



EXECUTIVE Newsletter



Citizens NATIONAL BANK

Financial

Message from President

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President/CEO of Citizens National Bank



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Banks play an important role in every community and through lending can support business and employment growth. Today many large banks are running into trouble which will lead to a reduction of lending and a corresponding contraction in local economic activity. This is why the government is pouring billions of dollars into the largest banks in the country to shore up their balance sheets and to prevent a catastrophic economic failure. These large banks for years used excessive leverage to make abnormally large returns for their shareholders. These banks are now becoming nationalized because of the additional government capital infusions that are required to prevent their failure.

As a community bank, Citizens National Bank has been a sensible local lender and has not participated in this excess off-balance sheet leverage strategy. Our commitments are all on our balance sheet and our loans and investments are backed up by collateral that is reasonably priced. Our growth has been gradual and consistent and our loans have been underwritten conservatively. We are proud to state that 2008 was the best year in our history for earnings and that we have adequate capital to withstand any earnings contraction.

Citizens National Bank is in a strong position to navigate through deflation and the Federal Reserve's purchase of distressed assets while they try to stabilize our banking system. We hope that as the congress tries to rewrite the regulatory environment, reform will focus on filling in the gaps by regulating unregulated institutions and off-balance sheet activities that were the root causes of our economic problem. Citizens will continue to focus on small business and agri-related businesses that are the employment-generating engines of our communities.



ID Theft for Business

Is Your Company Keeping Information Secure?

As a business owner, your customers trust you to keep their personal information secure.

As identity theft continues to be a growing problem, your customers will be more aware of what information they're providing you and what you do with it once it's in your hands (or on your computer!). Are you taking steps to protect personal information? Safeguarding sensitive data in your files and on your computers is just plain good business. After all, if that information falls into the wrong hands, it can lead to fraud. A sound data security plan is built on five key principles:

- 1. Take stock.** Know what personal information you have in your files and on your computers.
- 2. Scale down.** Keep only what you need for your business.
- 3. Lock it.** Protect the information in your care.
- 4. Pitch it.** Properly dispose of what you no longer need.
- 5. Plan ahead.** Create a plan to respond to security incidents.

To learn more about how you can implement these principles in your business, view the ID Theft for Business video on our website. Go to the Business Banking page, http://www.cnbohio.com/business_banking_index.asp, and click the Protecting Personal Information – A Guide for Business button. You'll see and hear about practical steps your business can take to protect personal information. After you experience the tutorial, we hope you'll take advantage of the other resources on this site to educate your employees and customers. This information is provided by the Federal Trade Commission, Bureau of Consumer Protection.

Reward Yourself

ScoreCard Rewards Now Available
on CNB Visa Credit Cards.



New cards to be issued.

Your Citizens National Bank Visa credit card just got a little more rewarding! CNB has added a points-based rewards system to all its Visa credit card accounts, called ScoreCard. For every \$1 charged to your business's credit cards, you will receive one point. All points will be accumulated under one company account. As points accumulate, they may be used to purchase merchandise or travel directly through the ScoreCard website, www.scorecardrewards.com. Through this website, you may view available point balances and awards, and submit redemption requests for merchandise or travel.

There is no cost to enroll in the program and awards range from name brand small appliances and sporting goods to travel rewards, including airline tickets and cruise packages. Citizens National Bank is excited to offer this added benefit to its Visa cardholders. To learn more, visit the ScoreCard page on our website, http://www.cnbohio.com/business_scorecard.asp.

As part of this program, new Visa cards with new account numbers will be issued to all cardholders who currently have CNB Visa accounts. A letter will be mailed notifying cardholders of the date the old cards will be cancelled.

Hey Farmers!

Apply Today for the Agricultural Linked Deposit Program

Deadline March 15

In 1985, the Ohio Treasury developed a program geared toward providing reduced-rate financing to Ohio farmers to offset the high cost of borrowing operating funds. This program, called the Agricultural Linked Deposit Program (Ag-Link), comprises \$125 million of the Treasury's budget. The Treasury uses these funds to secure reduced-rate certificates of deposit from eligible lending institutions, which utilize those dollars to provide operating loans to farmers at below-market rates. More than 28,000 Ag-Link applications have been approved, totaling \$1.9 billion, since the program began.

Citizens National Bank is proud to be authorized to administer this program to area farmers. To be eligible, the farm must:

1. Have headquarters in the State of Ohio.
2. Maintain a majority of its land and facilities in Ohio.
3. Operate for profit.
4. Obtain an operating loan from an eligible lending institution.
5. Agree to comply with any and all monitoring efforts of the Ohio Treasurer of State.
6. Certify that the reduced rate loan will be used exclusively for agricultural purposes and will materially contribute to the preservation of the business.

Farmers interested in applying for this program should go to the Ohio Treasury website, www.ohiotreasurer.org, and click on the Ag-Link button under the Linked Deposits tab. You may download the application directly from there and submit it to any of Citizens National Bank's offices. For questions regarding this program, call your local branch office and ask to speak with an ag lender.

HANDING OVER THE REINS – OPTIONS FOR STEPPING BACK FROM YOUR BUSINESS



Handing over the reins to your business means different things. It includes sharing some of the decision-making with other managers and/or recruiting a successor to assume all decision-making. In other words, handing over the reins pertains to management decisions.

Handing over the reins may also mean transferring a stake in your firm to a spouse, family member, or charitable organization. On the other hand, it may mean selling your entire stake to a new buyer. Whatever decision you make regarding changing ownership, be sure to consult your tax advisor and consider the following:

- **Finding a successor** - If you fail to find a successor, your business may founder when you retire. To avoid this problem, start identifying candidates early and developing the skills of potential successors.
- **Transferring ownership to a spouse** - You may decide to transfer some or your entire

stake in the company to a spouse. Generally, a transfer of property is a non-taxable event.

- **Donating shares of your business to a charitable organization or other beneficiary** - You may give shares of stock to a charitable organization. In order to take a deduction for gifts to charity, you must itemize your deductions. For information on giving to charitable organizations, see IRS Pub. 526.
- **Selling to an outside investor or group of employees** - You may plan on ultimately selling your company for millions of dollars and retiring to Aruba. Selling your company to an outside investor, or even a group of employees, is a way to "cash out" and begin enjoying retirement. You may also be seeking to raise capital for a new venture and use the proceeds of the sale of this company to start up a new one. Such straightforward sales of stock in your small business will likely trigger capital gains.

Keep this in mind, if you only seek to sell some of your interest, you can expect a diluted stake to lead to your diminished role in the day-to-day affairs of running the business regardless.