



2013 ANNUAL REPORT

YOUR KIND OF BANK

**It is the mission of the
Employees and Directors of
Citizens National Bank, N.A. to
provide the Business Community
and Individuals with high value
financial services.**

**As our clients and community
succeed, our success will be
achieved.**

– Citizens National Bank Mission Statement



To our shareholders

The year of 2013 was another successful year for our company. With a challenging rate environment, the bank still had its most profitable year since I began my term as President and Chief Executive Officer in September 2008. The bank's continued success is a testament to a loyal customer base, a successful community, and a truly dedicated and service-oriented group of outstanding employees.

The bank continues to maintain one of its major strategic objectives: to be the number one bank in Market Share of Deposits for Bossier Parish, our home base. We are happy to report, based on the latest Summary of Deposits, that in Bossier Parish we have the number one Position with Market Share of **25.79%**, which represents a growth of almost **14%** from the same period 2012. In the five parishes of North Louisiana that Citizens National Bank, N.A. has a presence we now have a market share of **8%** and rank **4th** behind Capital One, Regions Bank, and J.P. Morgan Chase, which are all multinational financial institutions.

From the beginning, in October 1985, when the small group of community-minded individuals

decided to open the doors of Citizens National Bank, N.A., the goal has been to serve the community. In the first Statement of Condition published in December 1985, the bank had just over \$3,000,000 in total assets. You will notice from our financial report this year that our total assets now exceed **\$746,000,000**. The company has been blessed to be in North Louisiana and we are proud to be an integral part of the community that we live and serve.

We so often talk about "The Difference in Banks Lies in the Manner in Which Customers Are Treated" and "Your Kind of Bank". This is taken very seriously by all of the employees that are such a large part of our company's success. We sincerely appreciate those of you that have allowed us the opportunity to serve you and we look forward to a successful 2014.

Woody C. Schick,
President & CEO

John McConathy,
Chairman of the
Board of Directors

Highlights

- ROAA (Return on Average Assets) 1.15%
- ROE (Return on Equity) 10.93%
- #1 Market Share by Deposits for Bossier Parish 25.29%
- 16th Largest Bank out of 142 Banks chartered in Louisiana with total assets \$746,233,000.00
- Recognized for the 5th year as one of the top 200 Community Banks by *American Banker Magazine*, 2013 rank #69
- 5 Star rating by BAUER FINANCIAL'S Star Rating: Highest possible rating

Statement of Income & Expenses

	2013	2012	2011
INTEREST INCOME			
LOANS:			
Individuals, Partnerships & Corporations	27,652,538	25,993,693	23,085,358
INVESTMENT SECURITIES:			
Taxable	2,248,853	1,319,426	1,602,145
Non-taxable	1,176,077	1,107,610	747,781
Dividends	73,533	75,284	39,376
Income from Sale of Federal Funds	0	0	14,416
Interest on Deposits with Banks	56,580	53,645	64,197
INTEREST TOTAL INTEREST INCOME	31,207,581	28,549,658	25,553,273
INTEREST EXPENSE			
Deposits	2,084,638	2,442,088	3,015,824
Federal Funds Purchased	879	1,143	5,727
Other Borrowings	60,040	19,622	61,400
TOTAL INTEREST EXPENSE	2,145,557	2,462,853	3,082,951
NET INTEREST INCOME	29,062,024	26,086,805	22,470,322
Less: Allocation for Loan Losses	900,000	1,273,000	750,000
NET INTEREST INCOME AFTER PROVISION FOR POSSIBLE LOSSES			
Adjusted	28,162,024	24,813,805	21,720,322
OTHER REVENUES AND EXPENSES			
Commissions, Fees and Other Income	5,679,501	6,657,330	5,681,141
Gains (Losses) on Securities Transactions	327,215	233,387	480,402
Total Other Expenses before Income Tax	22,425,886	21,804,726	19,288,095
INCOME BEFORE FEDERAL INCOME TAX	11,742,854	9,899,796	8,593,770
Federal Income Taxes	3,538,073	2,894,874	2,700,000
Net Income After Federal Income Taxes	8,204,781	7,004,922	5,893,770

Financial Highlights

ASSETS	2013	2012	2011
Cash & Due From Banks	35,806,979	34,504,779	63,533,077
Investment Securities	156,558,255	140,453,221	113,671,672
Federal Funds Sold	0	0	0
Federal Reserve Bank Stock/FHLB/FNBB/BIC	3,398,163	2,296,369	1,808,210
Loans, Net of Provision for Possible Loan Losses	504,723,994	474,395,603	445,879,667
Fixed Assets	17,396,836	16,557,212	17,306,093
Interest Earned, Not Collected	2,727,083	2,723,906	2,421,688
Other Assets	23,220,783	22,377,619	22,462,234
TOTAL ASSETS	743,832,093	695,372,545	669,173,292
LIABILITIES			
Deposits	654,167,318	596,972,396	589,183,411
Federal Funds Purchased	0	10,000,000	0
Other Borrowings	0	0	1,246,775
Other Liabilities	11,909,745	12,518,212	10,931,231
TOTAL LIABILITIES	666,077,063	621,554,444	603,452,068
CAPITAL ACCOUNTS			
Capital Stock	2,425,500	2,425,500	2,425,500
Surplus	75,329,530	71,392,601	63,295,724
TOTAL CAPITAL ACCOUNTS	77,755,030	73,818,101	65,721,224
TOTAL LIABILITIES & CAPITAL ACCOUNTS	743,832,093	695,372,545	669,173,292

Total Assets
Increased By

7.29%

\$50,523,384

Net Loans
Increased By

6.39%

\$30,328,391

Total Deposits
Increased By

9.58%

\$57,194,922

Total Net Income
Increased By

17.13%

\$1,199,859

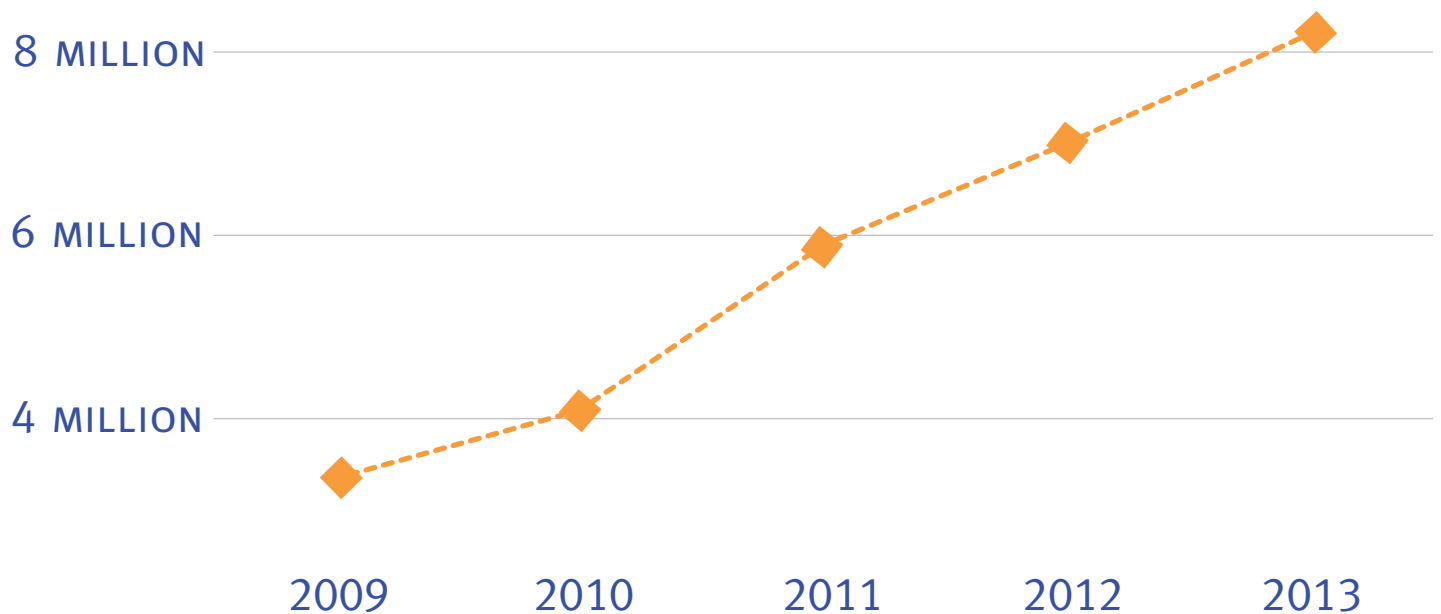
Strategies for Growth

Our strategic planning is the process for determining where our organization is going over the next three to five years. We review our strategic plan regularly throughout the year and revise that plan as needed. The plan consists of specific goals and the many strategies to achieve those goals.

This strategic plan is developed by our Executive Management Team and then reviewed by the Board of Directors.



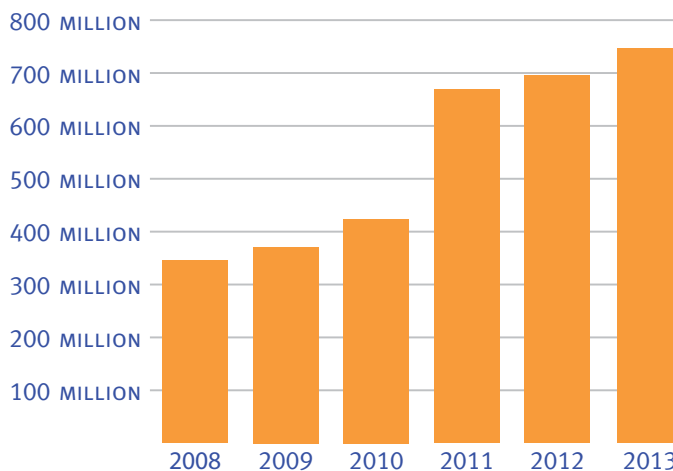
Net Income after Federal Income Taxes



Strategies for Growth

When we look back to December 31, 2008 the bank ended that year with Total Assets of \$343,511,201. Over the past five years we have more than doubled the size of the bank. This was a result of organic growth and the merger of Citizens National Bank, N.A. with Citizens Bank and Trust of Springhill, Louisiana in March 2011. We have a philosophy of consistent earnings and looking for opportunities to grow the bank. The bank is positioned to accommodate this growth with a strong management team and a solid capital position.

Total Assets 2008-2013



Strong Client Relationships

The bank is built on having strong relationships with our clients. Our branches work hard to make sure we are communicating with our customers and being responsive to their financial needs. The advantage we experience as a community bank is the ability to respond timely to our customers' needs. Our decisions are made here locally where we are very familiar with what is occurring in the market where we live and serve. This is our community and for our bank to be successful, our customers must be successful too. Our bankers understand this key to success and the result is building a strong relationship with our customers to assist them in meeting their financial objectives.

Business Banking

Jason Smith is an Executive Vice President and heads our Business Banking Team. Jason has a team of ten Business Banking professionals that all have a wealth of knowledge and experience to meet the needs of our Business Banking Clients. A large part of our success has been our ability to meet the needs of many businesses that are located here in North Louisiana.

Our bank has been the leader in our community in the area of subdivision development and residential construction for many builders in North Louisiana. The Residential Construction business is a large part of our portfolio and we pride ourselves in our expertise in this business. While the Residential Construction business is a large part of our business activity, we meet the needs of all kinds of businesses that operate in North Louisiana. We have many business customers located in North Louisiana that are operating in many parts of the country and we are available to help them meet their financial objectives.

Wealth Management

In June 2011 the bank established Citizens National Investment Services (CNIS). Our partner in this endeavor is Investment Professionals Incorporated, (IPI, Inc.) located in San Antonio, Texas. Debbie Rolland and Tim Chance are our Professional Investment Advisors that assist our clients with non traditional banking services. We established this division of the bank to make sure our customers have an option to satisfy their financial goals. Our Investment Advisors are employees of Citizens National Bank, N.A. and their primary goals are to make certain their clients are given the best financial advice to meet the needs of the client.



Retail Banking

Tommy Boggs is an Executive Vice President and head of Retail Banking with responsibility for leading the Retail Division of the bank. Citizens National Bank, N.A. has 14 branch locations in the five parishes of Northwest Louisiana. These branch locations have a Branch Executive that is responsible to meet the needs of our clients for consumer and small business banking. This group of professionals has extensive experience and the ability to assist all of our customers with their financial needs. In our listing of Branch Locations we give the location, phone numbers and the Branch Executive responsible for that location.



Mortgage Lending

John Evans heads our Mortgage Lending Department. John and his staff of professionals are available to assist our clients with a wide array of Mortgage Products. These products include Conventional Loans, FHA Loans, VA loans, and Rural Development Loans. The Mortgage Division originates these loans and they are sold to the secondary market. John has a staff of five Mortgage Professionals to assist our clients with these products. John and his staff take great pride in our ability to serve our customers throughout North Louisiana with their mortgage needs. We assist builders, realtors, and deal directly with clients to deliver the Mortgage Product that satisfies their needs.



New Innovations for 2014 & Beyond



For the past several years, the bank has been involved in a rapidly changing banking environment. Technology is moving at a very rapid pace and innovations from only a few years ago are now all but obsolete. In 2010 the bank made a strategic decision to go from an in-house computer system to a service center. This decision was made because of the realization that to keep pace with this rapidly changing technology we needed the support of a much larger system with much more capacity than what we could afford on our own. We are very pleased with that decision

since it has afforded us the opportunity to deliver to our customers the latest advances in technology. Just in the past few years we have offered our customers remote deposit capture, the latest in online banking services, mobile banking and deposit capability with mobile technology. Our commitment is to continue to be able to offer our customers the latest innovations that enhance the individual's financial services.

Executive Management Team



Woody C. Schick
President and Chief Executive Officer
wschick@citizensnb.com



Tommy Boggs
Executive Vice President/Retail Banking
Citizens National Investment
Division/Mortgage Lending Division
tboggs@citizensnb.com



G. Kent Gibson
Executive Vice President/Chief Operations Officer
gkent@citizensnb.com



Lyle Jeansonne
Executive Vice President/Chief Credit Officer
ljeansonne@citizensnb.com



Mark Johnson
Executive Vice President/Compliance/Loan Review
Audit/Human Resources
mjohnson@citizensnb.com



Jim Keel
Executive Vice President/Chief Financial Officer
jkeel@citizensnb.com



Jason Smith
Executive Vice President/Business Banking
jsmith@citizensnb.com

Branch Locations

Bossier

Main Office

Trudy Thomas, Branch Executive
2711 E. Texas Street
Bossier City, LA 71111
Phone: (318) 747-6000

Stockwell Road Branch

Jana Johnston, Branch Executive
700 Stockwell Road
Bossier City, LA 71111
Phone: (318) 629-2240

Benton Road Branch

John LeGrand, Branch Executive
2005 Benton Road
Bossier City, LA 71111
Phone: (318) 747-8888

Springhill

Springhill Office

David Anderson,
Branch Executive
18 Machen Drive
Springhill, LA 71075
Phone: (318) 539-5656

Shreveport

Mansfield Road Branch

Ken Barr, Branch Executive
9237 Mansfield Road
Shreveport, LA 71118
Phone: (318) 688-2265

East 70th Street Branch

Barbara Terry, Branch Executive
1545 E. 70th Street
Shreveport, LA 71105
Phone: (318) 797-7707

Beaird Tower, Downtown Shreveport Branch

Kim Bailey, Branch Executive
330 Marshall Street, Ste. 120
Beaird Tower
Shreveport, LA 71101
Phone: (318) 629-3921

Other Locations

Homer

Laci Lee, Branch Executive
600 E. Main St
Homer, LA 71040
Phone: (318) 927-1099

Plain Dealing

Patsy Hardy, Branch Executive
102 N. Forrest Road
Plain Dealing, LA 71064
Phone: (318) 326-5544

Desoto Parish Branch

Christy Shoalmire,
Branch Executive
94 Polk Street
Mansfield, LA 71052
Phone: (318) 872-0044

Minden

Minden - Downtown

Terry Shelton, Branch Executive
704 Main Street
Minden, LA 71055
Phone: (318) 371-2265

Minden - Homer Road

Terry Shelton, Branch Executive
1176 Homer Road
Minden, LA 71055
Phone: (318) 382-0080

Haughton Branch

Jana Johnston, Branch Executive
401 W. McKinley Ave
Haughton, LA 71037
Phone: (318) 949-0422

Haynesville

Sheila Mallard, Branch Executive
9865 Hwy 79
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CITIZENS NATIONAL BANK

“Your Kind of Bank”



EQUAL HOUSING
OPPORTUNITY

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