



## ANNUAL USE OF CAPITAL SURVEY - 2009

### NAME OF INSTITUTION

(Include Holding Company Where Applicable)

TCNB Financial Corp/The Citizens National Bank of Southwestern Ohio

Person to be contacted regarding this report:	Seb Melluzzo	RSSD: (For Bank Holding Companies)	2833127
UST Sequence Number:	213	Holding Company Docket Number: (For Thrift Holding Companies)	
CPP Funds Received:	2,000,000	FDIC Certificate Number: (For Depository Institutions)	35302-7
CPP Funds Repaid to Date:	0	City:	Dayton
Date Funded (first funding):	Dec 23, 2008	State:	Ohio
Date Repaid <sup>1</sup> :	N/A		

<sup>1</sup>If repayment was incremental, please enter the most recent repayment date.

*American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP). To answer that question, Treasury is seeking responses that describe generally how the CPP investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP investment was deployed or how many CPP dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.*

What specific ways did your institution utilize CPP capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP funds were outstanding).

<input checked="" type="checkbox"/>	Increase lending or reduce lending less than otherwise would have occurred.	Increased lending activities to small business that otherwise would not have been possible due to capital restraints.
<input checked="" type="checkbox"/>	To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).	Year over year increases in commercial/industrial loans of 13% and commercial real estate loans of 7.3% were made possible because of CPP funds.
<input checked="" type="checkbox"/>	Increase securities purchased (ABS, MBS, etc.).	Increased our ability to purchase treasury instruments including mortgage backed securities to better round out our investment portfolio.

<input checked="" type="checkbox"/>	Make other investments	Afforded our bank the ability to quote on purchased assets from other institutions.
<input type="checkbox"/>	Increase reserves for non-performing assets	
<input type="checkbox"/>	Reduce borrowings	
<input checked="" type="checkbox"/>	Increase charge-offs	Because of the market economy we experienced increased loan losses. Most of the losses were absorbed by earnings, but the additional capital sure helped in our ability to maintain "well capitalized" status.
<input checked="" type="checkbox"/>	Purchase another financial institution or purchase assets from another financial institution	See above.
<input checked="" type="checkbox"/>	Held as non-leveraged increase to total capital	Remained well capitalized.

What actions were you able to avoid because of the capital infusion of CPP funds?

1. The preferred stock sale to the US Treasury has afforded our bank the ability to remain a safe, well capitalized depository for our community. Because of our well capitalized status we were able to attract local deposits and became less reliant on brokered-deposits (hot money if you will) and reduced our exposure in the interest sensitive liability category of our balance sheet significantly.

2. We were able to replace a planned equity offering of common stock with CPP funds. This approach enabled us to leverage our position the results of which have no dilution of book value to our existing shareholders.

What actions were you able to take that you may not have taken without the capital infusion of CPP funds?

Because of our bank's growth over the years we were approaching risk based capital constraints that would have limited our ability to lend in the community we serve. Because of the US Treasury's investment in our bank we have been able to fund loan growth and remain above capital ratios expected of us by our regulators and our own business strategic plan.

Please describe any other actions that you were able to undertake with the capital infusion of CPP funds.

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 1505-0222. The time required to complete this information collection is estimated to average 80 hours per response.