

COUNTY NATIONAL BANK OFFICERS

Craig S. Connor President & C.E.O.
 Spencer D. Swank Executive Vice President & C.F.O.
 John R. Waldron Senior 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 - C.F.O.
 Luann J. Crowley 2nd Vice President - Mortgage Loans
 Ronald J. Haber 2nd Vice President - Commercial Loans
 L. Michelle Heminger 2nd Vice President - Administration
 Kelly D. Jensen 2nd Vice President - Branch Administrator
 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
 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 - Spring Arbor
 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
 Rebecca J. Wiley HR & Staff Development Officer

DIRECTORS

John E. BarrettPresident
 Eagle Funeral Homes, Inc.
 Craig S. ConnorPresident & 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. RowleyPresident
 Rowley, Inc.
 Steven A. WellsPresident
 Wells Equipment Sales, Inc.

**LOCALLY OWNED TO
 SERVE LOCAL NEEDS**



**Consolidated
 Quarterly
 Financial
 Summary**
 December 31, 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



Community Bancorp, Inc.

FOURTH QUARTER SHAREHOLDER UPDATE

The Board of Directors is pleased to declare a quarterly cash dividend of 18¢ per share and an increased cash special dividend of 14¢ per share, payable December 28, 2012, to stockholders of record as of December 21, 2012.

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

- 2012 full year net income was \$3,712,000 compared to \$3,435,000 for the same period last year, an increase of 8%. This is the best earnings year in the Bank's history.
- During 2012, the shareholders received a dividend payout of \$1,733,439. This represents a strong 47% payout of net earnings for 2012.
- Fourth quarter net income was \$705,000, compared to net income of \$811,000 for the fourth quarter of 2011, a 13% decrease.
- Earnings per share for the fourth quarter equaled 35¢, compared to 40¢ per share for the fourth quarter of 2011.
- 2012 earnings per share equalled \$1.84, compared to \$1.71, an increase of 13¢ per share or 8%.
- Return on average equity for 2012 was 11%, compared to 10.8% for 2011.
- Book value per share is now \$17.23, increasing 88¢ from the 12/31/11 book value of \$16.35.

We achieved very good balance sheet growth, increasing deposits by \$66,821,000 or 21% and loans by \$8,765,000 or 3%. We continue to find growth opportunities in the communities we serve, by taking care of the financial needs of our local customers. The solid deposit growth reflects the confidence people and businesses have in our Bank and our modest loan growth confirms a conservative approach to deploying depositors' funds. We have a very strong liquidity position, which positions our Bank well for dealing with uncertainty in the economy.

Factors impacting earnings are higher net interest income made possible by the growth in our loan portfolio and reduced interest expense. Management's focus on our net interest margin helped boost net interest income by \$541,000. Other income increased \$772,000, driven by the mortgage refinance activity. For 2012, we expensed \$1,245,000 to provision for loan loss compared to \$1,914,000, an improvement of \$669,000. Our loan loss reserve account now stands at \$5,503,044, or 1.70% of loans. We feel this is a prudent strategy given the continued weak recovery in Michigan and the United States.

Our loan portfolio is performing well. The net charge off (NCO) rate of .42% of total loans for the year is very good. This low NCO has been achieved through effective underwriting by our lenders and diligent efforts of our collections team. 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 12.32%.

Our 2012 results are made possible from the many efforts of a talented and effective team made up of our dedicated employees, experienced Directors, and quality customers. We continue to work hard on your behalf to provide a strong dividend payout and an increase in shareholder value.

Again, we thank you 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>	December 31 <u>2012</u>	December 31 <u>2011*</u>	<u>LIABILITIES AND STOCKHOLDERS EQUITY</u>	December 31 <u>2012</u>	December 31 <u>2011*</u>
Cash and Due from Banks	\$79,813,000	\$33,446,000	Non-Interest Bearing Accounts	\$67,627,000	\$60,037,000
Investment Securities	26,049,000	19,332,000	Interest Bearing Accounts	<u>323,794,000</u>	<u>264,563,000</u>
Federal Funds Sold	440,000	263,000	Total Deposits	391,421,000	324,600,000
Net Loans	318,197,000	309,432,000	Federal Funds Purchased	- 0 -	- 0 -
Bank Premises	4,631,000	4,098,000	Other Borrowings	16,145,000	23,281,000
Other Assets	<u>14,275,000</u>	<u>15,700,000</u>	Other Liabilities	1,048,000	1,618,000
TOTAL ASSETS	\$443,405,000	\$382,271,000	Stockholders Equity	<u>34,791,000</u>	<u>32,772,000</u>
			TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	\$443,405,000	\$382,271,000
			Shares Outstanding	2,018,703	2,004,003
			Book Value Per Share	\$17.23	\$16.35

*Adjusted to annual report and audit

CONSOLIDATED STATEMENT OF INCOME

	Three Months Ended		Twelve Months Ended	
	December 31 <u>2012</u>	December 31 <u>2011</u>	December 31 <u>2012</u>	December 31 <u>2011*</u>
Interest Income	\$4,498,000	\$4,526,000	\$18,078,000	\$17,904,000
Interest Expense	<u>382,000</u>	<u>471,000</u>	<u>1,607,000</u>	<u>1,974,000</u>
Net Interest Income	4,116,000	4,055,000	16,471,000	15,930,000
Provision for Loan Losses	<u>556,000</u>	<u>686,000</u>	<u>1,245,000</u>	<u>1,914,000</u>
Net Interest Income after Provision	3,560,000	3,369,000	15,226,000	14,016,000
Other Income	1,548,000	1,365,000	5,117,000	4,345,000
Other Expense	<u>4,148,000</u>	<u>3,540,000</u>	<u>15,122,000</u>	<u>13,402,000</u>
Income before Federal Income Taxes	960,000	1,194,000	5,221,000	4,959,000
Federal Income Taxes	<u>255,000</u>	<u>383,000</u>	<u>1,509,000</u>	<u>1,524,000</u>
NET INCOME	\$705,000	\$811,000	\$3,712,000	\$3,435,000
Shares Outstanding	2,018,703	2,004,003	2,018,703	2,004,003
Net Income Per Share	\$0.35	\$0.40	\$1.84	\$1.71

*Adjusted to annual report and audit