

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. 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 - Wisner
 Chad E. Rumsey Commercial Loan Officer
 Debra K. Storer Underwriter Operations Officer
 Craig D. Talbert Mortgage Officer
 Randall L. Tate Loss Mitigation 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

December 31, 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

**LOCALLY OWNED TO
SERVE LOCAL NEEDS**



CONSOLIDATED BALANCE SHEET

	December 31 2013	December 31 2012*	December 31 2013	December 31 2012*
ASSETS				
Cash and Due from Banks	\$51,127,000	\$70,298,000	\$64,946,000	\$72,323,000
Investment Securities	40,285,000	35,432,000	<u>332,601,000</u>	<u>318,923,000</u>
Federal Funds Sold	906,000	440,000	397,547,000	391,246,000
Net Loans	341,120,000	318,024,000	- 0 -	- 0 -
Bank Premises	4,438,000	4,631,000	15,200,000	16,145,000
Other Assets	<u>13,490,000</u>	<u>14,388,000</u>	1,634,000	868,000
TOTAL ASSETS	\$451,366,000	\$443,213,000	\$451,366,000	\$443,213,000
			2,031,648	2,018,703
			\$18.20	\$17.31

* Adjusted to annual report and audit

CONSOLIDATED STATEMENT OF INCOME

	Three Months Ended		Twelve Months Ended	
	December 31 2013	December 31 2012	December 31 2013	December 31 2012*
Interest Income	\$4,554,000	\$4,498,000	\$18,222,000	\$18,078,000
Interest Expense	<u>311,000</u>	<u>382,000</u>	<u>1,392,000</u>	<u>1,607,000</u>
Net Interest Income	4,243,000	4,116,000	16,830,000	16,471,000
Provision for Loan Losses	<u>124,000</u>	<u>556,000</u>	<u>644,000</u>	<u>1,245,000</u>
Net Interest Income after Provision	4,119,000	3,560,000	16,186,000	15,226,000
Other Income	1,095,000	1,548,000	5,150,000	5,117,000
Other Expense	<u>3,969,000</u>	<u>4,148,000</u>	<u>15,713,000</u>	<u>15,122,000</u>
Income before Federal Income Taxes	1,245,000	960,000	5,623,000	5,221,000
Federal Income Taxes	<u>355,000</u>	<u>255,000</u>	<u>1,675,000</u>	<u>1,509,000</u>
NET INCOME	\$890,000	\$705,000	\$3,948,000	\$3,712,000
Shares Outstanding	2,031,648	2,018,703	2,031,648	2,018,703
Net Income Per Share	\$0.44	\$0.35	\$1.94	\$1.84

* Adjusted to annual report and audit



Community Bancorp, Inc.

FOURTH QUARTER SHAREHOLDER UPDATE

The Board of Directors is pleased to declare a quarterly cash dividend of 18¢ per share and a cash special dividend of 14¢ per share, payable January 17, 2014, to stockholders of record as of December 31, 2013.

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

- 2013 full year net income was \$3,948,000 compared to \$3,712,000 for the same period last year, an increase of 6%. **This is the third record earnings year in a row.**
- Fourth quarter net income was \$890,000, compared to net income of \$705,000 for the fourth quarter of 2012, a 26% increase.
- Earnings per share for the fourth quarter equaled 44¢, compared to 35¢ per share for the fourth quarter of 2012.
- 2013 full year earnings per share equaled \$1.94, compared to \$1.84, an increase of 10¢ per share.
- Return on average equity for 2013 was 11%, compared to 11% for 2012.
- Book value per share is now \$18.20, increasing 89¢ from the 12/31/12 book value of \$17.31.
- The Bank's earnings, less the dividends declared, increased equity by \$2,031,000 from year end 2012; now totaling \$36,985,000.

We exceeded budgeted balance sheet growth, increasing assets by \$8,153,000. The net loan portfolio grew by \$23,096,000 or 7%. The increase in the loan portfolio is remarkable as many banks are experiencing a difficult time developing new lending relationships. I compliment our lending staff for a job well done. In spite of redeploying liquid assets into loans and investments, we continue to have a strong liquidity position. This helps strengthen our ability to deal with uncertainty in the economy.

Factors impacting earnings include higher net interest income, made possible by the growth in our loan and investment portfolio coupled with reduced interest expense. This helped boost net interest income by \$359,000. Other income continues to be strong at \$5,150,000 increasing \$33,000 from 2012. For 2013 we have expensed \$644,000 provision for loan loss compared to \$1,245,000, an improvement of \$601,000. Our loan loss reserve account now stands at \$5,741,000, or 1.66% of loans.

Our loan portfolio is performing well. The net charge off (NCO) rate of .11% of total loans for the year is very good. This compares favorably to the NCO rate of .42% for 2012. The 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 12.51%.

Our 2013 results are made possible from the many efforts and good decisions 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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