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INSIDE

Sister banks unite as Citizens State Bank, New Castle, under Maddox family leadership.

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Family Leaders Unite Sister Banks

Four generations of family legacy, total bank history of 140 years, nine locations, 175 employees ... and now one unified bank. In September the former Pacesetter Bank, Hartford City, merged with its sister institution, Citizens State Bank, New Castle, into a single institution.

Both banks have been owned since 1968 by the Maddox family under the umbrella of Town Financial Corp.; their merger allows the new entity bank to serve Blackford, Jay, Grant, Henry, Randolph and Rush counties with greater strength and efficiency. Described on the bank website as "hometown banking, now stronger," the merged bank can provide enhanced services and loan options to customers while eliminating redundant operational expenses.

Unique to the merger is that it

unified two sister banks long operating under single family leadership. Bank cultures and operational procedures already were nearly identical, allowing the final merger to proceed seamlessly. Another distinguishing trait of this

merger is that it dovetails into the bank's leadership succession plan.

Background

The history of the bank dates back 140 years. Citizens State Bank was chartered in 1873 under new Indiana banking laws; its first president was John R. Millikan. Five generations and 95 years later, Millikan family descendants still owned the majority of the bank's stock when brothers John R. and James B. Maddox purchased it.

The banking background of the Maddox brothers had already been established prior to the family's purchase of Citizens State Bank in 1968. Following World War II, John joined father Raymond M. Maddox in operating a savings and loan and 26 loan offices.

The elder Mr. Maddox passed away in 1958, at which point John Maddox invited his brother Jim to join the family business. In 1964 the two brothers, acting with other community leaders, founded First National Bank of Hartford City. In 1968 they founded Town Financial Corp., purchased Citizens State Bank in New Castle, and later that year John Maddox acquired The Bank of Montpelier. Also during this time, the brothers started a radio station in Hartford City.

Through the years, Maddox family leadership has continued with subsequent generations. Gary J. Maddox, age 61, son of James, now



Dan (left) and John Maddox represent fourth and third generations of family banking legacy.

serves as a director of Town Financial Corp. and of Citizens State Bank, focusing on strategic planning and business development. John Maddox Jr., 61, son of John, is president and chairman of the board of the holding company and chairman of the bank. And Daniel Maddox, 32 — son of John Jr., grandson of John and great grandson of Raymond — is chief operating officer and director of Citizens State Bank. Dan Maddox is slated to succeed Bill Aitchison, president of the bank, upon his eventual retirement.



Gary Maddox (left) ribs nephew Dan at a pre-merger joint meeting for employees of Pacesetter Bank and Citizens State Bank. Frequent and open communications helped ensure a smooth merger.

Transparency in Planning

Much of the success of the merger can be attributed to long-term planning, with succession as a motivating factor. “We’ve been working on this a long time,” observes John Maddox. “It has been a succession plan issue, because top management are almost all my age or a little older. Our succession planning evolved into recognizing that we needed to merge the banks going into the next generation.”

Because mergers can create anxiety for staff, preparations included transparent communications “to create an open dialogue,” explains Dan. “We developed what we called an ‘Eagle Gram,’ a play off the eagle in our logo. We sent out Eagle Grams every couple of weeks, with any merger-related updates.”

The merger team also set up an email hotline, enabling employees to send emails with questions and

feedback. Notes Dan: “We believe that good ideas can come from anywhere within our organization, not just the executive management team.”

Going Forward

The merger creates a number of operating efficiencies within the singular Citizens State Bank. Costs can be reduced in the areas of compliance, marketing, management structure and core processing. Staffing efficiencies will take place organically through attrition. “With

a number of employees nearing retirement,” says Dan, “which has helped ensure a smooth transition, with no layoffs.”

Structurally, the bank now has its management team located at the headquarters in New Castle, concentrating on strategy and

execution. A renovation of the main office addressed spacing needs of the merged team. The holding company, which remains in Hartford City, focuses on capital strength, capital planning and strategic planning.

Additionally the bank’s data processing company and finance company are based in Hartford City, along with the holding company. “Our data processing company handles all of our IT and data processing,” says Dan.

Merger Finale

The actual merger took place on Saturday, Sept. 21. After the Friday business day



John (left) and Dan Maddox stand at the landmark corner of Citizens State Bank, located at Main and Broad streets, New Castle. The building was erected in 1923, coinciding with the bank’s 50th anniversary.

closed, the merger team began the core conversion process and had it ready in time for the bank to open for its usual half-day of business on Saturday. The backup plan was to cushion in 36 hours before reopening on Monday, should any of the processing functions need revision; instead, all proceeded on schedule, and the merger was complete. ♦



A cutaway rendition by design/build firm PWCampbell depicts the main office remodeling of Citizens State Bank.