



## President's Letter

Capitol National Bank is back and celebrating 35 years as the region's only local community bank. While many banks have come and gone during our history, Capitol National has survived – and thrived – by taking care of you – our customers.

While much has changed since 1982, some things do stay the same. Good, old-fashioned customer service and knowing your customers by name never go out of style.

As Capitol National Bank celebrates our 35th anniversary, we are proud to say that we continue to value our trusted relationships with those who bank here. We take pride in helping local businesses grow and serving the next generation of families we have known all these years.

And while an anniversary provides the perfect opportunity to reflect to days gone by, I am very excited about the future of Capitol National Bank. We have welcomed some dynamic new leaders to our team and are making improvements that will make banking easier and more convenient than ever before, such as Capitol National GoMobile.

Join us throughout the year, as we celebrate this milestone in our bank's history. We thank all of you for entrusting us throughout these 35 years. Here's to a great future for you, your business, your families and our community. When it comes to growing your business, remember to call the business experts first at Capitol National!

Sincerely,

A handwritten signature in blue ink, appearing to read "Ed Harden".



Ed Harden, *President*

## Our Customer's Say it Best!



We process nearly 500 checks every month using Capitol National Bank's remote deposit product. The service is convenient, reliable and provides the reporting details we need.

SBAM's revenue relies heavily on membership dues and the ability to capture those payments in a timely way is an essential business tool. On the rare occasion that we need technical support, the team at Capitol National Bank is always available to answer our questions. I recommend the remote deposit product without hesitation!

Ann Parker  
*Chief Operating Officer*  
*Small Business Association*  
*of Michigan*



# Terrance Augustine & John Creighton join CNB team

Capitol National Bank recently added two new members to our team to best serve our clients.



Terrance Augustine serves as vice president of credit administration. He joins Capitol National Bank with over 14 years of banking experience.

Most recently, he was vice president of lending at Union Bank after many years of commercial lending and underwriting experience.

He is currently completing his graduate banking degree from the Graduate School of Banking in Wisconsin. He grew up in the Lansing area and received a bachelor's degree in business administration from Lake Superior State University.

Very active in the community, Terrance is an Eaton County Commissioner, member of the Grand Ledge Rotary Club and serves on the Grand Ledge Downtown Development Authority, Tri-County Regional Recycling Committee and Eaton County Parks Board.

Terrance and his wife, Beth, and their children live in Grand Ledge.

John Creighton joined Capitol National Bank in November as senior commercial/SBA lending officer. He oversees business development in several Michigan markets as well as commercial loan administration.



Previously, he was a commercial relationship manager, where he was responsible for business development and portfolio administration. With over 25 years in the banking industry, he has worked in various commercial lending capacities. His diverse business experience also includes eight years as an owner/partner in a ceramic tile manufacturing company headquartered in Owosso.

John earned his master's degree in business administration from the University of Michigan-Flint. He has a bachelor's degree in business administration from Central Michigan University.

A United States Air Force veteran, John and his wife, Deb, live in Owosso and have three grown children.

For all your small business financial needs, contact John today at 517.371.1185

## Going Mobile: How to be Safer When Using a Smartphone or Tablet

Everywhere you look, people are using smartphones and tablets as portable, hand-held computers. "Unfortunately, cybercriminals are also interested in using or accessing these devices to steal information or commit other crimes," said Michael Benardo, manager of the FDIC's Cyber Fraud and Financial Crimes Section. "That makes it essential for users of mobile devices to take measures to secure them just as they would a desktop computer."

**Here are some basic steps you can take to secure your mobile devices:**

**Avoid apps that may contain malware.** Buy or download from well-known app stores, such as those established by your phone manufacturer or cellular service provider. Consult your financial institution's website to confirm where to download its official app for mobile banking.

**Keep your device's operating system and apps updated.** Consider opting for automatic updates to ensure that you have the latest fixes for any security weaknesses.

**Consider using mobile security software and apps to protect your device.** For example, anti-malware software for smartphones and tablets can be purchased from a reputable vendor.

**Use a password or other security feature to restrict access in case your device is lost or stolen.** Activate the "time out" or "auto lock" feature that secures your mobile device when it is left unused for a certain number of minutes. Set that security feature to start after a relatively brief period of inactivity.

**Back up data on your smartphone or tablet.** This is good to do in case your device is lost, stolen or just stops working one day. Data can easily be backed up to a computer or to a back-up service.

**Have the ability to remotely remove data from your device if it is lost or stolen.** A "remote wipe" protects data. If the device has been backed up, the information can be restored on a replacement device or the original. A number of reputable apps can enable remote wiping.

To learn more, see the FTC's Computer Security Web page at <https://www.consumer.ftc.gov/topics/online-security>.

# COMMUNITY CORNER

The success of our bank depends on the success of our community

Throughout the year, Capitol National Bank and our staff enjoy supporting many important causes in our community. In 2016, we assisted in raising or donating a total of \$19,150 and helped an array of special initiatives, including:

## January 2016

**Coaches vs Cancer Suits & Sneakers**  
American Cancer Society



We “sneakered up” for game time, joining MSU Basketball Coach Tom Izzo for the American Cancer Society’s Suits & Sneakers. During one day in January, our staff got the chance to wear sneakers or jeans to work in exchange for a \$5 donation.

## July 2016

**Capitol Charity Challenge Raffle**



Capitol National Bank and its team lead this annual event that allows any person to sell raffle tickets that can benefit any 501(c)(3) organization. The organization receives 100% of the proceeds. Plus, the raffle ticket purchaser can win great prizes! In 2016, area organizations received a total of \$16,450.

**2016 TOTALS**  
**\$19,150**

Charity Raffle = \$16,450  
Humane Society = \$1,200  
Sparrow = \$1,000  
McLaren = \$350  
American Cancer Society  
Coaches for Cancer = \$150

**150**  
pounds of food  
Greater Lansing Food Bank

**130** pair of underwear  
**183** pairs of socks  
Cristo Rey  
Community Center

## August 2016

**Operation Backpack**  
Volunteers of America



So that no child has to go back to school without basic supplies, Capitol National Bank donated everything from pencils and paper to, you guessed it, backpacks. This Volunteers of America initiative gives every child a chance to go back to school with confidence and pride.

## November 2016

**Greater Lansing Food Bank**



No one should go a single day in our community without food. That’s why the CNB team and our customers pitched in to help the Greater Lansing Food Bank and collected 150 pounds of food during our annual drive.

## December 2016

**U.S. Marine Corps Toys for Tots**



From dump trucks to baby dolls, we collected all kinds of toys for the U.S. Marine Corps Reserve Toys for Tots program. These toys all went to children in need throughout our community.

**Adopt-A-Family**

St. Vincent Catholic Charities



Fulfilling the wishes of children and teens is the goal of this holiday event. Donations collected from our staff were delivered to the St. Vincent Catholic Charities campus to be distributed to the children and teenagers for Christmas.

## Ask the Expert on SBA Lending Issues

Steve Pricco,  
Capitol  
National  
Bank’s  
director of  
government  
guaranteed  
lending, has 20 years of  
experience working with SBA  
programs to properly structure  
and fund government  
guaranteed loans.



He helps businesses of all sizes find the right SBA program for their current and future needs. The following is a commonly asked loan-related question regarding a partner buyout:

**Q. I’m currently a 20% owner of a business and would like to buy out my partner’s 80% position with SBA financing. Is this acceptable under SBA rules?**

**A. SBA financing for business buyouts is very common with the SBA 7a Program. The SBA guaranty allows bank’s a level of comfort when lending against the goodwill of the business.**

The following criteria must be met when financing a business buyout under the SBA program:

- The buyout of the partner must be 100% of the partner’s interest in the business.
- The seller’s employment may continue at the business for a maximum of 12 months.
- The seller’s salary cannot be tied to the profitability of the business and no compensation, other than seller note payments, is allowed after 12 months.

Approximately 25% of SBA loans originated by Capitol National Bank have some form of refinanced debt with them, and roughly 50% are associated with business purchases. If you have any questions on SBA financing, please contact us at Capitol National Bank.

**Keep us in mind for your business loans!**

# Remote Deposit

## Deposit Checks Right at Your Desk!

Remote Deposit allows you to deposit checks into your business bank account right from your place of business. Simply scan your checks using one of our desktop scanners and deposit them into your account via our secure Remote Deposit portal.



**Remote Deposit offers you many benefits, including:**

- **Convenience**

Reduces time preparing deposits and eliminates trips to the bank.

- **Improved Cash Flow**

Deposit checks when you receive them and improve your cash flow. Your deposits make it to the bank even when you cannot.

- **Later Deposit Deadlines**

Allows you to make deposits even after normal banking hours up to 6:30 p.m. EST to receive same-day credit.