

**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. Wallworth . . . . . 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. Cavinis . . . . . Branch Officer - Horton Road Office  
 Wendy S. Dancer . . . . . Credit Department Officer  
 Donald W. Germann . . . . . Branch Officer - Jonesville  
 Jeffrey S. Jackson . . . . . Consumer Loan Officer  
 Suzanne L. Nye . . . . . Mortgage 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.

**LOCALLY OWNED TO  
 SERVE LOCAL NEEDS**



**Consolidated  
 Quarterly  
 Financial  
 Summary**  
 June 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



## Community Bancorp, Inc.

### SECOND QUARTER SHAREHOLDER UPDATE

The Board of Directors is pleased to declare a quarterly cash dividend of 18¢ per share payable July 20, 2012, to stockholders of record as of June 30, 2012.

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

- Second quarter net income was \$996,000, up 9.5% from \$910,000 for the second quarter of 2011.
- Earnings per share for the second quarter equaled 49¢ compared to 45¢ per share for the second quarter of 2011.
- Year to date net income is \$2,079,000 compared to \$1,701,000 for the same period last year, an increase of 22%.
- Return on period ending equity for the first six months of 2012 is 12% compared to 10.5% for the same period in 2011.
- Book value per share is \$17.09, increasing 74¢ from \$16.35 as of December 31, 2011.

This quarter's strong earnings are being driven by increased net interest income, robust mortgage loan activity and lower loan loss provision expense. Net interest income is up \$121,000 over the second quarter of 2011. Year to date net interest income is up \$313,000 compared to the first six months of 2011. The increased net interest income results from solid loan growth and continued good management of our funding cost.

Mortgage loan activity continues to be strong as we are seeing record low interest rates in the fixed rate mortgage loan market. This activity helped increase other income by \$146,000 for the quarter and \$343,000 year to date.

Provision for loan loss expense was \$173,000 less than the \$354,000 expensed for the second quarter of 2011. Our reserve for loan loss account now stands at \$5,902,000 or 1.84% of loans outstanding. The 1.84% coverage factor is historically high for CNB, however now ranks very well with other peer banks. With the economy still struggling in Michigan and nationally, we feel it is prudent strategy to maintain this elevated level of reserve for loan loss.

CNB continues to find growth opportunities in spite of the weak economy. We've seen \$12,235,000 growth in our loans and deposits are up \$38,756,000 when compared to June of 2011. CNB's equity has increased by \$2,191,000 since June of 2011 and this strong equity position continues to earn us the regulatory definition of "well capitalized".

The management and the Board deserve credit for producing strong core earnings, good balance sheet growth and consistent shareholder dividends. Again, we thank you for the continued support of your locally owned community bank.

Craig S. Connor  
President & CEO

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**Community Bancorp, Inc.**
**CONSOLIDATED BALANCE SHEET**

<u>ASSETS</u>	June 30 <u>2012</u>	December 31 <u>2011*</u>	<u>LIABILITIES AND STOCKHOLDERS EQUITY</u>	June 30 <u>2012</u>	December 31 <u>2011*</u>
Cash and Due from Banks	\$45,799,000	\$33,446,000	Non-Interest Bearing Accounts	\$64,460,000	\$60,037,000
Investment Securities	20,858,000	19,332,000	Interest Bearing Accounts	<u>285,590,000</u>	<u>264,563,000</u>
Federal Funds Sold	270,000	263,000	Total Deposits	350,050,000	324,600,000
Net Loans	315,410,000	309,432,000	Federal Funds Purchased	- 0 -	- 0 -
Bank Premises	4,300,000	4,098,000	Other Borrowings	16,146,000	23,281,000
Other Assets	<u>15,006,000</u>	<u>15,700,000</u>	Other Liabilities	948,000	1,618,000
			Stockholders Equity	<u>34,499,000</u>	<u>32,772,000</u>
<b>TOTAL ASSETS</b>	<b>\$401,643,000</b>	<b>\$382,271,000</b>	<b>TOTAL LIABILITIES AND STOCKHOLDERS EQUITY</b>	<b>\$401,643,000</b>	<b>\$382,271,000</b>
			Shares Outstanding	2,018,703	2,004,003
			Book Value Per Share	\$17.09	\$16.35

\*Adjusted to annual report and audit

**CONSOLIDATED STATEMENT OF INCOME**

	Three Months Ended		Six Months Ended	
	June 30 <u>2012</u>	June 30 <u>2011</u>	June 30 <u>2012</u>	June 30 <u>2011</u>
Interest Income	\$4,529,000	\$4,505,000	\$9,116,000	\$8,958,000
Interest Expense	<u>395,000</u>	<u>492,000</u>	<u>847,000</u>	<u>1,002,000</u>
Net Interest Income	4,134,000	4,013,000	8,269,000	7,956,000
Provision for Loan Losses	<u>181,000</u>	<u>354,000</u>	<u>418,000</u>	<u>875,000</u>
Net Interest Income after Provision	3,953,000	3,659,000	7,851,000	7,081,000
Other Income	1,071,000	925,000	2,171,000	1,828,000
Other Expense	<u>3,637,000</u>	<u>3,278,000</u>	<u>7,088,000</u>	<u>6,485,000</u>
Income before Federal Income Taxes	1,387,000	1,306,000	2,934,000	2,424,000
Federal Income Taxes	<u>391,000</u>	<u>396,000</u>	<u>855,000</u>	<u>723,000</u>
<b>NET INCOME</b>	<b>\$996,000</b>	<b>\$910,000</b>	<b>\$2,079,000</b>	<b>\$1,701,000</b>
Shares Outstanding	2,018,703	2,004,353	2,018,703	2,004,353
Net Income Per Share	\$0.49	\$0.45	\$1.03	\$0.85