

## COUNTY NATIONAL BANK OFFICERS

Craig S. Connor ..... President & C.E.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. Cavasin ..... 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 - Wisner  
 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. Barrett ..... President  
 VanHorn-Eagle Funeral Home  
 Craig S. Connor ..... President & C.E.O.  
 County National Bank  
 Joseph B. Dunigan ..... President  
 Dunigan Brothers, Inc.  
 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, 2013

## 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 18, 2013, to stockholders of record as of September 30, 2013.

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

- Third quarter net income was \$1,006,000, compared to \$928,000 for the third quarter of 2012.
- Year-to-date net income was \$3,058,000, compared to \$3,007,000 for the same period last year, a \$51,000 increase.
- Earnings per share for the third quarter 2013 were 50¢, up 4¢ from third quarter 2012.
- Year-to-date earnings per share were \$1.51, up 2¢ per share compared to nine months' earnings per share of 2012.
- Return on quarter ending equity for nine months of 2013 is 11%.
- Book value per share is now \$18.28, increasing 97¢ from the December 31, 2012 book value of \$17.31.

The low interest rate environment continues, bringing opportunity and challenges. The low mortgage rates helped generate very good mortgage activity, boosting other income by \$487,000 year-to-date. Interest expense is down \$144,000 and interest income is up \$88,000, which increased net interest income by \$232,000 year-to-date.

We continue to reduce the amounts expensed to loan loss provision, as we believe problem loans have peaked. Through nine months, we have expensed \$169,000 less than last year to provision for loan losses. The provision for loan loss reserve account now stands at 1.66% of loans, well within peer averages. I'm happy to report that as of quarter end, we have only four real estate properties owned with a carrying value of \$285,000.

Successful efforts by our lending staff have increased the loan portfolio by \$17.5 million, or 5.5%, through the first nine months of 2013. Deposits are down slightly, \$5 million; however, core deposits are growing. We had a few large deposits made at the end of 2012 that have since been withdrawn. We continue to maintain strong liquidity ratios. Our total equity, after dividends declared and paid, has increased \$2,175,000 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. Our dedicated employees and quality customers make us special in the banking business. Rest assured that County National Bank and CNB Community Bancorp, Inc. remain well-capitalized with total risk-based capital to risk-weighted assets equaling 12.53%.

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

Craig S. Connor  
President & CEO



**CONSOLIDATED BALANCE SHEET**

<u>ASSETS</u>	September 30 <u>2013</u>	December 31 <u>2012*</u>	<u>LIABILITIES AND STOCKHOLDERS EQUITY</u>	September 30 <u>2013</u>	December 31 <u>2012*</u>
Cash and Due from Banks	\$45,062,000	\$70,298,000	Non-Interest Bearing Accounts	\$63,302,000	\$72,323,000
Investment Securities	39,230,000	35,432,000	Interest Bearing Accounts	<u>322,291,000</u>	<u>318,923,000</u>
Federal Funds Sold	1,827,000	440,000	Total Deposits	385,593,000	391,246,000
Net Loans	335,523,000	318,024,000	Federal Funds Purchased	- 0 -	- 0 -
Bank Premises	4,420,000	4,631,000	Other Borrowings	15,957,000	16,145,000
Other Assets	<u>13,827,000</u>	<u>14,388,000</u>	Other Liabilities	1,210,000	868,000
			Stockholders Equity	<u>37,129,000</u>	<u>34,954,000</u>
			TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	\$439,889,000	\$443,213,000
<b>TOTAL ASSETS</b>	<b>\$439,889,000</b>	<b>\$443,213,000</b>	Shares Outstanding	2,031,648	2,018,703
			Book Value Per Share	\$18.28	\$17.31

\*Adjusted to annual report and audit

**CONSOLIDATED STATEMENT OF INCOME**

	Three Months Ended		Nine Months Ended	
	September 30 <u>2013</u>	September 30 <u>2012</u>	September 30 <u>2013</u>	September 30 <u>2012</u>
Interest Income	\$4,574,000	\$4,464,000	\$13,668,000	\$13,580,000
Interest Expense	<u>343,000</u>	<u>378,000</u>	<u>1,081,000</u>	<u>1,225,000</u>
Net Interest Income	4,231,000	4,086,000	12,587,000	12,355,000
Provision for Loan Losses	<u>108,000</u>	<u>271,000</u>	<u>520,000</u>	<u>689,000</u>
Net Interest Income after Provision	4,123,000	3,815,000	12,067,000	11,666,000
Other Income	1,208,000	1,397,000	4,055,000	3,568,000
Other Expense	<u>3,892,000</u>	<u>3,886,000</u>	<u>11,743,000</u>	<u>10,974,000</u>
Income before Federal Income Taxes	1,439,000	1,326,000	4,379,000	4,260,000
Federal Income Taxes	<u>433,000</u>	<u>398,000</u>	<u>1,321,000</u>	<u>1,253,000</u>
<b>NET INCOME</b>	<b>\$1,006,000</b>	<b>\$928,000</b>	<b>\$3,058,000</b>	<b>\$3,007,000</b>
Shares Outstanding	2,031,648	2,018,703	2,031,648	2,018,703
Net Income Per Share	\$0.50	\$0.46	\$1.51	\$1.49