



Monarch Community Bancorp, Inc. Completes \$16.5 Million Recapitalization; Redeems TARP from U.S. Treasury at Discount

Monarch Community Bancorp, Inc.

Monarch Community Bancorp, Inc. (OTCQB:MCBF) (“Monarch”), the parent company of Monarch Community Bank, is headquartered in Coldwater, Michigan and operates five full service retail offices in Branch, Calhoun, and Hillsdale counties and nine loan production offices Kalamazoo, Calhoun, Berrien, Ingham, Lenawee, Kent, Livingston, and Jackson counties in Michigan, and one in Steuben County, Indiana. As of September 30, 2013, Monarch had total assets of approximately \$167.9 million, net loans of \$115.7 million, total deposits of \$156.3 million, tangible common equity to assets of 0.84%, and a market capitalization of approximately \$1.2 million.

The Transaction

Monarch successfully raised \$16.5 million through institutional and accredited retail investors which will be used to purchase approximately 8,250,000 shares of Monarch’s newly issued common stock at \$2.00 per share. The offering closing occurred contemporaneously with the closing of a series of transactions between Monarch, certain third party investors, and the U.S. Department of Treasury. Funds will be used to recapitalize Monarch, to retire approximately \$8.2 million in U.S. Department of Treasury TARP obligations for approximately \$4.5 million, and to support the ongoing growth of the bank. Additionally, the offering was structured to preserve Monarch’s ability to recapture its deferred tax asset, which is in excess of \$8.0 million at the time of closing.

Donnelly Penman & Partners acted as co-placement agent to Monarch, initiating the transaction and assisting in the negotiations in connection with the transaction. Please contact [John Donnelly](#) at (313) 393-3054, [Andrew Christians](#), CFA at (313) 393-3074 or [Greg Cunningham](#) at (313) 393-3070 for further information.

Donnelly Penman & Partners

Donnelly Penman & Partners is one of the largest independently owned investment banking firms headquartered in the Midwest. We provide comprehensive advisory services to both public and private companies, including mergers and acquisitions, capital raising, due diligence, and general financial advisory services. In addition, we are a [FINRA](#) licensed broker dealer and member [SIPC](#).

Donnelly Penman & Partners is owned by the employees of the firm, who have successfully completed more than 250 transactions and advisory engagements since the firm's inception in September 2000. Its principals have more than 100 years of investment banking experience collectively.

November 2013

*These securities have been sold.
This announcement appears as a matter of record only.*

\$16,500,000

Monarch Community Bancorp, Inc.

parent of


**Monarch
Community
Bank**

(Coldwater, MI)

Private Placement of Common Stock

Co-Placement Agent