

COUNTY NATIONAL BANK OFFICERS

Craig S. Connor President & C.E.O.
 John R. Waldron Senior Vice President - Senior Loan Officer
 Sharon L. Burns Vice President - C.F.O.
 Christopher J. Clarke Vice President - Commercial Loans
 Diane K. Clow Vice President - Director of Human Resources
 Cindy Dwyer Vice President - Technology
 Lois E. Howard Vice President - Commercial Loans
 Kelly D. Jensen Vice President - Branch Administrator
 William C. Jors Vice President - Business Development - Commercial Loans
 Karena A. Mills Vice President - Lending Officer
 Christopher A. Phillips Vice President - Senior Trust Officer
 Dorene M. Shaw Vice President - Chief Auditor
 Ronald J. Haber 2nd Vice President - Commercial Loans
 L. Michelle Heminger 2nd Vice President - Administration
 David J. Kregger 2nd Vice President - Commercial Loans
 Joyce E. Repasy 2nd Vice President - Loan Administration
 Debra S. Smith 2nd Vice President - Accounting
 Timothy P. Sullivan 2nd Vice President - Trust
 Brenda L. Carpenter Asst. Vice President - Mortgage Origination
 Sandra K. Grimm Asst. Vice President - Data Processing
 Kelly L. Lantis Asst. Vice President - Commercial Credit Officer
 Barry A. Malek Asst. Vice President - Trust
 Rae A. Organ Asst. Vice President - Bank Secrecy & Security
 Eric A. Potes Asst. Vice President - Commercial Loans
 Brian J. Powers Asst. Vice President - Internal Auditor
 Chad E. Rumsey Asst. Vice President - Commercial Loans
 Randall L. Tate Asst. Vice President - Loss Mitigation
 Christine L. Walworth Asst. Vice President - Trust Operations
 Rebecca J. Wiley Asst. Vice President - HR & Staff Development
 David J. Arnett Cybersecurity & IT Officer
 Craig R. Burlingame Branch Officer - Homer
 Michelle L. Caldwell Branch Officer - Litchfield
 Linda C. Cavin Branch Officer - Spring Arbor
 Suzanne L. Decker Mortgage Loan Officer
 Donald W. Germann Branch Officer - Jonesville
 Kimberly R. Hedrick Branch Officer - Hudson
 Jeffrey S. Jackson Consumer Loan Officer
 Amber C. Kohler Bank Operations Officer
 Anna L. Mortimer Branch Officer - Adrian
 Robin G. Pelham Branch Officer - Somerset Center
 Debra K. Storer Mortgage Operations Officer
 Melissa A. Stroede Branch Officer - Horton Road
 Craig D. Talbert Mortgage Loan Officer
 Robert J. Wrozek Branch Officer - Cortland



**Consolidated
 Quarterly
 Financial
 Summary**
 December 31, 2016

COUNTY NATIONAL BANK OFFICES

Main Office

One South Howell Street, Hillsdale Michigan 49242
 Phone: (517) 439-4300
 Toll Free: (888) 322-1088

Trust Department
 One South Howell Street
 Hillsdale, MI 49242
 Phone: (517) 437-3371

Lewis Street Office
 150 Lewis Street
 Hillsdale MI 49242
 Phone: (517) 437-3396

Adrian Office
 1380 South Main Street
 Adrian, MI 49221
 Phone: (517) 902-0008

Hanover Office
 125 West Main Street
 Hanover, MI 49241
 Phone: (517) 563-8332

Homer Office
 109 West Main Street
 Homer, MI 49245
 Phone: (517) 568-4448

Hudson Office
 325 Railroad Street
 Hudson, MI 49247
 Phone: (517) 448-8957

Jackson Office
 270 West Cortland Street
 Jackson, MI 49201
 Phone: (517) 768-7200

Jackson Office
 1523 Horton Road
 Jackson, MI 49203
 Phone: (517) 782-2500

Jackson Office
 1800 North Wisner Street
 Jackson, MI 49202
 Phone: (517) 783-1500

Jonesville Office
 228 East Chicago Street
 Jonesville, MI 49250
 Phone: (517) 849-9949

Litchfield Office
 112 Jonesville Street
 Litchfield, MI 49252
 Phone: (517) 542-2932

Somerset Center Office
 12641 East Chicago Road
 Somerset Center, MI 49282
 Phone: (517) 688-4433

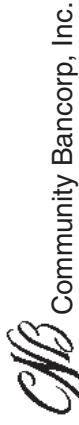
Spring Arbor Office
 119 West Main Street
 Spring Arbor, MI 49283
 Phone: (517) 750-4011

DIRECTORS

John E. Barrett President
 Eagle Funeral Homes, Inc.
 Craig S. Connor President & C.E.O.
 County National Bank
 Joseph B. Dunigan Retired President
 Dunigan Brothers, Inc.
 Judy R. Gabriele Director of Development
 Hillsdale Hospital
 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**





Community Bancorp, Inc.

CONSOLIDATED BALANCE SHEET

ASSETS	December 31 2016	December 31 2015*	December 31 2015*
Cash and Due from Banks	\$26,703,000	\$12,516,000	\$99,135,000
Investment Securities	37,956,000	39,260,000	<u>345,868,000</u>
Federal Funds Sold	111,000	- 0 -	445,003,000
Net Loans	486,327,000	431,705,000	13,165,000
Bank Premises	5,063,000	4,786,000	1,494,000
Other Assets	<u>13,925,000</u>	<u>13,697,000</u>	<u>42,302,000</u>
TOTAL ASSETS	\$570,085,000	\$501,964,000	\$501,964,000
		2,078,861	2,062,201
		\$21.75	\$20.51

**Large difference due to reclassification of demand deposit product.

*Adjusted to annual report and audit

CONSOLIDATED STATEMENT OF INCOME

	Three Months Ended		Twelve Months Ended	
	December 31 2016	December 31 2015	December 31 2016	December 31 2015
Interest Income	\$5,993,000	\$5,348,000	\$22,955,000	\$20,165,000
Interest Expense	<u>336,000</u>	<u>241,000</u>	<u>1,156,000</u>	<u>1,013,000</u>
Net Interest Income	5,657,000	5,107,000	21,799,000	19,152,000
Provision for Loan Losses	<u>51,000</u>	<u>286,000</u>	<u>538,000</u>	<u>1,204,000</u>
Net Interest Income after Provision	5,606,000	4,821,000	21,261,000	17,948,000
Other Income	1,408,000	1,246,000	5,814,000	5,220,000
Other Expense	<u>5,373,000</u>	<u>4,609,000</u>	<u>19,928,000</u>	<u>17,026,000</u>
Income before Federal Income Taxes	1,641,000	1,458,000	7,147,000	6,142,000
Federal Income Taxes	<u>608,000</u>	<u>507,000</u>	<u>2,401,000</u>	<u>1,942,000</u>
NET INCOME	\$1,033,000	\$951,000	\$4,746,000	\$4,200,000
Shares Outstanding	2,078,861	2,062,201	2,078,861	2,062,201
Net Income Per Share	\$0.50	\$0.46	\$2.28	\$2.04

*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 18¢ per share, payable January 20, 2017, to stockholders of record as of December 31, 2016. The 18¢ special dividend represents an increase of 2¢ over last year's special dividend.

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

- 2016 full year net income was \$4,746,000 compared to \$4,200,000 for the same period last year, a 13% increase of \$546,000.
- Fourth quarter net income was \$1,033,000, compared to net income of \$951,000 for the fourth quarter of 2015, a \$82,000 or 9% increase.
- 2016 full year earnings per share were \$2.28 compared to \$2.04 earnings per share of 2015, an increase of 24¢ per share.
- Earnings per share for the fourth quarter equaled 50¢, compared to 46¢ per share for the fourth quarter of 2015, an increase of 4¢ per share.
- Return on average equity for 2016 was 10.9%, compared to 10.34% for 2015.
- Book value per share is now \$21.75, increasing \$1.24 from the 12/31/15 book value of \$20.51.
- Overall equity for CNB Community Bancorp increased \$2,918,000 from year end 2015; now totaling \$45,220,000.

Our 2016 earnings represent the best in our 82-year history. As you review the financial statements, you can see that a driving factor to our increased earnings was higher interest income brought on by excellent growth in loan balances. Interest income was \$22,955,000, up \$2,790,000, for the year while interest expense was up just slightly. Other income continues to be strong at \$5,814,000 up \$594,000 compared to 2015.

Balance sheet growth was outstanding, up \$68,121,000 or 14%, to end the year at \$570,085,000. The net loan portfolio grew, up by \$54,622,000 or 13%. Assets under management which include Bank assets plus sold but serviced loans, Trust and Investment Department assets and other sweep accounts grew by \$121,262,000 or 13%, bringing our total assets under management to \$1,071,892,000. The first time we've exceeded the billion dollar mark.

This growth did require the addition of staff to properly manage and service the new business. This helps to explain the \$2,902,000 increase in other expenses, as a large portion of that was attributed to our full time equivalent employee count increasing from 152 to 170 by year-end.

Our loan portfolio continues to perform well. The net charge off (NCO) rate of .07% of total loans for the year is excellent. This is an improvement over .14% NCO during 2015. For 2016, we have expensed \$537,500 provision for loan loss compared to \$1,204,000 during 2015. Our loan loss reserve account now stands at \$6,585,000 or 1.34% of loans outstanding.

During 2016, we did establish a full service branch office in Adrian Michigan. I'm very pleased to report the new loan and deposit relationships generated in this market are very encouraging. Our community bank business model combined with our great staff and beautiful facility are being very well received in Lenawee County.

County National Bank and CNB Community Bancorp, Inc. continue to be considered well-capitalized when measuring the capital ratios that regulators monitor.

It continues to be our priority to provide you with a strong dividend payout and an increase in shareholder value. I think we achieved this goal for you as both the dividend and the book value of your shares increased from last year. Again, we thank you for the continued support of your locally owned community bank.

Craig S. Connor
President & CEO

