

COUNTY NATIONAL BANK OFFICERS

Craig S. Connor President & C.E.O.
 Spencer D. Swank Executive Vice President & C.F.O.
 John R. Waldron Vice President - Senior Loan Officer
 Diane K. Clow Vice President - Director of Human Resources
 Cindy Dwyer Vice President - Technology
 Scott E. Evans Vice President - Senior Mortgage Officer
 Lois E. Howard Vice President - Commercial Loans
 Mary P. Marshall Vice President - Senior Trust Officer
 Dorene M. Shaw Vice President - Chief Auditor
 Phyllis J. Brooks 2nd Vice President - Consumer Loans
 Sharon L. Burns 2nd Vice President - Controller
 Luann J. Crowley 2nd Vice President - Mortgage Loans
 Ronald J. Haber 2nd Vice President - Commercial Loans
 L. Michelle Heminger 2nd Vice President - Administration
 William C. Jors 2nd Vice President - Commercial Loan Officer - Jackson
 Debra S. Smith 2nd Vice President - Accounting
 Stacey L. Clemens Asst. Vice President - Compliance Officer
 Sandra K. Grimm Asst. Vice President - Data Processing
 Kelly D. Jensen Asst. Vice President & Branch Officer - Spring Arbor
 David J. Kreger Asst. Vice President - Commercial Loan Officer - Jackson
 Barry A. Malek Asst. Vice President - Trust Officer
 Rae A. Organ Asst. Vice President - Bank Secrecy & Security Officer
 Timothy P. Sullivan Asst. Vice President - Trust Officer
 Christine L. Walworth Asst. Vice President - Trust Operations Officer
 Wendora K. Broesamle Branch Officer - Main Office
 Craig R. Burlingame Branch Officer - Homer
 Michelle L. Caldwell Branch Officer - Litchfield
 Brenda L. Carpenter Mortgage Loan Officer
 Linda C. Cavin Branch Officer - Horton Road Office
 Suzanne L. Decker Mortgage Officer
 Donald W. Germann Branch Officer - Jonesville
 Jeffrey S. Jackson Consumer Loan Officer
 Kelly L. Lantis Commercial Credit Officer
 Robin G. Pelham Branch Officer - Somerset Center
 Eric A. Potes Commercial Loan Officer
 Gwenda J. Ripley Branch Officer - Cortland Office
 Chad E. Rumsey Commercial Loan Officer
 Debra K. Storer Underwriter Operations Officer
 Craig D. Talbert Mortgage Officer
 Randall L. Tate Loss Mitigation Officer
 Jill A. Taylor Marketing & Public Relations Officer

DIRECTORS

John E. Barrett President
 Eagle Funeral Homes, Inc.
 Craig S. Connor President & C.E.O.
 County National Bank
 Judy R. Gabriele Director of Development
 Hillsdale Community Health Center
 John P. Lovinger Attorney
 Parker, Hayes & Lovinger, PC
 Stephen J. Maddalena General Manager
 Kentwood Office Furniture
 David W. Pope Chairman
 Powers Clothing, Inc.
 Claude J. Rowley President
 Rowley, Inc.
 Steven A. Wells President
 Wells Equipment Sales, Inc.



Consolidated Quarterly Financial Summary

September 30, 2012

COUNTY NATIONAL BANK OFFICES

HILLSDALE OFFICE

One South Howell Street, Hillsdale, Michigan 49242
 Phone: (517) 439-4300

TRUST OFFICE

One South Howell Street
 Hillsdale, Michigan 49242
 Phone: (517) 437-3371

JACKSON OFFICE

1800 N. Wisner Street
 Jackson, Michigan 49202
 Phone: (517) 783-1500

LEWIS STREET OFFICE

150 Lewis Street
 Hillsdale, Michigan 49242
 Phone: (517) 437-3396

JACKSON OFFICE

1523 Horton Road
 Jackson, Michigan 49203
 Phone: (517) 782-2500

HANOVER OFFICE

125 West Main Street
 Hanover, Michigan 49241
 Phone: (517) 563-8332

JONESVILLE OFFICE

228 E. Chicago Street
 Jonesville, Michigan 49250
 Phone: (517) 849-9949

HOMER OFFICE

109 West Main Street
 Homer, Michigan 49245
 Phone: (517) 568-4448

LITCHFIELD OFFICE

112 Jonesville Street
 Litchfield, Michigan 49252
 Phone: (517) 542-2932

HUDSON OFFICE

325 Railroad Street
 Hudson, Michigan 49247
 Phone: (517) 448-8957

SOMERSET CENTER OFFICE

12641 East Chicago Road
 Somerset Center, Michigan 49282
 Phone: (517) 688-4433

JACKSON OFFICE

270 West Cortland Street
 Jackson, Michigan 49201
 Phone: (517) 768-7200

SPRING ARBOR OFFICE

119 West Main Street
 Spring Arbor, Michigan 49283
 Phone: (517) 750-4011

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Community Bancorp, Inc.

THIRD QUARTER SHAREHOLDER UPDATE

The Board of Directors is pleased to declare a quarterly cash dividend of 18¢ per share payable October 19, 2012, to stockholders of record as of September 30, 2012.

We are very pleased to announce the following strong financial performance for CNB Community Bancorp, Inc.:

- Third quarter net income was \$928,000, compared to \$922,000 for the third quarter of 2011.
- Earnings per share for the third quarter 2012 were 46¢, and year-to-date earnings per share were \$1.49, up 18¢ per share compared to nine months' earnings per share of 2011.
- Year-to-date net income is \$3,007,000, compared to \$2,624,000 for the same period last year, a 15% increase.
- Return on quarter ending equity for nine months of 2012 is 11.4%, compared to 10.66% in 2011.
- Book value per share is now \$17.40, increasing \$1.05 from the December 31, 2011 book value of \$16.35.

The historic low rate environment has been tough for our savings customers, but has contributed to our very strong earnings for the third quarter. Interest expense was down \$124,000, which increased net interest income. The low mortgage rates helped us generate record mortgage activity boosting other income by \$389,000. Through nine months, net interest income is up \$336,000 and other income is up \$1,112,000, mostly due to the incredible mortgage loan activity.

We began reducing the amounts expensed to loan loss provision, as we expect problem loans have peaked. Through nine months, we have expensed \$540,000 less than last year to provision for loan losses. This expense improvement helps cover increases in overhead and costs associated with selling foreclosed real estate. I'm happy to report that as of quarter end, we did have only four real estate properties owned with a carrying value of \$400,617. The provision for loan loss reserve account now stands at 1.73% of loans, well within peer averages.

Successful efforts by our lending staff have increased the loan portfolio by \$5.6 million, or 2%, through the first nine months of 2012. Our branches are growing deposits in spite of the low rate environment. Deposits are up \$27 million, giving us more than comfortable liquidity. Total equity has increased by \$2,346,000 through nine months.

I am proud of our strong financial performance, especially in this economy. I must thank our seasoned management team and experienced Directors for their efforts throughout the economic downturn, which began back in 2008. Our dedicated employees and quality customers continue to help make us special in the banking business. Rest assured that County National Bank and CNB Community Bancorp, Inc. continue to be considered well-capitalized with total risk-based capital to risk-weighted assets equaling 12.71%.

Again, we thank you, our shareholders, for the continued support of your locally owned community bank.

Craig S. Connor
President & CEO



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CONSOLIDATED BALANCE SHEET

<u>ASSETS</u>	September 30 <u>2012</u>	December 31 <u>2011*</u>	<u>LIABILITIES AND STOCKHOLDERS EQUITY</u>	September 30 <u>2012</u>	December 31 <u>2011*</u>
Cash and Due from Banks	\$46,288,000	\$33,446,000	Non-Interest Bearing Accounts	\$63,169,000	\$60,037,000
Investment Securities	23,527,000	19,332,000	Interest Bearing Accounts	<u>288,238,000</u>	<u>264,563,000</u>
Federal Funds Sold	273,000	263,000	Total Deposits	351,407,000	324,600,000
Net Loans	314,995,000	309,432,000	Federal Funds Purchased	- 0 -	- 0 -
Bank Premises	4,510,000	4,098,000	Other Borrowings	16,145,000	23,281,000
Other Assets	<u>14,179,000</u>	<u>15,700,000</u>	Other Liabilities	1,102,000	1,618,000
			Stockholders Equity	<u>35,118,000</u>	<u>32,772,000</u>
			TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	\$403,772,000	\$382,271,000
TOTAL ASSETS	\$403,772,000	\$382,271,000	Shares Outstanding	2,018,703	2,004,003
			Book Value Per Share	\$17.40	\$16.35

*Adjusted to annual report and audit

CONSOLIDATED STATEMENT OF INCOME

	Three Months Ended		Nine Months Ended	
	September 30 <u>2012</u>	September 30 <u>2011</u>	September 30 <u>2012</u>	September 30 <u>2011</u>
Interest Income	\$4,464,000	\$4,564,000	\$13,580,000	\$13,521,000
Interest Expense	<u>378,000</u>	<u>502,000</u>	<u>1,225,000</u>	<u>1,502,000</u>
Net Interest Income	4,086,000	4,062,000	12,355,000	12,019,000
Provision for Loan Losses	<u>271,000</u>	<u>354,000</u>	<u>689,000</u>	<u>1,229,000</u>
Net Interest Income after Provision	3,815,000	3,708,000	11,666,000	10,790,000
Other Income	1,397,000	1,008,000	3,568,000	2,837,000
Other Expense	<u>3,886,000</u>	<u>3,377,000</u>	<u>10,974,000</u>	<u>9,862,000</u>
Income before Federal Income Taxes	1,326,000	1,339,000	4,260,000	3,765,000
Federal Income Taxes	<u>398,000</u>	<u>417,000</u>	<u>1,253,000</u>	<u>1,141,000</u>
NET INCOME	\$928,000	\$922,000	\$3,007,000	\$2,624,000
Shares Outstanding	2,018,703	2,004,003	2,018,703	2,004,003
Net Income Per Share	\$0.46	\$0.46	\$1.49	\$1.31