19,063,900	(792,411)	21,271,489
Net income			3,334,060		3,334,060
Other comprehensive income				480,755	480,755
Total Comprehensive Income					3,814,815
Cash dividends - $1.25 per share			(1,750,000)		(1,750,000)
Balance, December 31, 2019	$ 175,000	$ 2,825,000	$20,647,960	$ (311,656)	$23,336,304

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

CONSOLIDATED STATEMENTS OF CASH FLOWS
CITIZENS BANCSHARES, INC.
Years Ended December 31, 2019, 2018, and 2017

	2019	2018	2017
OPERATING ACTIVITIES			
Net income	$ 3,334,060	$ 3,256,557	$ 2,009,066
Adjustments to reconcile net income to net cash provided by operating activities:			
Provision for loan losses	150,000	97,718	120,000
Depreciation, amortization and accretion, net	92,121	165,706	183,449
Deferred income tax expense (benefit)	12,000	(20,000)	129,200
Loss on disposition of premises, furniture and equipment	--	911	--
Loss on sale of other real estate owned	1,000	--	--
(Increase) decrease in interest receivable and other assets	20,445	(81,495)	(64,992)
Increase (decrease) in interest payable and other liabilities	(89,802)	(9,992)	65,717
NET CASH PROVIDED BY OPERATING ACTIVITIES	3,519,824	3,409,405	2,442,440
INVESTING ACTIVITIES			
Securities available-for-sale			
Proceeds from maturities and calls	37,347,500	6,130,653	19,439,910
Payments for purchases	(18,731,427)	(9,562,652)	(25,357,529)
Net (increase) decrease in loans	(4,465,106)	1,077,947	1,092,596
Proceeds from sale of other real estate owned	35,000	--	--
(Additions) to premises, furniture and equipment	(138,580)	(145,779)	(158,952)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	14,047,387	(2,499,831)	(4,983,975)
FINANCING ACTIVITIES			
Net increase (decrease) in deposits	14,157,988	(2,185,506)	8,483,695
Net (decrease) increase in repurchase agreements	(9,941,729)	(4,228,078)	4,070,333
Cash dividends	(1,750,000)	(1,750,000)	(1,638,000)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	2,466,259	(8,163,584)	10,916,028
Increase (Decrease) in Cash and Cash Equivalents	20,033,470	(7,254,010)	8,374,493
Cash and Cash Equivalents at Beginning of Year	27,945,883	35,199,893	26,825,400
Cash and Cash Equivalents at End of Year	$ 47,979,353	$ 27,945,883	$ 35,199,893

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
CITIZENS BANCSHARES, INC.
December 31, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation
The consolidated financial statements include the accounts of Citizens Bancshares, Inc. (the Company) and its wholly-owned subsidiary, The Citizens Bank of Weston, Inc. (the Bank). All significant intercompany balances and transactions have been eliminated in consolidation. The Company consolidates subsidiaries in which it either holds, directly or indirectly, more than 50% of the voting rights or where it exercises control. The Company has no other entities that are required to be consolidated under generally accepted accounting principles.

Nature of Operations
The Company provides a variety of financial services to individuals and small businesses through its offices in Lewis County, West Virginia. Its primary market area is Lewis, Upshur, and Harrison Counties, West Virginia. Its primary deposit products are demand deposits, savings and term certificate accounts and its primary lending products are residential mortgage, commercial, and consumer loans.

Use of Estimates
In preparing consolidated financial statements in conformity with accounting principles generally accepted in the United States (U.S. GAAP), management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the balance sheet and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Material estimates that are particularly susceptible to significant change in the near term relate to the determination of the allowance for loan losses, the valuation of deferred tax assets, other-than-temporary impairments of securities, and the fair value of financial instruments.

Reclassifications
Certain items from 2018 and 2017 have been reclassified to conform to 2019 financial statement presentation.

Significant Group Concentrations of Credit Risk
Most of the Company's activities are with customers located within Lewis, Braxton, Gilmer, Harrison and Upshur Counties, West Virginia. Note 3 discusses the types of securities the Company utilizes for investments. Note 4 discusses the types of loans the Company grants to its customers. At December 31, 2019 and 2018, the Bank's loan portfolio contained a concentration in commercial rental real estate of approximately 10% and 13%, respectively, and a concentration in residential rental real estate of approximately 10%. There were no other concentrations of loans to any other categories of borrowers which exceeded 10% of total loans.

Cash and Cash Equivalents
For purposes of the consolidated statements of cash flows, cash and cash equivalents include cash and balances due from banks, federal funds sold, and certain interest-bearing deposits in other banks.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Securities

Management determines the appropriate classification of securities at the time of purchase. Debt securities that the Company has the positive intent and the ability to hold to maturity are carried at amortized cost. Securities to be held for indefinite periods of time are classified as available for sale and carried at estimated fair value. Unrealized gains and losses on securities classified as available for sale are carried as a separate component of Accumulated Other Comprehensive Income (Loss), net of deferred income taxes.

Gains or losses on sales of securities recognized by the specific identification method are reported in securities gains and losses within noninterest income or noninterest expense of the Consolidated Statements of Income. The Company reviews securities on a quarterly basis for possible impairment. The Company determines whether a decline in fair value below the amortized cost basis of a security is other-than-temporary. This determination requires significant judgment. In making this judgment, the Company's review includes an analysis of the facts and circumstances of each individual investment such as the severity of loss, the length of time the fair value has been below cost, the expectation for that security's performance, the creditworthiness of the issuer, recent changes in external credit ratings, and the assessment of collection of the security's contractual amounts from the issuer or issuers.

If the Company intends to sell, or it is more likely than not the Company will be required to sell an impaired debt security before recovery of its amortized cost basis less any current period credit loss, other-than-temporary impairment is recognized in earnings. The credit loss is defined as the difference between the present value of cash flows expected to be collected and the amortized cost basis. The amount recognized in earnings is equal to the entire difference between the security's amortized cost basis and its fair value at the balance sheet date. If the Company does not intend to sell, and is not more likely than not it will be required to sell the impaired debt security prior to recovery of its amortized cost basis less any current period credit loss, the other-than-temporary impairment is separated into the following: 1) the amount representing the credit loss, which is recognized within noninterest income or expense in the Consolidated Statements of Income, and 2) the amount related to all other factors, which is recognized in other comprehensive income within shareholders' equity in the Consolidated Balance Sheets.

Federal Home Loan Bank Stock

The Company, as a member of the Federal Home Loan Bank (FHLB) Pittsburgh System, is required to maintain an investment in capital stock of the FHLB. Based on redemption provisions of the FHLB, the stock has no quoted market value and is carried at cost. At its discretion, the FHLB may declare dividends on the stock. Management reviews for impairment based on the ultimate recoverability of the cost basis in the FHLB stock.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Loans

The Company grants mortgage, commercial and consumer loans to its customers. A substantial portion of the loan portfolio is represented by residential and commercial mortgage loans throughout Lewis, Upshur, and Harrison Counties, West Virginia. The ability of the Company's debtors to honor their contracts is dependent upon the real estate and general economic conditions in this area.

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or pay-off generally are reported at their outstanding unpaid principal balances adjusted for the allowance for loan losses and any premiums or discounts on purchased loans. Interest income is accrued on the unpaid principal balance. Loan origination fees and direct loan origination costs are primarily being recognized as collected and incurred. The use of this method of recognition does not produce results that are materially different from results which would have been produced if such costs and fees were deferred and amortized as an adjustment of the loan yield. Premiums and discounts on purchased loans are amortized as a level yield adjustment over the respective term of the loan.

The accrual of interest on mortgage and commercial loans is discontinued at the time the loan is 90 days past due unless the credit is well-secured and in process of collection. Personal loans are typically charged-off no later than 180 days past due. Past due status is based on the contractual terms of the loan. In all cases, loans are placed on non-accrual or charged-off at an earlier date if collection of principal or interest is considered doubtful.

All interest accrued but not collected for loans that are placed on non-accrual or charged-off is reversed against interest income. The interest on these loans is accounted for on the cash-basis or cost-recovery method, until qualifying for return to accrual status. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

Allowance for Loan Losses

The allowance for loan losses is established as losses are estimated to have occurred through a provision for loan losses charged to earnings. Loan losses are charged against the allowance when management believes the uncollectibility of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance.

The allowance for loan losses is evaluated on a regular basis by management and is based upon management's periodic review of the collectability of the loans in light of historical experience, the nature and volume of the loan portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral and prevailing economic conditions. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allowance for Loan Losses (Continued)

The allowance consists of allocated and general components. The allocated component relates to loans that are classified as impaired. For those loans that are classified as impaired, an allowance is established when the discounted cash flows (or collateral value or observable market price) of the impaired loan is lower than the carrying value of that loan. The general component covers non-classified loans and is based on historical charge-off experience and expected loss given default derived from the Company's internal risk rating process. Other adjustments may be made to the allowance for pools of loans after an assessment of internal or external influences on credit quality that are not fully reflected in the historical loss or risk rating data.

A loan is considered impaired when, based on current information and events, it is probable that the Company will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement. Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record, and the amount of the shortfall in relation to the principal and interest owed.

Generally, the Company considers impaired loans to include:

- Loans classified as non-accrual loans
- Loans which have been classified as substandard, doubtful, or loss and/or which have a specific loan loss allocation
- Loans past due for longer than 90 days that have a principal balance of $50,000 or greater

Periodically, large groups of smaller balance homogeneous loans not included in the above categories are collectively evaluated for impairment.

Off-Balance Sheet Credit-related Financial Instruments

In the ordinary course of business, the Company has entered into commitments to extend credit, including commercial letters of credit and standby letters of credit. Such financial instruments are recorded when they are funded.

Foreclosed Assets

Assets acquired through, or in lieu of, loan foreclosure are held for sale and are initially recorded at fair value less cost to sell at the date of foreclosure, establishing a new cost basis. Subsequent to foreclosure, valuations are periodically performed by management and the assets are carried at the lower of carrying amount or fair value less cost to sell. Revenue and expenses from operations and changes in the valuation allowance are included in net expenses from foreclosed assets.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Premises and Equipment

Land is carried at cost. Buildings and equipment are carried at cost, less accumulated depreciation computed primarily on the straight-line method over the estimated useful lives of the assets.

Advertising Costs

Advertising costs are expensed as incurred. Advertising costs expensed for the years ended December 31, 2019, 2018, and 2017, were approximately $71,800, $44,600, and $42,500, respectively.

Income Taxes

The Company evaluates its income tax expense utilizing two components: current and deferred. The Company determines current income taxes, i.e. taxes to be paid or refunded for the current period, by applying the provisions of the enacted tax law to the taxable income or excess of deductions over revenues. The Company determines deferred income taxes using the liability (or balance sheet) method. Under this method, the net deferred tax asset or liability is based on the tax effects of the differences between the book and tax bases of assets and liabilities, and enacted changes in tax rates and laws are recognized in the period in which they occur.

Deferred income tax expense results from changes in deferred tax assets and liabilities between periods. Deferred tax assets are recognized if it is more-likely-than-not, based on the technical merits, that the tax position will be realized or sustained upon examination. The term more-likely-than-not means a likelihood of more than 50 percent; the terms examined and upon examination also include resolution of the related appeals or litigation processes, if any. A tax position that meets the more-likely-than-not recognition threshold is initially and subsequently measured as the largest amount of tax benefit that has a greater than 50 percent likelihood of being realized upon settlement with a taxing authority that has full knowledge of all relevant information. The determination of whether or not a tax position has met the more-likely-than-not recognition threshold considers the facts, circumstances, and information available at the reporting date and is subject to management's judgment. Deferred tax assets are reduced by a valuation allowance if, based on the weight of evidence available, it is more-likely-than-not that some portion or all of a deferred tax asset will not be realized.

The Company recognizes interest and penalties on income taxes as a component of operating expenses.

The Company and the Bank are subject to income taxes in the U.S. Federal and West Virginia jurisdictions. The Company and its subsidiary file consolidated federal and state income tax returns.

The Tax Cuts and Jobs Act, which was enacted in December 2017, had a substantial impact on the Company's income tax expense for the year ended December 31, 2017. Note 19 discusses the impact of the Tax Cuts and Job Acts in more detail.

Earnings Per Common Share

Earnings per share represent income available to common stockholders divided by the weighted-average number of common shares outstanding during the period.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Comprehensive Income

Comprehensive income consists of net income and other comprehensive income. Other comprehensive income includes unrealized gains on securities available-for-sale, and unrealized losses related to factors other than credit on debt securities, and changes in the funded status of the pension plan which are also recognized as separate components of equity.

Fair Value of Financial Instruments

Fair values of financial instruments are estimated using relevant market information and other assumptions, as more fully disclosed in Note 10. Fair value estimates involve uncertainties and matters of significant judgment. Changes in assumptions or in market conditions could significantly affect the estimates.

Cash Flows

Citizens Bancshares, Inc. and subsidiary paid approximately $1,103,000, $1,033,000, and $1,199,000 of applicable income taxes during 2019, 2018, and 2017, respectively. The Company made transfers of loans to foreclosed assets held for resale of $115,000, $21,000, and $-0- during 2019, 2018, and 2017, respectively. Payments of interest did not vary materially from interest reported on the consolidated statements of income for the respective years.

New Accounting Standards

The following standards were adopted during the year ended December 31, 2017:

In February 2018, the FASB issued ASU No. 2018-02, "Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income". ASU No. 2018-02 provides guidance regarding reclassification from accumulated other comprehensive income to retained earnings for stranded tax effects resulting from the revised federal corporate income rate of 21% from the Company's historical 34% rate. This update is effective for the Company's annual reporting period of December 31, 2019; however, the Company early adopted ASU No. 2018-02 for the year ended December 31, 2017. See Note 19 for further discussion.

The following standards were adopted during the year ended December 31, 2019:

In May 2014, the FASB issued ASU No. 2014-09, "Revenues from Contracts with Customers". ASU No. 2014-09 provides a framework to address revenue recognition issues, creating more consistency and comparability of revenue recognition practices across entities and industries, and improves the usefulness of information provided to financial statement users. The Company's revenue is composed of net interest income and noninterest income. The scope of the guidance explicitly excludes net interest income as well as many other revenues for financial assets and liabilities including loans, leases, securities, and derivatives. Accordingly, the majority of the Company's revenues were not affected. This update is effective for the Company's annual reporting period of December 31, 2019, and did not have a material impact on the Company's consolidated financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Standards (Continued)

In January 2016, the FASB issued ASU No. 2016-01, "Financial Instruments – Overall (ASC Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities". The amendments in this update aim to enhance the reporting model for financial instruments and to provide users of financial statements with more decision-useful information. This update is effective for the Company's annual reporting period of December 31, 2019, and did not have a material impact on the Company's consolidated financial statements.

In August 2016, the FASB issued ASU No. 2016-15, "Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments". The objective of ASU No. 2016-15 is to reduce the existing diversity in practice in how certain cash receipts and cash payments are presented and classified in the statement of cash flows. This update is effective for the Company's annual reporting period of December 31, 2019, and did not have a material impact on the Company's consolidated financial statements.

In March 2017, the FASB issued ASU No. 2017-07, "Compensation – Retirement Benefits". ASU No. 2017-07 reflects changes to improve the presentation of net periodic pension cost and net periodic postretirement benefit cost for defined benefit pension plans as well as other postretirement benefits. This update is effective for the Company's annual reporting period of December 31, 2019, and did not have a material impact on the Company's consolidated financial statements.

The following standards will be adopted during future reporting periods:

In June 2016, the FASB issued ASU No. 2016-13, "Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments". The amendments in ASU No. 2016-13 reflect an entity's current estimate of all expected credit losses and broadens the information an entity must consider in developing its expected credit loss estimate for assets measured either collectively or individually, including the use of forecasted information. The FASB has issued subsequent ASUs that clarify or improve the codification, as well as making the codification easier to understand and easier to apply by eliminating inconsistencies. The subsequent ASUs include:

- Issued November 2018, ASU No. 2018-19, "Codification Improvements to Topic 326, Financial Instruments – Credit Losses"
- Issued April 2019, ASU No. 2019-04, "Codification Improvements to Topic 326, Financial Instruments – Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments"
- Issued May 2019, ASU No. 2019-05, "Financial Instruments – Credit Losses"
- Issued November 2019, ASU No. 2019-10, "Financial Instruments – Credit Losses, Derivatives and Hedging, and Leases"
- Issued November 2019, ASU No. 2019-11, "Codification Improvements to Topic 326, Financial Instruments – Credit Losses"

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Standards (Continued)

The Company is currently assessing the impact ASU 2016-13 and the related subsequent updates will have on its consolidated financial statements and will apply the amendments in this update through a cumulative-effect adjustment to retained earnings, as necessary, for the annual reporting period of December 31, 2023.

In March 2017, the FASB issued ASU No. 2017-08, "Receivables – Nonrefundable Fees and Other Costs". ASU No. 2017-08 amends the amortization period for certain purchased callable debt securities held at a premium, from the contractual life of the instrument to the earliest call date. This update is effective for the Company's annual reporting period of December 31, 2020. The Company does not expect ASU No. 2017-08 to have a material impact on its consolidated financial statements.

In August 2018, the FASB issued ASU No. 2018-13, "Fair Value Measurements". ASU 2018-13 improves the effectiveness of disclosure requirements on fair value measurements. This update is effective for the Company's annual reporting period of December 31, 2020. The Company does not expect ASU No. 2018-13 to have a material impact on its consolidated financial statements.

In August 2018, the FASB issued ASU No. 2018-14, "Compensation – Retirement Benefits – Defined Benefit Plans – General". ASU 2018-14 improves the effectiveness of disclosure requirements on defined retirement benefit plans. This update is effective for the Company's annual reporting period of December 31, 2021. The Company does not expect ASU No. 2018-14 to have a material impact on its consolidated financial statements.

In December 2019, the FASB issued ASU No. 2019-12, "Income Taxes". ASU 2019-12 simplifies the accounting for income taxes by removing certain exceptions to the general principles in Topic 740 and improve consistent application of and simplify GAAP for other areas of Topic 740 by clarifying and amending existing guidance. This update is effective for the Company's annual reporting period of December 31, 2022. The Company does not expect ASU No. 2019-12 to have a material impact on its consolidated financial statements.

NOTE 2. RESTRICTIONS ON CASH AND DUE FROM BANKS

The Bank is required to maintain average reserve balances on hand or with the Federal Reserve Bank. The required reserve balance as of December 31, 2019 and 2018, was approximately $1,671,000 and $1,436,000, respectively. Additionally, in order to maintain a separate line of credit, the Bank is required to maintain a $5,000 reserve balance account with another financial institution.

NOTE 3. INVESTMENT SECURITIES

The amortized cost and fair values of available-for-sale securities, with gross unrealized gains and losses are summarized as follows:

	December 31, 2019			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Approximate Fair Value
Debt Securities:				
U.S. government-sponsored enterprises (GSEs)	$ 12,849,789	$ 101,859	$ (20,107)	$ 12,931,541
State and municipal securities	2,660,747	32,741	(1,289)	2,692,199
Corporate securities	18,041,934	42,318	(77,965)	18,006,287
	$ 33,552,470	$ 176,918	$ (99,361)	$ 33,630,027

	December 31, 2018			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Approximate Fair Value
Debt Securities:				
U.S. government-sponsored enterprises (GSEs)	$ 40,915,064	$ 33,587	$ (371,323)	$ 40,577,328
State and municipal securities	3,969,633	13,574	(24,447)	3,958,760
Corporate securities	7,205,558	3,158	(204,296)	7,004,420
	$ 52,090,255	$ 50,319	$ (600,066)	$ 51,540,508

NOTE 3. INVESTMENT SECURITIES (CONTINUED)

Government-sponsored enterprises (GSEs) include Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, Federal Farm Credit Bank, and Federal Home Loan Banks.

At December 31, 2019 and 2018, the Company held no securities of any single issuer (excluding the U.S. government-sponsored enterprises) with a book value that exceeded 10% of stockholders' equity.

The amortized cost and fair value of investment securities by contractual maturity at December 31, 2019 were as follows:

	Available-for-Sale	
	Amortized Cost	Fair Value
Due within 1 year	$ 1,098,663	$ 1,103,641
Due after 1 year through 5 years	29,460,711	29,530,465
Due after 5 years through 10 years	1,751,015	1,734,290
Due after 10 years	1,242,081	1,261,631
	$ 33,552,470	$ 33,630,027

Investment securities with an approximate carrying amount of $12,932,000 and $25,739,000 at December 31, 2019 and 2018, respectively, were pledged to secure public deposits and for other purposes required or permitted by law.

For the years ended December 31, 2019, 2018, and 2017, there were no sales of securities.

Temporarily Impaired Securities

The following tables show the gross unrealized losses and fair value of the entity's investments with unrealized losses that are not deemed to be other-than-temporarily impaired, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position at December 31, 2019 and 2018.

NOTE 3. INVESTMENT SECURITIES (CONTINUED)

Temporarily Impaired Securities (Continued)

Available-for-sale securities that have been in a continuous unrealized loss position are as follows:

	December 31, 2019					
	Less Than 12 Months		Over 12 Months		Total	
	Gross Unrealized (Losses)	Fair Value	Gross Unrealized (Losses)	Fair Value	Gross Unrealized (Losses)	Fair Value
U.S. government-sponsored enterprises (GSEs)	$ (9,289)	$ 1,990,711	$ (10,818)	$ 3,988,303	$ (20,107)	$ 5,979,014
State and municipal securities	(1,289)	456,199	--	--	(1,289)	456,199
Corporate securities	(49,452)	11,765,926	(28,513)	470,026	(77,965)	12,235,952
Total	$ (60,030)	$14,212,836	$ (39,331)	$ 4,458,329	$ (99,361)	$18,671,165

	December 31, 2018					
	Less Than 12 Months		Over 12 Months		Total	
	Gross Unrealized (Losses)	Fair Value	Gross Unrealized (Losses)	Fair Value	Gross Unrealized (Losses)	Fair Value
U.S. government-sponsored enterprises (GSEs)	$ (6,466)	$ 2,991,003	$ (364,857)	$33,647,066	$ (371,323)	$36,638,069
State and municipal securities	(3,187)	1,335,129	(21,260)	1,707,302	(24,447)	3,042,431
Corporate securities	(102,223)	4,167,679	(102,073)	2,347,432	(204,296)	6,515,111
Total	$ (111,876)	$ 8,493,811	$ (488,190)	$37,701,800	$ (600,066)	$46,195,611

At December 31, 2019, there were six GSE securities with a combined unrealized loss of $20,107. The contractual cash flows of the GSE securities are guaranteed by an agency of the U.S. government. In addition, there were two state and municipal securities with a combined unrealized loss of $1,289, and eleven corporate bonds with a combined unrealized loss of $77,965.

At December 31, 2018, there were thirty-seven GSE securities with a combined unrealized loss of $371,323. The contractual cash flows of the GSE securities are guaranteed by an agency of the U.S. Government. In addition, there were six state and municipal securities with a combined unrealized loss of $24,447, and nine corporate bonds with a combined unrealized loss of $204,296.

Because the decline in market values is attributable to changes in interest rates and not credit quality, and because the Company does not intend to sell the investments and it is not more-likely-than-not the Company will be required to sell the investments before recovery of their amortized cost bases, which may be maturity, the Company does not consider these investments to be other-than-temporarily impaired at December 31, 2019 and 2018.

NOTE 3. INVESTMENT SECURITIES (CONTINUED)

Other-Than-Temporary Impairment
Upon acquisition of a security, the Company decides whether it is within the scope of the accounting guidance for beneficial interests in securitized financial assets or will be evaluated for impairment under the accounting guidance for investments in debt and equity securities. At December 31, 2019 and 2018, the Company has no beneficial interests in securitized financial assets.

NOTE 4. LOANS

Loans and loan commitments are comprised primarily of loans to borrowers in real estate development, construction, healthcare, retail/service and other industries in north central West Virginia. Collateralization centers primarily around commercial and residential real estate, personal property and business equipment.

A summary of the component balances of loans at December 31, 2019 and 2018, is as follows:

	2019	2018
Mortgage loans on real estate:		
Residential 1-4 family	$ 42,616,879	$ 38,960,916
Commercial and agricultural	26,034,863	34,729,354
Construction and land development	880,149	1,130,476
Total Mortgage Loans on Real Estate	69,531,891	74,820,746
Commercial and agricultural loans	45,785,516	36,776,167
Consumer installment loans – personal	7,313,249	6,890,009
Total Gross Loans	122,630,656	118,486,922
Less Unearned Interest	(79,317)	(93,054)
Total Loans	$ 122,551,339	$ 118,393,868

Troubled Debt Restructurings

The restructuring of a loan is considered a "troubled debt restructuring" if both (1) the debtor is experiencing financial difficulties and (2) the creditor has granted a concession. Concessions may include interest rate reductions or below market interest rates, principal forgiveness, restructuring amortization schedules and other actions intended to minimize potential losses. As of December 31, 2019 and 2018, troubled debt restructurings totaled approximately $2,987,000 and $2,817,000, respectively, and were comprised of twenty-four lending relationships, respectively. For 2019 and 2018, no troubled debt restructurings had defaulted and amounts specifically reserved in the allowance for loan loss were $39,300 and $42,500, respectively.

NOTE 4. LOANS (CONTINUED)

An analysis of the allowance for loan losses for the years ended December 31, 2019, 2018, and 2017 is as follows:

	2019	2018	2017
Balance beginning of period	$ 1,375,346	$ 1,193,220	$ 1,083,367
Loans charged-off	(199,758)	(216,497)	(11,474)
Recoveries of loans previously charged-off	7,123	300,905	1,327
Provision for loan losses	150,000	97,718	120,000
Balance end of period	$ 1,332,711	$ 1,375,346	$ 1,193,220

The Bank maintains a loan grading system to reflect the credit quality of commercial loans. Commercial loan risk grades are determined based on an evaluation of the relevant characteristics of each loan, assigned at the inception of each loan and adjusted thereafter at any time to reflect changes in the risk profile and sustainability of the primary source of repayment and overall financial strength of the borrower. This includes an analysis of cash flow available to repay debt, profitability, liquidity, leverage, and overall financial trends. Other factors include management, industry or property type risks, an assessment of secondary sources of repayment such as collateral or guarantees, other terms and conditions of the loans that may increase or reduce its risk, and economic conditions and other external factors that may influence repayment capability and financial condition.

The Bank engages an external consultant to conduct an annual review of all commercial borrowers with an aggregate indebtedness of $1,250,000 or greater.

The Bank uses an eight-point risk rating system. The first five categories are considered not criticized, and are aggregated as "Pass" rated. The criticized rating categories utilized by management generally follow bank regulatory definitions.

Loans classified as Special Mention have potential weaknesses that deserve management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the loans or in the credit position at some future date. Borrowers may be experiencing adverse operating trends such as declining revenues or margins. Adverse economic or market conditions, such as interest rate increases or the entry of a new competitor, may also support a special mention rating. Nonfinancial reasons for rating a loan as Special Mention include management problems, pending litigation, an ineffective loan agreement or other material structural weakness, and any other significant deviation from prudent lending practices.

Loans classified as Substandard are inadequately protected by the current sound worth and paying capacity of the obligor or of the collateral pledged, if any. Loans so classified have a well-defined weakness, or weaknesses, that jeopardize the liquidation of the debt by the borrower. They are characterized by the distinct possibility the Bank will sustain some loss if the deficiencies are not corrected. They require more intensive supervision by management. Substandard loans are generally characterized by current or expected unprofitable operations, inadequate debt service coverage, inadequate liquidity, or marginal capitalization. Repayment may depend on collateral.

NOTE 4. LOANS (CONTINUED)

Loans classified as Doubtful are loans that have all the weaknesses inherent in one classified as Substandard with the added characteristic the weaknesses make collection in full, on the basis of currently existing facts, conditions, and values, highly questionable and improbable. Loans classified as Doubtful have a high probability of total or substantial loss, but because of specific pending events that may strengthen the loan, its classification as Loss is deferred. Doubtful borrowers are usually in default, lack adequate liquidity or capital, and lack the resources necessary to remain an operating entity.

Residential real estate and consumer loans are not assigned specific risk grades. These loans are graded based upon an individual loan's delinquency status. All loans that are less than 90 days past due are considered "Pass". Loans that are greater than 90 days past due are considered "Substandard".

The following tables represent the classes of the loan portfolio summarized by the aggregate Pass and the criticized categories of Special Mention, Substandard and Doubtful as of December 31, 2019 and 2018:

	2019				
	Commercial Real Estate	Other Commercial	Residential Real Estate	Consumer	Total
Pass	$ 23,912,378	$ 45,581,039	$ 40,633,428	$ 7,241,616	$ 117,368,461
Special Mention	238,156	--	209,142	3,639	450,937
Substandard	2,691,207	204,477	1,768,263	67,994	4,731,941
Doubtful	--	--	--	--	--
Total	$ 26,841,741	$ 45,785,516	$ 42,610,833	$ 7,313,249	$ 122,551,339

	2018				
	Commercial Real Estate	Other Commercial	Residential Real Estate	Consumer	Total
Pass	$ 30,394,426	$ 35,267,056	$ 37,467,133	$ 6,850,454	$ 109,979,069
Special Mention	3,393,699	379,943	691,859	--	4,465,501
Substandard	1,998,434	1,129,168	782,141	39,555	3,949,298
Doubtful	--	--	--	--	--
Total	$ 35,786,559	$ 36,776,167	$ 38,941,133	$ 6,890,009	$ 118,393,868

NOTE 4. LOANS (CONTINUED)

Management further monitors the performance and credit quality of the loan portfolio by analyzing the age of the portfolio. Measurement of delinquency and past due status are based on the contractual terms of each loan.

Past due loans are reviewed on a monthly basis to identify loans for nonaccrual status. Generally, when collection in full of the principal and interest is jeopardized, the loan is placed on nonaccrual. The accrual of interest income on most loans generally is discontinued when a loan becomes 90 to 120 days past due as to principal and interest. However, regardless of delinquency status, if a loan is fully secured and in the process of collection and resolution of collection is expected in the near term (generally less than 90 days), then the loan will not be placed on nonaccrual. When interest accruals are discontinued, unpaid interest recognized in income in the current year is reversed, and unpaid interest accrued in prior years is charged to the allowance for loan losses. The Bank's method of income recognition for loans that are classified as nonaccrual is to recognize interest income on a cash basis or apply the cash receipt to principal when the ultimate collectability of principal is in doubt. Management may elect to continue the accrual of interest when the estimated net realizable value of collateral exceeds the principal balance and accrued interest, and the loan is in the process of collection. Nonaccrual loans will not normally be returned to accrual status unless all past due principal and interest has been paid.

The following tables present the classes of the loan portfolio summarized by the aging categories of performing loans and nonaccrual loans as of December 31, 2019 and 2018:

	2019				
	Commercial Real Estate	Other Commercial	Residential Real Estate	Consumer	Total
Current	$ 24,708,924	$ 45,395,300	$ 39,625,692	$ 7,067,150	$ 116,797,066
30 – 90 Days	1,871,591	200,000	1,707,966	198,202	3,977,759
> 90 Days	142,490	--	56,111	1,766	200,367
Subtotal	26,723,005	45,595,300	41,389,769	7,267,118	120,975,192
Nonaccrual	118,736	190,216	1,221,064	46,131	1,576,147
TOTAL	$ 26,841,741	$ 45,785,516	$ 42,610,833	$ 7,313,249	$ 122,551,339

NOTE 4. LOANS (CONTINUED)

	2018				
	Commercial Real Estate	Other Commercial	Residential Real Estate	Consumer	Total
Current	$ 34,129,140	$ 35,403,837	$ 36,832,081	$ 6,758,942	$ 113,124,000
30 – 90 Days	1,440,613	1,180,036	1,375,670	105,516	4,101,835
> 90 Days	--	--	335,377	--	335,377
Subtotal	35,569,753	36,583,873	38,543,128	6,864,458	117,561,212
Nonaccrual	216,806	192,294	398,005	25,551	832,656
TOTAL	$ 35,786,559	$ 36,776,167	$ 38,941,133	$ 6,890,009	$ 118,393,868

Loans are designated as impaired when, in the opinion of management, based on current information and events, the collection of principal and interest in accordance with the loan contract is doubtful. Typically, the Bank does not consider loans for impairment unless a sustained period of delinquency (i.e. 90-plus days) is noted or there are subsequent events that impact repayment probability (i.e. negative financial trends, bankruptcy filings, eminent foreclosure proceedings, etc.). Consistent with the Bank's existing method of income recognition for loans, interest on impaired loans, except those classified as nonaccrual, is recognized as income using the accrual method. Impaired loans, or portions thereof, are charged off when deemed uncollectible.

The following tables set forth the Bank's impaired loan information by class of loans as of December 31, 2019 and 2018:

	2019				
	Commercial Real Estate	Other Commercial	Residential Real Estate	Consumer	Total
Impaired Loans with Specific Allowance:					
Recorded Investment	$ 356,143	$ --	$ 908,104	$ 22,065	$ 1,286,312
Related Allowance	2,992	--	68,325	39	71,356
Impaired Loans with No Specific Allowance:					
Recorded Investment	2,573,220	204,477	1,069,301	49,568	3,896,566
Total Impaired Loans:					
Recorded Investment	2,929,363	204,477	1,977,405	71,633	5,182,878
Unpaid Principal Balance	2,929,363	204,477	1,977,405	71,633	5,182,878
Average Recorded Investment	2,747,317	666,823	1,725,703	55,594	5,195,437

NOTE 4. LOANS (CONTINUED)

	2018				
	Commercial Real Estate	Other Commercial	Residential Real Estate	Consumer	Total
Impaired Loans with Specific Allowance:					
Recorded Investment	$ 308,505	$ 141,414	$ 650,161	$ --	$ 1,100,080
Related Allowance	2,916	6,555	55,110	--	64,581
Impaired Loans with No Specific Allowance:					
Recorded Investment	2,256,765	987,754	823,839	39,555	4,107,913
Total Impaired Loans:					
Recorded Investment	2,565,270	1,129,168	1,474,000	39,555	5,207,993
Unpaid Principal Balance	2,565,270	1,129,168	1,474,000	39,555	5,207,993
Average Recorded Investment	2,439,752	1,511,812	1,431,968	47,066	5,430,598

The following table summarizes the recognition of interest income on impaired loans for the years ended December 31:

	2019	2018	2017
Average impaired loans	$ 5,195,000	$ 5,431,000	$ 5,731,000
Amount of contractual interest on impaired loans	336,000	279,000	271,000
Amount of interest income recognized on a cash basis	319,000	290,000	247,000

NOTE 4. LOANS (CONTINUED)

The allowance for loan losses is management's estimate of the probable credit losses inherent in the loan portfolio. Management's evaluation of the adequacy of the allowance for loan losses and the appropriate provision for credit losses is based upon a quarterly evaluation of the portfolio. This evaluation is inherently subjective and requires significant estimates, including the amounts and timing of estimated future cash flows, estimated losses on pools of loans based on historical loss experience, and consideration of current economic trends, all of which are susceptible to constant and significant change. Allocations are made for specific loans based upon management's estimate of the borrower's ability to repay and other factors impacting collectability. Other loans not specifically reviewed are segregated by class and allocations are made based upon historical loss percentages adjusted for current environmental factors. The environmental factors considered for the portfolio includes estimated probable inherent but undetected losses within the portfolio due to uncertainties in economic conditions, delays in obtaining information, including unfavorable information about a borrower's financial condition, the difficulty in identifying triggering events that correlate perfectly to subsequent loss rates, and risk factors that have not yet fully manifested themselves in loss allocation factors. In addition, a portion of the allowance accounts for the inherent imprecision in the allowance for credit loss analysis. During 2019 and 2018, there were no material changes to the accounting policy or methodology related to the allowance for loan losses.

Loans deemed to be uncollectible are charged against the allowance for loan losses, while recoveries of previously charged-off amounts are credited to the allowance for loan losses.

The following tables summarize the primary segments of the Allowance for Loan Loss segregated into the amount required for loans individually evaluated for impairment and the amount required for loans collectively evaluated for impairment. Activity in the allowance is presented for the year ended December 31, 2019 and 2018.

	2019				
	Commercial Real Estate	Other Commercial	Residential Real Estate	Consumer	Total
Balance, Beginning	$ 397,927	$ 390,758	$ 518,076	$ 68,585	$ 1,375,346
Chargeoffs	(4,152)	(143,462)	(30,000)	(22,144)	(199,758)
Recoveries	7,000	--	123	--	7,123
Provision	(145,685)	250,997	17,738	26,950	150,000
Balance, Ending	$ 255,090	$ 498,293	$ 505,937	$ 73,391	$ 1,332,711
Portfolio Loans:					
Individually evaluated for impairment	$ 2,613,178	$ 95,496	$ 1,931,182	$ 25,704	$ 4,665,560
Collectively evaluated for impairment	24,228,563	45,690,020	40,679,651	7,287,545	117,885,779
Total Portfolio Loans	$ 26,841,741	$ 45,785,516	$ 42,610,833	$ 7,313,249	$ 122,551,339

NOTE 4. LOANS (CONTINUED)

	2018				
	Commercial Real Estate	Other Commercial	Residential Real Estate	Consumer	Total
Balance, Beginning	$ 376,590	$ 277,590	$ 478,287	$ 60,753	$ 1,193,220
Chargeoffs	(85,500)	--	(91,456)	(39,541)	(216,497)
Recoveries	292,827	--	5,978	2,100	300,905
Provision	(185,990)	113,168	125,267	45,273	97,718
Balance, Ending	$ 397,927	$ 390,758	$ 518,076	$ 68,585	$ 1,375,346
Portfolio Loans:					
Individually evaluated for impairment	$ 2,384,601	$ 216,890	$ 1,176,543	$ --	$ 3,778,034
Collectively evaluated for impairment	33,401,958	36,559,277	37,764,590	6,890,009	114,615,834
Total Portfolio Loans	$ 35,786,559	$ 36,776,167	$ 38,941,133	$ 6,890,009	$ 118,393,868

NOTE 5. BANK PREMISES, FURNITURE AND EQUIPMENT

A summary of the cost and accumulated depreciation of premises and equipment at December 31, 2019 and 2018, is as follows:

	2019	2018
Land	$ 376,342	$ 376,342
Bank premises	2,347,303	2,312,303
Equipment, furniture and fixtures	1,441,999	1,338,419
	4,165,644	4,027,064
Allowance for depreciation	(3,154,351)	(2,983,942)
	$ 1,011,293	$ 1,043,122

Depreciation expense for the years ended December 31, 2019, 2018, and 2017 was approximately $170,000, $166,000, and $146,000, respectively.

NOTE 6. DEPOSITS

Deposits at December 31, were as follows:

	2019	2018
Deposits of individuals, partnerships, and corporations		
Noninterest bearing demand	$ 54,009,000	$ 46,414,000
Interest bearing demand	20,213,000	18,764,000
Money market	4,849,000	5,619,000
Savings	66,447,000	60,771,000
Time deposits	33,303,000	33,095,000
Total deposits	$ 178,821,000	$ 164,663,000

The aggregate amount of time deposits in denominations of $250,000 or more at December 31, 2019 and 2018, was approximately $4,563,000 and $3,357,000, respectively.

At December 31, 2019, the approximate scheduled maturities of time deposits are as follows:

2020	$ 13,452,000
2021	12,942,000
2022	3,848,000
2023	1,442,000
2024 and thereafter	1,619,000
	$ 33,303,000

NOTE 7. SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE

Securities sold under agreements to repurchase, which are classified as secured borrowings, are reflected at the amount of cash received in connection with the transaction. The Company may be required to provide additional collateral based on the fair value of the underlying securities. The majority of the Bank's securities sold under agreements to repurchase are for periods of six months or less.

Additional information concerning securities sold under agreements to repurchase as of December 31, 2019 and 2018 is as follows:

	2019	2018
Average amount	$ 6,150,000	$ 14,480,000
Average interest rate	1.07%	0.85%
Balance at end of year	$ 2,212,996	$ 12,154,725
Interest expense	$ 65,551	$ 122,886

NOTE 8. OTHER OPERATING EXPENSE

The following items of other operating expense exceeded one percent of total revenue for at least one of the years ended December 31, 2019, 2018, and 2017:

	2019	2018	2017
Other Noninterest Expense:			
Director's fees	$ 467,500	$ 445,000	$ 441,000
FDIC and state fees	49,787	72,630	74,935
Bankcard processing expense	200,169	185,946	173,973
All other operating expenses	594,969	546,904	556,295
Total	$ 1,312,425	$ 1,250,480	$ 1,246,203

NOTE 9. INCOME TAXES

The allocation of federal and state income taxes between current and deferred expenses for the years ended December 31, 2019, 2018, and 2017 is as follows:

	2019	2018	2017
Current tax expense:			
Federal	$ 854,000	$ 845,000	$ 1,072,000
State	181,500	165,000	138,000
	1,035,500	1,010,000	1,210,000
Deferred tax (benefit) expense:			
Federal	9,300	(15,600)	136,700
State	2,700	(4,400)	(7,500)
	12,000	(20,000)	129,200
INCOME TAXES	$ 1,047,500	$ 990,000	$ 1,339,200

The reasons for the differences between the statutory federal income tax rate and the effective tax rates for the years ended December 31, 2019, 2018, and 2017 are summarized as follows:

	2019		2018		2017	
	Amount	%	Amount	%	Amount	%
Statutory federal tax rate	$ 920,100	21.0%	$ 891,800	21.0%	$ 1,138,400	34.0%
Increase (decrease) resulting from:						
State taxes, net of federal tax benefit	146,100	3.3%	126,000	3.0%	83,600	2.5%
Tax-exempt income	(21,300)	(0.5%)	(29,300)	(1.0%)	(53,900)	(1.6%)
Other items, net	2,600	--	1,500	--	7,700	0.2%
	1,047,500	23.8%	990,000	23.0%	1,175,800	35.1%
Change in federal tax rate	--	--	--	--	163,400	4.9%
INCOME TAXES	$ 1,047,500	23.8%	$ 990,000	23.0%	$ 1,339,200	40.0%

NOTE 9. INCOME TAXES (CONTINUED)

On December 22, 2017, the Tax Cuts and Jobs Act (the "Tax Act") was signed into law. The Tax Act lowered the Company's historical federal corporate tax rate from 34% to 21% effective January 1, 2018 and made numerous other tax law changes. U.S. generally accepted accounting principles (GAAP) requires companies to recognize the effect of tax law changes in the period of enactment. As a result, the Company recorded deferred income tax expense of $163,400 in 2017 due to the required remeasurement of the Company's deferred tax assets and liabilities.

The components of the deferred tax assets and (liabilities) at December 31, 2019 and 2018, are as follows:

	2019	2018
Deferred tax assets:		
Provision for loan loss	$ 267,000	$ 267,000
Employee benefit plans	99,900	101,900
Net unrealized depreciation on AFS securities	21,000	148,400
Gross deferred tax assets	387,900	517,300
Deferred tax (liabilities):		
Depreciation	(105,200)	(103,600)
Accretion on investments	(13,500)	(9,300)
Gross deferred tax (liabilities)	(118,700)	(112,900)
Net Deferred Tax Asset	$ 269,200	$ 404,400

No deferred income tax asset valuation was provided since it is more-likely-than-not that realization of the deferred income tax assets will occur in future years.

The Company's evaluation on December 31, 2019, revealed no uncertain tax positions that would have a material impact on the financial statements. The 2016 through 2019 tax years remain subject to examination by the tax authorities. The Company does not believe that any reasonably possible changes will occur within the next twelve months that will have a material impact on the financial statements.

NOTE 10. FAIR VALUE OF ASSETS AND LIABILITIES

Determination of Fair Value

The Company uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in many instances, there are no quoted market prices for the Company's various financial instruments. 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. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument.

The fair value guidance provides a consistent definition of fair value, which focuses on exit price in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. If there has been a significant decrease in the volume and level of activity for the asset or liability, a change in valuation technique or the use of multiple valuation techniques may be appropriate. In such instances, determining the price at which willing market participants would transact at the measurement date under current market conditions depends on the facts and circumstances and requires the use of significant judgment. The fair value is a reasonable point within the range that is most representative of fair value under current market conditions.

Fair Value Hierarchy

The Company groups its financial assets and financial liabilities generally measured at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value.

Level 1-Valuation is based on quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 1 assets and liabilities generally include debt and equity securities that are traded in an active exchange market. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2-Valuation is based on inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly. The valuation may be based on quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liability.

NOTE 10. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

Fair Value Hierarchy (Continued)

Level 3-Valuation is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which determination of fair value requires significant management judgment or estimation.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The following methods and assumptions were used by the company in estimating fair value disclosures for financial instruments:

Cash and Cash Equivalents

The carrying amounts of cash and short-term instruments approximate fair values based on the short-term nature of the assets.

Securities

Fair value estimates are based on pricing models and discounted cash flows that consider standard input factors such as observable market data, benchmark yields, interest rate volatilities, broker/dealer quotes, and credit spreads, if quoted market prices are not available.

Loans Receivable

For variable rate loans that reprice frequently and with no significant change in credit risk, fair values are based on carrying values. Fair values for certain mortgage loans (e.g., one-to-four family residential) and other consumer loans are based on quoted market prices of similar loans sold in conjunction with securitization transactions, adjusted for differences in loan characteristics. Fair values for other loans (e.g., commercial real estate and investment property mortgage loans, commercial and industrial loans) are estimated using discounted cash flow analyses, using market interest rates for comparable loans. Fair values for non-performing loans are estimated using discounted cash flow analyses or underlying collateral values, where applicable.

Deposit Liabilities

The fair values disclosed for demand deposits (e.g., interest and non-interest checking, passbook savings, and certain types of money market accounts) are, by definition, equal to the amount payable on demand at the reporting date (i.e., their carrying amounts). The carrying amounts of variable rate, fixed term money market accounts and certificates of deposit approximate their fair values at the reporting date. Fair values for fixed rate certificates of deposit are estimated using a discounted cash flow calculation that applies market interest rates on comparable instruments to a schedule of aggregated expected monthly maturities on time deposits.

NOTE 10. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

Short Term Borrowings

The carrying amounts of federal funds purchased, borrowings under repurchase agreements, and other short term borrowings maturing within ninety days approximate their fair values. Fair values of other short term borrowings are estimated using discounted cash flow analyses based on the company's current incremental borrowing rates for similar types of borrowing arrangements.

Accrued Interest

The carrying amounts of accrued interest approximate fair value.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

Assets and liabilities measured at fair value on a recurring basis are summarized below:

Fair Value Measurements at December 31, 2019

	Total Carrying Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investment securities:				
Available-for-sale	$33,630,027	$ --	$33,630,027	$ --

Fair Value Measurements at December 31, 2018

	Total Carrying Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investment securities:				
Available-for-sale	$51,540,508	$ --	$51,540,508	$ --

Assets Measured at Fair Value on a Nonrecurring Basis

Certain financial assets are measured at fair value on a nonrecurring basis in accordance with generally accepted accounting principles. Adjustments to the fair value of these assets usually result from the application of lower-of-cost-or-market accounting or write-downs of individual assets. Impaired loans allocated to the Allowance for Loan Losses are measured at fair value on a nonrecurring basis. Any fair value adjustments are recorded in the period incurred as provision for loan losses expense on the Consolidated Statements of Income.

NOTE 10. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

The following describes the valuation techniques used to measure impaired loans recorded at fair value on a nonrecurring basis in the financial statements.

Impaired Loans: Loans are designated as impaired when, in the judgment of management based on current information and events, it is probable that all amounts due according to the contractual terms of the loan agreement will not be collected. Impairment is measured based upon the present value of expected future cash flows from the loan discounted at the loan's effective rate and the loan's observable market price or the fair value of collateral, if the loan is collateral dependent. Fair value is measured using a market approach based on the value of the collateral securing the loans. Collateral may be in the form of real estate or business assets including equipment, inventory, and accounts receivable. The vast majority of the collateral is real estate. The value of real estate collateral is determined utilizing an appraisal conducted by an independent, licensed appraiser outside of the Bank using comparable property sales (Level 2). However, if the collateral is a house or building in the process of construction or if an appraisal of the real estate property is over two years old, then the fair value is considered Level 3. The value of business equipment is based upon an outside appraisal if deemed significant, or the net book value on the applicable business' financial statements if not considered significant using observable market data. Likewise, values for inventory and accounts receivables collateral are based on financial statement balances or aging reports (Level 3).

Assets and liabilities measured at fair value on a non-recurring basis are summarized below:

Fair Value Measurements at December 31, 2019

	Total Carrying Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Impaired Loans	$ 5,182,878	$ --	$ --	$ 5,182,878

Fair Value Measurements at December 31, 2018

	Total Carrying Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Impaired Loans	$ 5,207,993	$ --	$ --	$ 5,207,993

NOTE 10. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

The estimated fair values, and related carrying or notional amounts, of the Company's financial instruments are as follows:

	December 31,			
	2019		2018	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
FINANCIAL ASSETS:				
Cash and cash equivalents	$ 47,979,353	$ 47,979,353	$27,945,883	$27,945,883
Securities available-for-sale	33,630,027	33,630,027	51,540,508	51,540,508
Federal Home Loan Bank stock	96,600	96,600	93,000	93,000
Loans, net	121,218,628	120,742,931	117,018,522	116,152,292
Accrued interest receivable	605,151	605,151	703,977	703,977
FINANCIAL LIABILITIES:				
Deposits	178,821,029	178,760,732	164,663,041	164,806,017
Repurchase agreements	2,212,996	2,212,996	12,154,725	12,154,725
Accrued interest payable	120,122	120,122	93,445	93,445

NOTE 11. OFF-BALANCE SHEET ACTIVITIES

The Company is a party to credit-related financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit, including lines of credit as well as letters of credit. Such commitments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the consolidated balance sheets.

The Company's exposure to credit loss is represented by the contractual amount of these commitments. The Company follows the same credit policies in making commitments as it does for on-balance sheet instruments.

At December 31, 2019 and 2018, the following financial instruments were outstanding whose approximate contract amounts represent credit risk:

	2019	2018
Unfunded commitments under lines of credit	$ 19,732,000	$ 17,017,000
Letters-of-credit	700,000	810,000
Commitments to grant loans	9,446,000	3,915,000
	$ 29,878,000	$ 21,742,000

NOTE 11. OFF-BALANCE SHEET ACTIVITIES (CONTINUED)

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Certain commitments, such as equity lines of credit, may expire without being drawn upon. Therefore, the total commitment amounts do not necessarily represent future cash requirements. The amount of collateral obtained, if it is deemed necessary by the Bank, is based on management's credit evaluation of the customer.

Unfunded commitments under commercial lines-of-credit and revolving credit lines are commitments for possible future extensions of credit to existing customers. These lines-of-credit are generally uncollateralized and usually do not contain a specified maturity date and may not be drawn upon to the total extent to which the Bank is committed.

Letters-of-credit are conditional lending commitments issued by the Bank to guarantee the performance of a customer to a third party. Those letters-of-credit are primarily issued to support private borrowing arrangements. The letters-of-credit issued have expiration dates within one to five years. The credit risk involved in issuing letters-of-credit is essentially the same as that involved in extending loans to customers. The Bank's policy for obtaining collateral, and the nature of such collateral, is essentially the same as that involved in making commitments to extend credit.

Concentration of Credit Risk
At various times throughout the year, the Company had cash on deposit with other financial institutions in excess of the amount insured by the Federal Deposit Insurance Corporation.

NOTE 12. RELATED PARTY TRANSACTIONS

In the ordinary course of business, the Company has granted loans to principal officers and directors and their affiliates. Set forth below is a summary of the related party loan activity for the years ended December 2019 and 2018:

	2019	2018
Balance, beginning	$ 413,000	$ 397,500
New loans	167,300	150,000
Repayments	(84,900)	(134,500)
Balance, ending	$ 495,400	$ 413,000

Deposits from related parties held by the Bank at December 31, 2019 and 2018, were approximately $7,022,000 and $5,607,000, respectively.

NOTE 13. OTHER COMPREHENSIVE INCOME

Following are the components of other comprehensive income (loss) as of December 31, 2016, and for the years ended December 31, 2017, 2018, and 2019:

	Unrealized Gain (Loss) on Securities Available-For-Sale	Minimum Pension (Liability)	Accumulated Other Comprehensive Income (Loss)
December 31, 2016, Accumulated Other Comprehensive (Loss), Net of Deferred Tax	$ (171,980)	$ (387,132)	$ (559,112)
Other Comprehensive (Loss) for 2017			
Unrealized (losses) on securities available-for-sale	(31,436)	--	(31,436)
Minimum pension liability	--	25,620	25,620
Deferred income tax effect	13,000	(8,711)	4,289
	(18,436)	16,909	(1,527)
Reclassification for effect of remeasuring deferred tax asset (Note 19)	(41,300)	(72,900)	(114,200)
December 31, 2017, Accumulated Other Comprehensive (Loss), Net of Deferred Tax	(231,716)	(443,123)	(674,839)
Other Comprehensive (Loss) for 2018			
Unrealized (losses) on securities available-for-sale	(232,330)	--	(232,330)
Minimum pension liability	--	25,247	25,247
Deferred income tax effect	62,700	26,811	89,511
	(169,630)	52,058	(117,572)
December 31, 2018, Accumulated Other Comprehensive (Loss), Net of Deferred Tax	(401,346)	(391,065)	(792,411)
Other Comprehensive Income for 2019			
Unrealized gain on securities available-for-sale	627,304	--	627,304
Minimum pension liability	--	(23,349)	(23,349)
Deferred income tax effect	(127,500)	4,300	(123,200)
	499,804	(19,049)	480,755
December 31, 2019, Accumulated Other Comprehensive (Loss), Net of Deferred Tax	$ 98,458	$ (410,114)	$ (311,656)

NOTE 14. RESTRICTIONS ON DIVIDENDS

The primary source of funds for the dividends paid by Citizens Bancshares, Inc. is dividends received from its subsidiary, The Citizens Bank of Weston, Inc. The approval of the regulatory agencies is required if the total of all dividends declared by the subsidiary bank in any calendar year exceeds the subsidiary bank's net profits, as defined, for that year combined with its retained net profits for the preceding two calendar years.

NOTE 15. AVAILABLE BORROWINGS

The subsidiary bank has available from the Federal Home Loan Bank of Pittsburgh a line of credit with maximum borrowings as of December 31, 2019, of approximately $58,132,000. This line of credit has a variable interest rate based on the Federal Home Loan Bank's cost of funds and is collateralized by certain qualifying assets as defined by the agreement. The Bank had no borrowings under this agreement as of December 31, 2019.

During 2019, the Bank had available a $5,000,000 line of credit with a separate financial institution. The Bank had no borrowings under this agreement as of December 31, 2019.

The Bank had similar borrowing arrangements for 2018. At December 31, 2018, the Bank had no borrowings outstanding.

NOTE 16. PENSION PLAN

Effective January 1, 2009, the Bank implemented a freeze on its defined benefit pension plan. Employees participating in the plan prior to the effective date will receive the benefits they have already accrued, but will not receive benefit for additional time with the bank. New employees will be excluded from entering into the plan.

Included in accumulated other comprehensive income at December 31, 2019 are the following amounts that have not yet been recognized in net periodic pension cost: unrecognized prior service costs of $-0-, and unrecognized actuarial losses of $559,113 ($408,200, net of tax). The prior service credit and actuarial loss included in accumulated other comprehensive income and expected to be recognized in net periodic pension cost during the fiscal year ended December 31, 2020 is $-0- and $10,489 ($7,600, net of tax), respectively.

NOTE 16. PENSION PLAN (CONTINUED)

Net periodic pension cost included the following components:

	Year Ended December 31,		
	2019	2018	2017
Service cost	$ --	$ --	$ --
Interest cost	71,047	66,429	75,736
Expected return on plan assets	(91,735)	(98,147)	(97,970)
Amortization of transition asset	--	--	--
Amortization of loss	10,357	11,253	12,487
Amortization of prior service cost	(12,961)	(35,868)	(35,868)
Net periodic pension cost	(23,292)	(56,333)	(45,615)
ASC 715 Event	--	--	45,479
Total Net Periodic Pension Cost	$ (23,292)	$ (56,333)	$ (136)
Weighted-average assumption:			
Discount rate	4.21%	3.57%	4.02%
Expected return on assets	7.00%	7.00%	7.00%
Rate of compensation increase	N/A	N/A	N/A

The expected long-term rate of return on plan assets is based on historical returns of various benchmark indices and the plan's current asset mix.

The subsidiary bank does not expect to make any contributions to its pension plan in 2020.

The reconciliation of the beginning and ending balances of the projected benefit obligation and the fair value of plan assets for the years ended December 31, 2019 and 2018 is as follows:

	2019	2018
Change in projected benefit obligation:		
Projected benefit obligation at beginning of year	$ 1,727,679	$ 1,900,856
Interest cost	71,047	66,429
Benefits paid	(78,416)	(46,413)
Actuarial (gain)	(39,079)	(36,132)
Assumption change	207,220	(157,061)
Projected benefit at end of the year	1,888,451	1,727,679
Change in plan assets:		
Fair value of plan assets at beginning of year	1,350,615	1,442,212
Actual return on plan assets	239,130	(45,184)
Benefits paid	(78,416)	(46,413)
Fair value of plan assets at end of the year	1,511,329	1,350,615
Funded status	$ (377,122)	$ (377,064)

NOTE 16. PENSION PLAN (CONTINUED)

	2019	2018
Weighted-average assumptions at end of year		
Discount rate	3.19%	4.21%
Rate of compensation increase	N/A	N/A
Mortality Table	PRI-2012 Proj. Scale MP-2019	RP-2014 Proj. Scale MP-2018

Amounts recognized in the statement of financial position consist of:

	2019	2018
Current assets	$ --	$ --
Noncurrent assets	--	--
Noncurrent liabilities	(377,122)	(377,064)
	$ (377,122)	$ (377,064)

Amounts recognized in accumulated other comprehensive income (loss), before tax effect, consists of:

	2019	2018
Net (loss) gain	$ (20,746)	$ 49,862
Amortization of prior service cost	(12,961)	(35,868)
Amortization of gain	10,357	11,253
	$ (23,350)	$ 25,247

The accumulated benefit obligation for the defined benefit pension plan was $1,888,451 and $1,727,679 at December 31, 2019 and 2018, respectively.

The subsidiary bank's pension plan asset allocations at December 31, 2019 and 2018, are as follows:

	Percentage of Plan Assets at December 31,	
Asset Category	2019	2018
Cash and cash equivalents	2%	2%
Debt securities	41%	52%
Equity securities	57%	46%
Total	100%	100%

NOTE 16. PENSION PLAN (CONTINUED)

The subsidiary bank's weighted-average asset allocations at December 31, 2019 and 2018, were approximately:

Asset Category	Target Asset Mix 2019	Target Asset Mix 2018	Plan Allocation Range	Weighted-Average Percentage of Plan Assets at December 31, 2019	Weighted-Average Percentage of Plan Assets at December 31, 2018
Cash, cash equivalents, fixed income (bonds and bond funds)	50%	50%	20-70%	48%	51%
Equities (common stock and stock funds)	50%	50%	30-80%	52%	49%

The investment policy, as established by the plan's trustee, is to invest in assets based on the target allocations shown above. The assets will be reallocated periodically by the trustee based on the allocation ranges set forth in the plan to meet target allocations. The investment policy will be reviewed periodically to determine if the policy or the actual asset allocation range should be changed. The plan assets will be invested with the primary goal to pursue long-term capital growth, with a goal of meeting the long-term needs of the portfolio. The secondary goal is to preserve capital and mitigate the year-to-year volatility that could greatly impact the availability of funds for financial needs at the Bank's discretion. Assets will be invested in a balanced portfolio composed primarily of equities, fixed income, and cash or cash equivalent money market investments.

To minimize risk through proper diversification, no individual holding may exceed 10% of total market value, and no more than 30% of total assets may be invested in any one industry. To the extent possible, the fixed income portion of the portfolio will be diversified by issuer and by maturity date and the equity portion of the investment portfolio will be adequately diversified by industry, investment style, and geographic region.

The company groups its pension plan assets in three levels, based on the markets in which the assets are traded and the reliability of the assumptions used to determine fair value. These levels are as follows:

Level 1 – Valuation is based on quoted prices in active markets that are accessible at the measurement date for identical assets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets.

Level 2 – Valuation is based on quoted prices in markets that are not active, or inputs that are observable either directly or indirectly, for substantially the full term of the asset. Valuations are obtained from pricing models and discounted cash flows that consider standard input factors such as observable market data, benchmark yields, interest rate volatilities, broker/dealer quotes, and credit spreads.

Level 3 – Valuation is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets. Valuation methodologies vary based upon the individual types of assets.

NOTE 16. PENSION PLAN (CONTINUED)

The fair values of the Bank's pension plan assets at December 31, 2019 and 2018, by asset category are as follows:

2019

Asset Category	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents	$ 29,118	$ 29,118	$ --	$ --
Equity securities:				
Common stock	736,335	736,335	--	--
Mutual funds	127,804	127,804	--	--
Fixed income:				
Mutual funds	300,556	300,556	--	--
Government securities	317,516	--	317,516	--
	$ 1,511,329	$ 1,193,813	$ 317,516	$ --

2018

Asset Category	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents	$ 24,281	$ 24,281	$ --	$ --
Equity securities:				
Common stock	536,983	536,983	--	--
Mutual funds	89,077	89,077	--	--
Fixed income:				
Mutual funds	284,254	284,254	--	--
Government securities	416,020	--	416,020	--
	$ 1,350,615	$ 934,595	$ 416,020	$ --

NOTE 16. PENSION PLAN (CONTINUED)

Estimated future benefit payments, as appropriate, for each of the next five fiscal years, and in the aggregate for the five fiscal years thereafter, are as follows:

Year(s)	Amount
2020	$ 80,000
2021	93,000
2022	100,000
2023	100,000
2024	97,000
2025 – 2029	474,000
Total	$ 944,000

In addition to the defined benefit plan, the Company's subsidiary, The Citizens Bank of Weston, Inc., also has a 401(k) Profit Sharing Plan covering substantially all eligible employees. Under the provisions of the plan, eligible employees may defer a portion of their compensation, not to exceed the dollar limit determined by law. A matching contribution equal to a percentage of the amount the employee deferred is determined annually by the employer. Employees must complete six months of service before they are eligible to participate. The Company contributed approximately $145,000, $127,000, and $77,000 to the plan for the years ended 2019, 2018, and 2017, respectively.

NOTE 17. MINIMUM REGULATORY CAPITAL REQUIREMENTS

The Company (on a consolidated basis) and the Bank are subject to various regulatory capital requirements administered by 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 and the Bank's financial statements.

Under the regulatory capital adequacy guidelines and the regulatory framework for prompt corrective action, the Company and the Bank must meet specific capital guidelines that involve quantitative measures of their assets, liabilities and certain off-balance sheet items as calculated under regulatory reporting requirements. The capital amounts and classifications under the prompt corrective action guidelines are also subject to qualitative judgments by the regulators about components, risk weightings and other factors. Prompt corrective action provisions are not applicable to bank holding companies.

Quantitative measures established by regulation to ensure capital adequacy require the Company and the Bank to maintain minimum amounts and ratios of total capital, tier 1 capital, common equity tier 1 capital to risk-weighted assets (as defined in the regulations), and leverage capital, which is tier 1 capital to adjusted average total assets (as defined). Management believes, as of December 31, 2019 and 2018, the Company and the Bank meet all the capital adequacy requirements to which they are subject.

NOTE 17. MINIMUM REGULATORY CAPITAL REQUIREMENTS (CONTINUED)

As of December 31, 2019, the most recent notification from the regulatory agencies categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. To remain categorized as well capitalized, an institution will have to maintain minimum total capital, common equity tier 1 capital, tier 1 capital, and leverage capital ratios as disclosed in the following table. There are no conditions or events since the most recent notification that management believes have changed the institution's prompt corrective action category.

The following table outlines the regulatory components of the Company's and the Bank's capital and capital ratios as of December 31, 2019 and 2018.

	Actual		For Capital Adequacy Purposes		Minimum To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
As of December 31, 2019:						
Total Capital to Risk-Weighted Assets:						
Consolidated	$ 24,981,000	18.89%	$10,585,000	8.0%	N/A	N/A
Subsidiary bank	$ 24,974,000	18.88%	$10,555,000	8.0%	$13,231,000	10.0%
Tier 1 Capital to Risk-Weighted Assets:						
Consolidated	$ 23,648,000	17.87%	$ 7,939,000	6.0%	N/A	N/A
Subsidiary bank	$ 23,641,000	17.87%	$ 7,939,000	6.0%	$10,585,000	8.0%
Common Equity Tier 1 Capital to Risk-Weighted Assets:						
Consolidated	$ 23,648,000	17.87%	$ 5,954,000	4.5%	N/A	N/A
Subsidiary bank	$ 23,641,000	17.87%	$ 5,954,000	4.5%	$ 8,600,000	6.5%
Leverage Capital to Adjusted Average Total Assets:						
Consolidated	$ 23,648,000	11.51%	$ 8,217,000	4.0%	N/A	N/A
Subsidiary bank	$ 23,641,000	11.51%	$ 8,217,000	4.0%	$10,272,000	5.0%
As of December 31, 2018:						
Total Capital to Risk-Weighted Assets:						
Consolidated	$ 23,439,000	18.6%	$10,059,000	8.0%	N/A	N/A
Subsidiary bank	$ 23,430,000	18.6%	$10,059,000	8.0%	$12,577,000	10.0%
Tier 1 Capital to Risk-Weighted Assets:						
Consolidated	$ 22,064,000	17.5%	$ 7,546,000	6.0%	N/A	N/A
Subsidiary bank	$ 22,055,000	17.5%	$ 7,546,000	6.0%	$10,059,000	8.0%
Common Equity Tier 1 Capital to Risk-Weighted Assets:						
Consolidated	$ 22,064,000	17.5%	$ 5,660,000	4.5%	N/A	N/A
Subsidiary bank	$ 22,055,000	17.5%	$ 5,660,000	4.5%	$ 8,175,000	6.5%
Leverage Capital to Adjusted Average Total Assets:						
Consolidated	$ 22,064,000	11.0%	$ 8,053,000	4.0%	N/A	N/A
Subsidiary bank	$ 22,055,000	11.0%	$ 8,053,000	4.0%	$10,066,000	5.0%

NOTE 18. CONDENSED FINANCIAL STATEMENTS OF PARENT COMPANY

The investment of the Company (Citizens Bancshares, Inc.) in its wholly-owned subsidiary, The Citizens Bank of Weston, Inc., is presented on the equity method of accounting. The Company's balance sheets at December 31, 2019 and 2018, as well as the related statements of income and cash flows for the years ended December 31, 2019, 2018, and 2017 are as follows:

BALANCE SHEETS

December 31, 2019 and 2018

	2019	2018
ASSETS		
Cash	$ 14,603	$ 8,872
Investment in The Citizens Bank of Weston, Inc.	23,329,701	21,262,617
TOTAL ASSETS	$ 23,344,304	$ 21,271,489
LIABILITIES		
Other liabilities	$ 8,000	$ --
STOCKHOLDERS' EQUITY	23,336,304	21,271,489
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 23,344,304	$ 21,271,489

STATEMENTS OF INCOME

Years Ended December 31, 2019, 2018, and 2017

	2019	2018	2017
INCOME			
Dividend from bank subsidiary	$ 1,808,000	$ 1,798,750	$ 1,683,000
EXPENSES			
Operating expenses	(60,269)	(56,011)	(48,811)
Income Before Equity in Undistributed Net Income of Subsidiary	1,747,731	1,742,739	1,634,189
Equity in Undistributed Net Income of Subsidiary	1,586,329	1,513,818	374,877
NET INCOME	$ 3,334,060	$ 3,256,557	$ 2,009,066

NOTE 18. CONDENSED FINANCIAL STATEMENTS OF PARENT COMPANY (CONTINUED)

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2019, 2018, and 2017

	2019	2018	2017
Cash Flows From Operating Activities:			
Net income	$ 3,334,060	$ 3,256,557	$ 2,009,066
Adjustment to reconcile net income to net cash provided by operating activities:			
Increase in other liabilities	8,000	--	--
Equity in undistributed net income of Subsidiary	(1,586,329)	(1,513,818)	(374,877)
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,755,731	1,742,739	1,634,189
Cash Flows From Financing Activities:			
Dividends paid	(1,750,000)	(1,750,000)	(1,638,000)
NET CASH (USED IN) FINANCING ACTIVITIES	(1,750,000)	(1,750,000)	(1,638,000)
Net Increase (Decrease) in Cash	5,731	(7,261)	(3,811)
Cash at Beginning of Year	8,872	16,133	19,944
Cash at End of Year	$ 14,603	$ 8,872	$ 16,133

NOTE 19. CHANGE IN ACCOUNTING PRINCIPLE

For the year ended December 31, 2017, the Company adopted ASU 2018-02 – Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income. Prior to the issuance of ASU 2018-02, generally accepted accounting principles required deferred tax liabilities and assets to be adjusted for the effect of a change in tax laws or rates with the effect included in income from continuing operations in the reporting period that includes the enactment date, including situations in which the related income tax effect of items in accumulated other comprehensive income were originally recognized in other comprehensive income, rather than in net income.

The amendments in ASU 2018-02 allow reclassification from accumulated other comprehensive income to retained earnings for stranded tax effects resulting from the recently enacted federal corporate income tax rate. The amount of the reclassification is equal to the difference between the historical statutory federal corporate income tax rate of 34% and the recently enacted 21% statutory federal corporate income tax rate. Consequently, the adoption of ASU 2018-02 eliminated the stranded tax effects associated with the change in the federal corporate income tax rate in the Tax Cuts and Jobs Act of 2017 and improved the usefulness of the information reported in these financial statements. The adoption of ASU 2018-02 was applied retrospectively by the Company.

NOTE 19. CHANGE IN ACCOUNTING PRINCIPLE (CONTINUED)

The effect of the change in accounting principle is as follows:

	December 31, 2017		
	Prior to Adoption of ASU 2018-02	After Adoption of ASU 2018-02	Effect of Change
Accumulated other comprehensive (loss)	$ (560,639)	$ (674,839)	$ (114,200)
Retained earnings	17,443,143	17,557,343	114,200

NOTE 20. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through March 9, 2020, the date these consolidated financial statements were issued. No material subsequent events have occurred since December 31, 2019, requiring recognition or disclosure.

Officers and Directors

Citizens Bancshares, Inc.— Officers and Directors

W.T. Weber, Jr., Chairman and President
Gene H. Edwards, Jr., Vice Chairman and Secretary

Board of Directors

W.T. Weber, Jr.
Chairman of the Board and President and Chairman, Citizens Bank of Weston

Gene H. Edwards, Jr.
Vice Chairman and Secretary

W.T. Weber III
Treasurer

James L. Sherrell

R. Dennis Xander

Charles C. Stalnaker

Citizens Bank of Weston— Officers and Directors

W.T. Weber, Jr., Chairman
Gene H. Edwards, Jr., Vice Chairman and Secretary

Frank A. Scattaregia, MD *James L. Sherrell* *W.T. Weber III*
R. Dennis Xander *Charles C. Stalnaker*

Officers and Staff

LOANS

Jeffrey Jenkins
Executive Vice President
Director of Business Development

Barbara Paugh
Vice President
Commercial Loan Administration

John G. Kafer
Vice President
Security Officer

Leisa D. Pudder
Vice President
Consumer Lending
CRA Officer

Susan Thompson
Assistant Vice President
Loan Administration

ADMINISTRATIVE OFFICERS

Charles C. Stalnaker
President and
Chief Executive Officer

Tracey Queen-Young
Vice President
Human Resources
Assistant Secretary to Board
Branch Administration

AUDITING DEPARTMENT

Conley CPA Group, PLLC
Auditor

BSA AND COMPLIANCE

Kim Brown
Vice President

OPERATIONS

Julie Bush
Vice President and
Chief Financial Officer

Book Keeping

Roberta Garton
Operations Officer

Data Processing

Cindy Dever
I.T. Manager

Teller Operations

Lisa Wilson
Operations Officer

Jane Lew Branch

Laura Shaffer
Assistant Branch Manager

Jared Keirns
Assistant Branch Manager