

COUNTY NATIONAL BANK OFFICERS

Craig S. Connor Chairman & C.E.O.
 John R. Waldron President
 Erik A. Lawson Chief Financial Officer
 Christopher J. Clarke Regional Vice President - Commercial Loans
 Ronald J. Haber Vice President - Commercial Loans
 Lois E. Howard Regional Vice President - Commercial Loans
 Kelly D. Jensen Vice President - Branch Administrator
 William C. Jors Vice President - Business Development - Commercial Loans
 David J. Kreger Regional Vice President - Commercial Loans
 Karena A. Mills Vice President - Lending Officer
 Christopher A. Phillips Vice President - Senior Trust Officer
 Dorene M. Shaw Vice President - Chief Auditor
 Brenda L. Carpenter 2nd Vice President - Mortgage Origination
 L. Michelle Heminger 2nd Vice President - Administration
 Kelly L. Lantis 2nd Vice President - Commercial Credit
 Julie A. Miller 2nd Vice President - Private Banking
 Joyce E. Repasy 2nd Vice President - Loan Administration
 Chad E. Rumsey 2nd Vice President - Commercial Loans
 Timothy P. Sullivan 2nd Vice President - Trust
 Rebecca J. Wiley 2nd Vice President - Human Resources
 David J. Arnett Asst. Vice President - Cybersecurity
 Gloria A. Bigelow-Miller Asst. Vice President - Controller
 Sandra K. Grimm Asst. Vice President - Data Processing
 Amber C. Kohler Asst. Vice President - Bank Operations
 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
 Randall L. Tate Asst. Vice President - Loss Mitigation
 JoAn K. Bowman Associate Trust Officer
 Craig R. Burlingame Branch Officer - Homer
 Michelle L. Caldwell Branch Officer - Litchfield
 Suzanne L. Decker Mortgage Loan Officer
 Karla S. Embody Consumer Loan Officer
 Donald W. Germann Branch Officer - Jonesville
 Kimberly R. Hedrick Branch Officer - Hudson
 Jeffrey S. Jackson Consumer Loan Officer
 Erica R. Johnson Branch Officer - Horton Road
 Lori A. Lemmon Mortgage Loan Officer
 Debra K. Storer Mortgage System Officer
 Melissa A. Stroede Treasury Management Officer
 Stephanie K. Thomas Loan Operations Officer
 Brandy M. Titus Mortgage Loan Officer
 Robert J. Wrozek Commercial Loan Officer

DIRECTORS

John E. Barrett President
 Eagle Funeral Homes, Inc.
 Craig S. Connor Chairman & 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
 Lovinger & Thompson, PC
 Stephen J. Maddalena General Manager
 Kentwood Office Furniture
 David W. Pope Chairman
 Powers Clothing, Inc.
 Claude J. Rowley President
 Rowley, Inc.
 John R. Waldron President
 County National Bank
 Steven A. Wells President
 Wells Equipment Sales, Inc.



Consolidated Quarterly Financial Summary

September 30, 2018

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

1523 Horton Road

Jackson, MI 49203

Phone: (517) 782-2500

Jackson Office

1800 North Wisner Street

Jackson, MI 49202

Phone: (517) 783-1500

Jackson Office

215 South Jackson Street

Jackson, MI 49201

Phone: (517) 544-0902

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

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CONSOLIDATED BALANCE SHEET

<u>ASSETS</u>	September 30, <u>2018*</u>	December 31, <u>2017</u>	<u>LIABILITIES AND STOCKHOLDERS EQUITY</u>	September 30, <u>2018*</u>	December 31, <u>2017</u>
Cash and Due from Banks	\$44,771,000	\$52,293,000	Total Deposits	\$574,497,000	\$544,017,000
Investment Securities	29,987,000	33,877,000	Other Borrowings	24,155,000	24,961,000
Net Loans	558,656,000	513,590,000	Other Liabilities	1,975,000	2,518,000
Bank Premises	5,891,000	5,424,000	Stockholders Equity	<u>55,043,000</u>	<u>50,022,000</u>
Other Assets	<u>16,365,000</u>	<u>16,334,000</u>	TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	\$655,670,000	\$621,518,000
TOTAL ASSETS	\$655,670,000	\$621,518,000	Total Shares Outstanding	2,120,751	2,100,956
			Book Value Per Share**	\$26.27	\$24.10

*Unaudited

**Includes only vested stock

CONSOLIDATED STATEMENT OF INCOME

	Three Months Ended		Nine Months Ended	
	September 30, <u>2018*</u>	September 30, <u>2017*</u>	September 30, <u>2018*</u>	September 30, <u>2017*</u>
Interest Income	\$7,398,000	\$6,508,000	\$20,968,000	\$18,686,000
Interest Expense	<u>686,000</u>	<u>393,000</u>	<u>1,930,000</u>	<u>1,060,000</u>
Net Interest Income	6,712,000	6,115,000	19,038,000	17,626,000
Provision for Loan Losses	<u>56,000</u>	<u>49,000</u>	<u>150,000</u>	<u>260,000</u>
Net Interest Income after Provision	6,656,000	6,066,000	18,888,000	17,366,000
Other Income	1,631,000	1,655,000	4,707,000	4,523,000
Other Expense	<u>5,494,000</u>	<u>5,215,000</u>	<u>15,636,000</u>	<u>15,359,000</u>
Income before Federal Income Taxes	2,793,000	2,506,000	7,959,000	6,530,000
Federal Income Taxes	<u>492,000</u>	<u>801,000</u>	<u>1,483,000</u>	<u>1,932,000</u>
NET INCOME	\$2,301,000	\$1,705,000	\$6,476,000	\$4,598,000
Total Shares Outstanding	2,120,751	2,096,806	2,120,751	2,096,806
Basic Earnings Per Share**	\$1.10	\$0.83	\$3.11	\$2.24

*Unaudited

**Includes only vested stock



Community Bancorp, Inc.

THIRD QUARTER SHAREHOLDER UPDATE

The Board of Directors declared a \$0.22 quarterly cash dividend on September 12, 2018. The cash dividend of \$0.22 per share will be payable October 19, 2018, to shareholders of record as of September 30, 2018.

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

- Third quarter net income was \$2,301,000, compared to \$1,705,000 for the third quarter of 2017, a 35% increase of \$596,000.
- Year-to-date net income was \$6,476,000, compared to \$4,598,000 for the same period last year, a 41% increase of \$1,878,000.
- Earnings per share for the third quarter of 2018 were \$1.10, increasing \$0.27 from the \$0.83 for the third quarter 2017.
- Year-to-date earnings per share were \$3.11 compared to the \$2.24 nine months' earnings per share of 2017, an \$0.87 increase.
- Annualized return on equity for the nine months ended September 30, 2018 was 16.09%.
- Book value per share is now \$26.27, increasing \$2.17 from the December 31, 2017 book value of \$24.10.

Net earnings for the third quarter of 2018 were very strong. The increased earnings helped us produce the highest year-to-date nine month net earnings in bank history. The strong earnings can be attributed to increased net interest income due to loan growth and good control of interest expense. Additionally, our strong income was driven by continued high volume in our mortgage banking activities as well as above budget trust and investment fee income.

The loan portfolio has increased \$45.1 million, or 8.78%, through the first nine months of 2018. Deposits are up 5.6%, or \$30 million. Total shareholder equity increased \$5 million or 10% through the first nine months of 2018. This addition to shareholder equity helps us to maintain our well capitalized status.

Through nine months of 2018, we have expensed \$150,000 to provision for loan losses. Our reserve for loan loss account now stands at 1.24% of loans, slightly above peer averages. Loan charge-offs were \$184,000 and recoveries of formerly charged off loans were \$103,000; this means the Bank had net charge-offs of \$81,000 or .01%. This low net charge-off figure reflects the quality of our loan portfolio and also the current strong economy for South Central Michigan.

We recently opened our new Downtown Jackson Office on the corner of Washington and South Jackson Street. We held a grand opening ceremony on August 16, which was very well attended. If you go to our Facebook page, you can view footage of that event. The early reviews of the office are very positive. The interior is professionally done with a warm and engaging atmosphere. We continue to use the former Cortland office as a Loan Production Office, which now houses up to 11 staff.

Our Board and the entire staff are very pleased with the successes we've had through the first nine months of 2018. We are all looking forward to the fourth quarter as well as 2019 and beyond. Again, we thank you, our shareholders, for the continued support of your locally owned community bank.

Craig S. Connor
Chairman & CEO

John R. Waldron
President



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