



2014 ANNUAL REPORT

Transforming Local Banking

“We closed the year with
record assets and enjoyed our
**3RD MOST PROFITABLE
YEAR IN HISTORY.**”

- Bruce Cady

2014 ANNUAL REPORT

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Stock Transfer Agent

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Market Maker

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Powell, OH 43065
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Annual Meeting

The County Bank Corp
Annual Meeting will be
Friday, April 17, 2015, at 3 p.m.
The meeting will be held at
the Lapeer Country Club,
3786 Hunt Road,
Lapeer, MI 48446

Independent Auditors

Crowe Horwath, LLP
55 Campau Ave. NW, Ste. 500
Grand Rapids, MI 49503
(616) 774-0774
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Stock Symbol

CBNC



Bruce J. Cady

President & CEO

Lapeer County Bank & Trust Co.

To Our Stockholders, Customers and Friends,

County Bank Corp continued its recent history of superior performance with another very good year in 2014. We closed the year with record assets and enjoyed our 3rd most profitable year. We paid cash dividends totaling \$1,243,088 or \$1.15 per share. Despite continued sluggish loan demand for most of the year, we were able to grow our net loan portfolio by almost \$11,000,000. Equally important, our credit quality continued to improve throughout the year.

County Bank Corp remains solidly capitalized and at December 31, 2014, had \$35.2 million of Tier 1 capital, or 11.1% of average assets. Earnings per share totaled \$3.37, up \$0.17 over 2013 levels. Book value per share grew \$6.02 to \$32.22 per share. Total assets were up \$10 million and total deposits were down \$6 million, primarily due to normal seasonal swings in deposit levels from some of our larger deposit customers.

Economic factors played a significant role in 2014. On the positive side, real estate values and unemployment continued to improve, both of which improved the financial condition of many of our customers. On the negative side, we saw a change in customer behavior that resulted in lower transaction volumes which negatively impacted fee revenue. Additionally, many businesses and individuals that would otherwise qualify for a loan are choosing to postpone or forego the borrowing decision altogether.

Expense control and the utilization of technology also played a large part in our financial success. Our total operating expenses were down substantially from 2013 levels by almost \$400,000. Additionally, our improved credit quality and the significant loan recovery we experienced in 2013 enabled us to eliminate any provision to the allowance for loan and lease losses (ALLL) for the current year.

In 2014, after carefully analyzing the financial impact of the transaction, we elected to reverse \$650,000 in previous provisions to the ALLL. The result reduced our total funds in the allowance and moved the same amount to income, positively affecting our earnings for the year. Additionally, trust income and fees related to the use of debit cards both improved in 2014.

After seeing many positive signs in 2013, the Bank's credit quality continued to improve in 2014. Loan delinquencies, which are a leading indicator of future credit problems, closed the year with a rate of less than 1%.

We completely remodeled our South Main branch office, equipping it with the state-of-the-art technology to better serve our existing and future customers. Consumer remote deposit was introduced in 2014, and an app was developed and launched to enable mobile device users easy access to account information and delivery channels.

We hosted three community shred days, our 13th annual ice cream social, informational trust events, awarded nineteen charity ads to deserving social and philanthropic organizations and assisted the economic vitality of our community with over \$69,000 in donations and contributions. We awarded four \$1,000 scholarships to deserving applicants to assist them in their pursuit of post high school education.

We welcomed two new officers in 2014, Ms. Sharon Skirke, our Security and BSA Officer and longtime Lapeer banker Ms. Kim McComb as our Mortgage Officer.

Sadly, I must announce the retirement of Mr. Curt Carter from the Board of Directors where he served as Chairman. Curt's LCBT career spanned 48 years, through some of the most turbulent and profitable years in banking history. His leadership, wisdom, humor and friendship will be sorely missed.

Finally, I want to personally thank our tremendous team of employees and directors. They have operated the Bank with skill and professionalism over the past several years and have done a terrific job of executing our strategies to make us a better Bank. We have operated in one of the most challenging environments in history. We had to make difficult decisions and make some changes to the way in which we conduct business. I am proud to say as a result of those decisions and changes, we are now a stronger and more well-rounded Bank.

I am excited at the prospect of working with our dedicated professionals at Lapeer County Bank & Trust Co. I believe the Bank is well positioned to take full advantage of the opportunities that lie ahead. I look forward to seeing you at the annual meeting, Friday, April 17, 2015, at the Lapeer Country Club.

Very truly yours,



Bruce J. Cady
President & CEO

2014 Financial Highlights include:

- Total assets were up \$10 million
- Tier 1 capital was \$35.2 million, or 11.1% of average assets
- Net loan portfolio grew by almost \$11,000,000
- Paid cash dividends totaling \$1,243,088 or \$1.15 per share
- Earnings per share totaled \$3.37, up \$.17 over 2013 levels
- Book value per share grew \$6.02 to \$32.22 per share
- Total operating expenses were down substantially from 2013 levels by almost \$400,000
- Overall delinquency rate of less than 1%
- Over \$69,000 in donations and contributions made
- Awarded four \$1,000 scholarships to deserving applicants to assist them in their pursuit of post high school education



2014 BOARD OF DIRECTORS

(from left) David H. Bush, OD, Timothy Oesch, CPA, Patrick A. Cronin, Curt Carter, Bruce J. Cady, David J. Churchill, JD, Eric Burrough, Michael H. Blazo, and Ernest W. Lefever, DPM.

Bruce J. Cady

President & CEO —
Lapeer County Bank
& Trust Co.

Curt Carter

Chairman —
County Bank Corp

Michael H. Blazo

Retired

Eric (Rick) Burrough

Owner — JAMS Media
& Michigan Web Press

David H. Bush, OD

Doctor of Optometry

David J. Churchill, JD

Attorney at Law —
Taylor, Butterfield, Howell,
Churchill, Jarvis & Garner, P.C.

Patrick A. Cronin

Agent — State Farm Insurance

Ernest W. Lefever, DPM

Doctor of Podiatry
Professional Foot and
Ankle Center P.C.

Timothy Oesch, CPA

President —
Oesch & Sieting, P.C.

2014 FINANCIAL SUMMARY

AT YEAR END (000s OMITTED)

	2014	2013	2012	2011
Total assets	\$ 321,526	\$ 311,944	\$ 301,808	\$ 300,941
Total deposits	276,944	282,474	270,053	270,062
Total loans	171,371	161,959	168,412	181,652
Total securities	125,842	121,424	102,176	94,992
Total stockholders' equity	34,825	28,320	30,892	30,038

FOR THE YEAR (000s OMITTED)

Net income	\$ 3,643	\$ 3,462	\$ 1,867	\$ 2,118
Cash dividend paid	1,243	703	270	108
Return on average assets (%)	1.15	1.14	.63	.71
Return on average stockholders' equity (%)	11.90	11.95	6.25	7.50

PER SHARE

Book value	\$ 32.22	\$ 26.20	\$ 28.58	\$ 27.79
Net income	3.37	3.20	1.73	1.96
Cash dividends paid	1.15	.65	.25	.10

SAYING GOODBYE TO CURT CARTER

For the past 48 years, Curt Carter has been attached to Lapeer County Bank & Trust Co. in one form or another. It all started in 1966, when Carter first accepted a job as a teller. From there he went on to hold a number of positions from operations officer to auditor to cashier, but never did he see himself as the president. Yet in 1984 that is the exact position he found himself in, and where he would stay until 2006 when he retired. But even in retirement, he could not tear himself from the Bank he loved so much. Carter remained an active member of the Board of Directors until the end of 2014 when he officially retired.

During his 48 years, Carter has been an instrumental part of the growth and success of Lapeer County Bank & Trust Co. It is not just his dedication to the Bank, but his dedication to Lapeer and the people in it, that has made Carter a legacy. He made a lasting impression on the entire community and will be truly missed.



2014 REPORT OF INDEPENDENT AUDITORS ON FINANCIAL INFORMATION



Crowe Horwath LLP
Independent Member Crowe Horwath International

Stockholders and Board of Directors
County Bank Corp
Lapeer, Michigan

We have audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated balance sheets of County Bank Corp as of December 31, 2014 and 2013 and the related consolidated statements of income, comprehensive income (loss), stockholders' equity, and cash flows for the years then ended; and, in our report dated February 17, 2015, we expressed an unqualified opinion on those consolidated financial statements.

In our opinion, the information set forth in the accompanying consolidated balance sheets and consolidated statements of income is fairly stated, in all material respects, in relation to the consolidated financial statements from which it has been derived.

A handwritten signature in black ink that reads "Crowe Horwath LLP".

Crowe Horwath LLP

COUNTY BANK CORP

CONSOLIDATED BALANCE SHEETS

December 31, 2014 and 2013
(Dollars in Thousands Except Per Share Data)

ASSETS	2014	2013
Cash and due from banks	\$ 9,813	\$ 11,054
Federal funds sold	-	100
Cash and cash equivalents	9,813	11,154
Interest-bearing deposits in banks	483	1,931
Available for sale investment securities	125,842	116,654
Held-to-maturity investment securities (fair value of \$0 and \$4,928 in 2014 and 2013)	-	4,770
Restricted investment securities	1,575	1,431
Net loans	168,650	157,962
Premises and equipment, net	6,691	6,372
Bank owned life insurance	4,287	4,172
Accrued interest receivable and other assets	4,185	7,498
Total assets	\$ 321,526	\$ 311,944

LIABILITIES AND STOCKHOLDERS' EQUITY

Liabilities		
Deposits		
Interest bearing	\$ 226,268	\$ 234,856
Noninterest bearing	50,676	47,618
Total deposits	276,944	282,474
Other borrowings	7,916	-
Accrued interest payable and other liabilities	1,841	1,150
Total liabilities	286,701	283,624
Stockholders' equity		
Common stock, \$5 par value, 3,000,000 shares authorized, 1,080,946 shares issued and outstanding	5,404	5,404
Surplus	8,634	8,634
Retained earnings	21,613	19,213
Accumulated other comprehensive loss	(826)	(4,931)
Total stockholders' equity	34,825	28,320
Total liabilities and stockholders' equity	\$ 321,526	\$ 311,944

The full Consolidated Financial Statements and Auditor's Report may be found at <http://www.astproxyportal.com/ast/19082/>. Stockholders can request a copy of the Consolidated Financial Statements to be sent via mail by contacting American Stock Transfer & Trust Company, LLC, at 1-888-509-4619.

COUNTY BANK CORP

CONSOLIDATED STATEMENTS OF INCOME

Year ended December 31, 2014 and 2013
(In Thousands Except Per Share Data)

	<u>2014</u>	<u>2013</u>
Interest income		
Loans (including fees)	\$ 8,302	\$ 8,692
Investments		
Taxable	2,750	2,345
Non-taxable	564	603
Interest on deposits with other banks	<u>15</u>	<u>23</u>
Total interest income	11,631	11,663
Interest expense on deposits	<u>694</u>	<u>782</u>
Net interest income	10,937	10,881
Provision for loan losses	<u>(650)</u>	<u>360</u>
Net interest income, after provision for loan losses	11,587	10,521
Noninterest income		
Service charges on deposit accounts	1,264	1,398
Net gain (loss) on sale or calls of investment securities	(193)	114
Net gains on sale of loans	114	248
Net gain on sale of other real estate owned	149	725
Trust income	732	691
Debit card income	479	445
Other	<u>763</u>	<u>1,017</u>
Total noninterest income	3,308	4,638
Noninterest expenses		
Salaries and employee benefits	5,515	5,608
Occupancy and equipment	1,005	985
Professional fees	1,003	932
FDIC Insurance	179	290
Other	<u>2,096</u>	<u>2,420</u>
Total noninterest expenses	9,798	10,235
Income before income tax expense	5,097	4,924
Income tax expense	<u>1,454</u>	<u>1,462</u>
Net income	<u>\$ 3,643</u>	<u>\$ 3,462</u>
Net income per basic share of common stock	<u>\$ 3.37</u>	<u>\$ 3.20</u>

The full Consolidated Financial Statements and Auditor's Report may be found at <http://www.astproxyportal.com/ast/19082/>. Stockholders can request a copy of the Consolidated Financial Statements to be sent via mail by contacting American Stock Transfer & Trust Company, LLC, at 1-888-509-4619.

MILESTONES



5 YEAR ANNIVERSARY

(from left) Walt Bargen, Sharon Skirke, and Alex Shoemaker



10 YEAR ANNIVERSARY

(from left) Laurie McNally, Janice Hodge, Loren Schafer, Nancy Green, and Barbara Greenwald

Letter from the President

Financial Summary

Independent Auditor's Report

Milestones

Bank Officers



15 YEAR ANNIVERSARY

(from left) Erin Kaake, Jennifer Ward, Bruce Cady, Elizabeth McVety, and Cheryl Lyons



Dennise Main
Commercial Loan Processor

20 YEARS



Joe Black
Chief Financial Officer

25 YEARS

"I want to personally thank

OUR TREMENDOUS TEAM

of employees and directors. They have operated the Bank with skill and professionalism over the past several years and have done a terrific job of executing our strategies to make us a better Bank."

- Bruce Cady



Beth Henderson
Retail Lending Director &
Loan Compliance Officer



Deb Durance
BSA & Security Administrator
Facilities & Maintenance Coordinator

35 YEARS 45 YEARS

2014 NEW OFFICERS



SHARON SKIRKE
CBAP, CCBSO
BSA & SECURITY OFFICER

Lapeer County Bank & Trust Co.'s new BSA & Security Officer, Sharon Skirke, joined the Bank in February of 2009 as the Executive Assistant to the President & CEO. She started her banking career 23 years ago in the Metro Detroit area working in both bank operations and branch management.

Skirke earned a Bachelor of Arts Degree in Criminal Justice from Michigan State University and has gone on to attain the following certifications: Certified Community Bank Security Officer (CCBSO) and Certified BSA AML Professional (CBAP) through the Independent Community Bankers Association, and Bank Supervision Diploma through the American Institute of Banking.

Skirke resides in Oxford with her husband and two sons.



KIM McCOMB
MORTGAGE OFFICER

Kim McComb joined Lapeer County Bank & Trust Co. in June of 2014. McComb is a Lapeer native, having graduated from Lapeer West High School, and now resides in Deerfield Township. Married with two kids, McComb still finds time to volunteer in her community. She was a past president of the Lapeer Kiwanis, is the Lieutenant Governor Elect for the Lapeer Days Committee and is currently the board president of United Way of Lapeer County. As a testament to all McComb does in the Lapeer community, she was nominated for the 2015 Lapeer Citizen of the Year.

McComb brings with her over 31 years in banking, having worked in all banking departments including 20 years as a Commercial Loan Officer.

2014 OFFICERS

EXECUTIVE

Bruce J. Cady
President & CEO

Joseph H. Black
Chief Financial Officer

Shelly M. Childers
*Senior Vice President &
Director of Bank Operations*

Bernadette Talaski
*Senior Vice President &
Branch Administrator*

RETAIL LENDING

Beth A. Henderson
*Retail Lending Director &
Loan Compliance Officer*

Colleen Sutton
Retail Lending Officer

MAIN OFFICE

Sharon Skirke
BSA & Security Officer

Robert Lennox
Financial Officer

Danielle Chateauvert
Business Development Director

Loren Schafer
Human Resources Director

Louise Vermillion
Loss Prevention Officer

Kim McComb
Mortgage Officer

Cindy K. Strich
Compliance Officer

William R. Hartley
Special Assets Officer

Greg Potter
Credit Officer

COMMERCIAL LENDING

Alan J. Curtis
Vice President & Senior Lender

William E. O'Connor
Commercial Loan Officer

Peter Batistoni
Commercial Loan Manager

Ashley A. Winter
Commercial Loan Officer

TRUST

Gary Drainville
*Vice President &
Senior Trust Officer*

David Warrington
Assistant Trust Officer

BRANCH

Elizabeth McVety
Attica Branch Officer

Walter Bargaen
*Imlay City & Metamora
Branch Officer*

Kimberly S. Hill
Deerfield Branch Officer

Debra M. Coe
South Main Branch Officer

Jennifer Ward
Elba Branch Officer

COUNTY BANK CORP

Lapeer County Bank & Trust Co.

83 West Nepessing St., Lapeer, MI 48446

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