

Citizens Community Bancorp Inc.  
Form 10-Q  
May 09, 2008

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2008.

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 001-33003

CITIZENS COMMUNITY BANCORP, INC.  
(Exact name of registrant as specified in its charter)

Maryland  
(State or other jurisdiction of  
incorporation or organization)

20-5120010  
(IRS Employer Identification  
Number)

2174 EastRidge Center, Eau Claire, WI 54701  
(Address of principal executive offices)

715-836-9994  
(Issuer's telephone number)

(Former name, former address and former fiscal year, if changed since last report)

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a small reporting company. See definition of "large accelerated filer, accelerated filer and smaller reporting company" in Rule 12b-2 of the Exchange Act (Check one):

Large accelerated filer  Accelerated filer  Non-Accelerated filer  Smaller reporting company   
(do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes [ ] No [X]

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY  
PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

Yes [ ] No [ ]

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

APPLICABLE ONLY TO CORPORATE ISSUERS

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

At April 30, 2008, there were 6,763,205 shares of the issuers' common stock outstanding.

CITIZENS COMMUNITY BANCORP, INC.

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Part I – FINANCIAL INFORMATION  
Item 1. Financial Statements (Unaudited)

CITIZENS COMMUNITY BANCORP, INC.  
Consolidated Balance Sheets

March 31, 2008, unaudited, September 30, 2007, derived from audited financial statements  
(in thousands)

| Assets   | March 31,<br>2008 | September 30,<br>2007 |
|--|-------------------|-----------------------|
| Cash and cash equivalents                                      | \$ 17,531         | \$ 6,354              |
| Other interest-bearing deposits                                | 371               | 371                   |
| Securities available-for-sale (at fair value)                  | 45,019            | 39,592                |
| Federal Home Loan Bank stock                                   | 5,187             | 4,822                 |
| Loans receivable   | 342,075           | 320,953               |
| Allowance for loan losses                                      | (1,068)           | (926)                 |
| Loans receivable - net   | 341,007           | 320,027               |
| Loans held for sale  | 0                 | 0                     |
| Office properties and equipment - net                          | 3,651             | 3,460                 |
| Accrued interest receivable                                    | 1,513             | 1,397                 |
| Intangible assets  | 1,377             | 1,528                 |
| Goodwill   | 5,466             | 5,466                 |
| Other assets   | 4,557             | 3,096                 |
| <b>TOTAL ASSETS</b>  | <b>\$ 425,679</b> | <b>\$ 386,113</b>     |
|  | <b>March 31,</b>  | <b>September 30,</b>  |
|  | <b>2008</b>       | <b>2007</b>           |
| <b>Liabilities and Stockholders' Equity</b>                    |                   |                       |
| <b>Liabilities:</b>  |                   |                       |
| Deposits   | \$ 249,384        | \$ 207,734            |
| Federal Home Loan Bank advances                                | 97,162            | 96,446                |
| Other liabilities  | 3,870             | 3,784                 |
| <b>Total liabilities</b>                                       | <b>350,416</b>    | <b>307,964</b>        |
| <b>Stockholders' equity:</b>                                   |                   |                       |
| Common stock - 6,763,205 and 7,118,205<br>shares, respectively | 68                | 71                    |
| Additional paid-in capital                                     | 66,715            | 69,934                |
| Retained earnings  | 12,426            | 12,420                |
| Unearned ESOP shares   | (3,646)           | (3,877)               |
| Unearned deferred compensation                                 | (178)             | (207)                 |
| Accumulated other comprehensive loss                           | (122)             | (192)                 |
| <b>Total stockholders' equity</b>                              | <b>75,263</b>     | <b>78,149</b>         |
| <b>TOTAL LIABILITIES AND<br/>STOCKHOLDERS' EQUITY</b>          | <b>\$ 425,679</b> | <b>\$ 386,113</b>     |

CITIZENS COMMUNITY BANCORP, INC.  
Consolidated Statements of Income - Unaudited  
For the Three and Six Months Ended March 31, 2008 and 2007  
(in thousands, except per share data)

|   | Three Months Ended |                | Six Months Ended |                |
|---|--------------------|----------------|------------------|----------------|
|   | March 31, 2008     | March 31, 2007 | March 31, 2008   | March 31, 2007 |
| <b>Interest and dividend Income:</b>                |                    |                |                  |                |
| Interest and fees on loans                          | \$5,661            | \$4,403        | \$11,226         | \$8,679        |
| Other interest and dividend income                  | 777                | 80             | 1,474            | 175            |
| Total interest and dividend income                  | 6,438              | 4,483          | 12,700           | 8,854          |
| <b>Interest expense:</b>                            |                    |                |                  |                |
| Interest on deposits                                | 2,263              | 1,668          | 4,353            | 3,286          |
| Borrowings  | 1,201              | 251            | 2,455            | 553            |
| Total interest expense                              | 3,464              | 1,919          | 6,808            | 3,839          |
| Net interest income                                 | 2,974              | 2,564          | 5,892            | 5,015          |
| Provision for loan losses                           | 196                | 87             | 361              | 190            |
| Net interest income after provision for loan losses | 2,778              | 2,477          | 5,531            | 4,825          |
| <b>Noninterest Income:</b>                          |                    |                |                  |                |
| Service charges on deposit accounts                 | 221                | 232            | 492              | 458            |
| Insurance commissions                               | 93                 | 105            | 173              | 206            |
| Loan fees and service charges                       | 70                 | 60             | 144              | 138            |
| Other   | 3                  | 4              | 6                | 7              |
| Total noninterest income                            | 387                | 401            | 815              | 809            |
| <b>Noninterest expense:</b>                         |                    |                |                  |                |
| Salaries and related benefits                       | 1,450              | 1,363          | 2,817            | 3,337          |
| Occupancy - net                                     | 305                | 301            | 564              | 567            |
| Office  | 266                | 203            | 499              | 387            |
| Data processing                                     | 89                 | 138            | 187              | 268            |
| Amortization of core deposit                        | 76                 | 76             | 151              | 151            |
| Advertising, marketing and public relations         | 35                 | 42             | 65               | 75             |
| Professional services                               | 179                | 56             | 345              | 178            |
| Other   | 338                | 409            | 544              | 600            |
| Total noninterest expense                           | 2,738              | 2,588          | 5,172            | 5,563          |
| <b>Income before provision for income tax</b>       |                    |                |                  |                |
|   | 427                | 290            | 1,174            | 71             |
| Provision for income taxes                          | 181                | 133            | 473              | 29             |
| Net income  | \$246              | \$157          | \$701            | \$42           |

Per share information:

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|                  |        |        |        |        |
|------------------|--------|--------|--------|--------|
| Basic earnings   | \$0.04 | \$0.02 | \$0.11 | \$0.01 |
| Diluted earnings | \$0.04 | \$0.02 | \$0.11 | \$0.01 |
| Dividends paid   | \$0.05 | \$0.05 | \$0.10 | \$0.10 |

Consolidated Statements of  
Changes in Stockholders' Equity - Unaudited  
For the Six Months ended March 31, 2008, and 2007  
(in thousands, except shares)

| Six Months Ended   |           | Common | Additional         | Retained  | Unearned       | Unearned     | Accumulated                    | Treasury |        |
|--|-----------|--------|--------------------|-----------|----------------|--------------|--------------------------------|----------|--------|
| March 31, 2008   | Shares    | Stock  | Paid-In<br>Capital | Earnings  | ESOP<br>Shares | Compensation | Other<br>Comprehensive<br>Loss | Stock    | Total  |
| Balance -<br>Beginning of<br>Period  | 7,118,205 | \$ 71  | \$ 69,934          | \$ 12,420 | \$ (3,877)     | \$ (207)     | \$ (192)                       | \$ 0     | 78,149 |
| Comprehensive<br>income:   |           |        |                    |           |                |              |                                |          |        |
| Net Income   |           |        |                    | 701       |                |              |                                |          | 701    |
| Amortization of<br>unrecognized<br>prior service<br>costs and net<br>gains/losses, net<br>of tax |           |        |                    |           |                |              | 27                             |          | 27     |
| Net unrealized<br>gain on available<br>for sale<br>securities, net of<br>tax                     |           |        |                    |           |                |              | 43                             |          | 43     |
| Total<br>comprehensive<br>income   |           |        |                    |           |                |              |                                |          | 771    |