

CNB COMMUNITY BANCORP, INC. REPORTS SECOND QUARTER 2018 RESULTS

HILLSDALE, Michigan, July 13, 2018 – CNB Community Bancorp, Inc. (OTC:CNBB), the parent company of County National Bank, today announced record earnings for the three and six months ended June 30, 2018. Earnings during the second quarter of 2018 for CNB Community Bancorp, Inc. (the “Company”) totaled \$2.4 million, an increase of \$899,000, or 60.6%, from \$1.5 million earned during the three months ended June 30, 2017. Basic earnings per share increased to \$1.14 during the three months ended June 30, 2018, up \$0.42 from \$0.72 earned during the second quarter of 2017. For the six months ended June 30, 2018, the Company reported net income of \$4.2 million, an increase of \$1.3 million from the \$2.9 million earned during the six months ended June 30, 2017. Basic earnings per share increased to \$2.01 for the six months ended June 30, 2018 up \$0.60 from the \$1.41 earned during the first six months of 2017.

The annualized return on average assets (ROA) increased to 1.48% for the three months ended June 30, 2018, up from 1.02% for the three months ended June 30, 2017. The annualized return on average equity (ROE) increased to 18.34% during the current quarter, up from 12.53% during the second quarter of 2017. ROA increased to 1.31% during the six months ended June 30, 2018, up from 0.98% during 2017. ROE increased to 16.31% during the first half of 2018 up from 12.46% during the six month period ended June 30, 2017. Book value per share increased to \$25.11 at June 30, 2018, up \$1.71 from \$23.40 at June 30, 2017.

Craig S. Connor, Chairman and Chief Executive Officer of CNB Community Bancorp, Inc. and County National Bank, remarked, “We couldn’t be more pleased with our financial performance for the second quarter as well as the first six months of 2018. I have to credit our great customers and the hard work of our talented staff.” Furthermore, County National Bank President John Waldron stated, “Although I am new to the position of President of County National Bank, I have come to know these employees as well as our customer base over my 16 years here. Therefore, I am unsurprised by the tremendous number of relationships built and record earnings of the bank.”

Financial Highlights

June 30, 2018 compared to June 30, 2017

Balance Sheet

- Total assets increased \$46.2 million, or 7.7%, to \$650.0 million.
- Net loans increased \$33.1 million, or 6.4%, to \$546.7 million at June 30, 2018 compared to \$513.7 million at June 30, 2017.
- Total deposits increased \$37.9 million, or 7.1%, to \$570.0 million at June 30, 2018.
- Other borrowings increased \$3.1 million to \$24.4 million at June 30, 2018.
- Total equity increased \$5.1 million to \$53.2 million.
- Book value per share increased \$1.71, or 7.3%, to \$25.11 at June 30, 2018, up from \$23.40 at June 30, 2017.

Asset Quality

- Net charge-offs increased \$55,000 to \$60,000 compared to net charge-offs of \$5,000 in the second quarter of 2017.
- Net charges-offs as a percent of average loans remained consistent at approximately 0.01%.
- The ratio of nonperforming loans to total loans decreased to 0.43% from 0.60% and the ratio of nonperforming assets to total assets decreased to 0.44% from 0.53%.

Income Statement

Quarter ended June 30, 2018 compared to June 30, 2017

- Net income increased \$899,000, or 60.6%, to \$2.4 million and basic EPS increased \$0.42, or 58.3%, to \$1.14 from \$0.72 in the second quarter of 2017.
- Net interest income increased \$518,000 to \$6.3 million.
- The provision for loan losses decreased by \$8,000 to \$56,000.
- Return on average equity increased to 18.3% from 12.5%.
- Return on average assets increased to 1.48% from 1.02%.
- The Company’s efficiency ratio improved to 63.3% from 71.3%.

Six months ended June 30, 2018 compared to June 30, 2017

- Net income increased \$1.3 million, or 44.3%, to \$4.2 million and basic EPS increased \$0.60, or 42.7%, to \$2.01 from \$1.41.
- Net interest income increased \$814,000 to \$12.3 million.
- The provision for loan losses decreased by \$117,000 to \$94,000.
- Return on average equity increased to 16.3% from 12.5%.
- Return on average assets increased to 1.31% from 0.98%.
- The Company's efficiency ratio improved to 66.5% from 72.0%.

Loans, Deposits, Investments and Cash

Net loans increased \$33.1 million, or 6.4%, from \$513.7 million at June 30, 2017 to \$546.7 million at June 30, 2018. The increase in loan balances includes approximately \$30.2 million in commercial real estate loans, \$9.9 million in commercial loans, \$3.4 million in consumer loans and \$434,000 in loans held for sale. These increases were partially offset by a decline of approximately \$10.3 million in residential real estate loans. Loan growth has been a product of the hard work by all personnel at the Bank with special recognition to the efforts of the commercial lenders.

Total deposits increased \$37.9 million from \$532.1 million at June 30, 2017 to \$570.0 million at June 30, 2018. Noninterest bearing deposits have remained steady with a \$1.1 million increase from \$73.4 million to \$74.5 million at June 30, 2018. Interest bearing deposits have increased from \$458.7 million at June 30, 2017 to \$495.5 million at June 30, 2018, growth of \$36.8 million.

Total investment securities decreased by \$2.2 million to \$33.2 million at June 30, 2018, down from \$35.4 million at June 30, 2017. This decrease was largely a result of maturities in 2018 of municipals and certificate of deposits at other banks combined with normal amortization of purchase premiums and paydowns. The Bank continues to offset some of the decrease with purchases of zero risk weighted government securities.

Cash and due from banks increased \$12.7 million from \$35.1 million at June 30, 2017 to \$47.8 million at June 30, 2018.

CNB Community Bancorp, Inc.'s outstanding note payable increased \$3.1 million from \$5.6 million at June 30, 2017 to \$8.7 million at June 30, 2018 as the Company increased its borrowing facility \$5 million in 2017. The borrowing was used to paydown a \$1 million line of credit and downstream capital to its subsidiary.

Asset Quality

Nonperforming assets (which are predominately comprised of nonperforming loans and other real estate owned ("OREO")) at June 30, 2018 were \$2.9 million, down from \$3.2 million at June 30, 2017. Nonperforming assets as a percentage of total assets decreased to 0.44% at June 30, 2018 from 0.53% at June 30, 2017. OREO increased to \$514,000 at June 30, 2018 from a \$67,000 balance at June 30, 2017. Nonperforming loans at June 30, 2018 were \$2.4 million, a decrease of \$700,000, or 29.2%, from the \$3.1 million balance at June 30, 2017. Nonperforming loans as a percentage of total loans decreased to 0.43% at June 30, 2018, as compared to 0.60% at June 30, 2017.

During the quarter ended June 30, 2018 there was recorded a provision for loan losses of \$56,000, which is a decline of \$8,000 from a provision of \$64,000 during the quarter ended June 30, 2017. Net charge-offs totaled \$60,000 during the three months ended June 30, 2018 compared to net charge-offs of \$5,000 during the same period in 2017. Net charge-offs as a percentage of average loans was 0.01% at June 30, 2018, which was a slight increase from the 0.00% at June 30, 2017. The allowance for loan losses totaled \$7.0 million at June 30, 2018 and \$6.8 million at June 30, 2017. The allowance for loan losses as a percentage of total loans decreased from 1.30% at June 30, 2017 to 1.26% at June 30, 2018. The decline in the required allowance for loan losses is directly attributable to improvements in the economy as we have experienced growth of high quality credits and a decline in specific impairments.

Shareholders' Equity

Total shareholders' equity increased \$5.1 million from \$48.1 million at June 30, 2017 to \$53.2 million at June 30, 2018. The \$5.1 million increase was mainly related to earnings over those 12 months of \$7.3 million that was partially offset by a \$1.04 per share cash dividend totaling \$2.2 million.

Net Interest Income and Net Interest Margin

Net interest income, on a nontax-equivalent basis, was \$6.3 million for the quarter ended June 30, 2018, up \$518,000, or 9.0%, from \$5.8 million for the quarter ended June 30, 2017. Interest income increased \$826,000, or 13.5%, from \$6.1 million during the quarter ended June 30, 2017 to \$6.9 million during the current year primarily due to an increase in average loan balances and two 25 basis point increases in the federal funds rate (March 21, 2018 and June 13, 2018). Interest expense increased \$308,000 related to the Company's increase in borrowings at the holding company consisting of a new \$5.0 million borrowing offset by the repayment of a \$1.0 million line of credit and principal paydowns. Also, impactful was the increase in the average yield on deposit accounts and an increase in overall deposits. Net interest margin is net interest income expressed as a percentage of average interest-earning assets at the subsidiary level. The net interest margin at the Bank for the three months ended June 30, 2018 increased to 4.21%, from 4.10% during the three months ended June 30, 2017.

Net interest income, on a nontax-equivalent basis, for the six months ended June 30, 2018 was \$12.3 million, an increase of \$814,000 from the \$11.5 million earned during the same period in 2017. Driven mostly by an increase in average loan balances, interest income increased by \$1.4 million while interest expense increased by \$578,000 partly due to the increase in borrowings at the holding company and the rising deposits and rates. Net interest margin for the six months ended June 30, 2018 increased 10 basis points to 4.20%, up from 4.10% for the same period in 2017.

Noninterest Income/Expense

During the quarter ended June 30, 2018 noninterest income increased \$288,000 or 20.7% from the \$1.4 million earned for the quarter ended June 30, 2017. Predominately the increase was comprised of larger gains on sale of loans of \$91,000, trust fees of \$41,000, ATM service charges of \$25,000 and Safe Deposit rent of \$16,000.

During the six months ended June 30, 2018, non-interest income totaled \$3.1 million, an increase of \$208,000 from the six months ended June 30, 2017. The largest component of this increase was a \$67,000 increase in earnings from the Trust Department followed by increases of \$40,000 in ATM service charges, \$33,000 in servicing fees and \$23,000 in gains on sale of loans.

Noninterest expense totaled \$5.0 million during the three months ended June 30, 2018 a decrease of \$58,000 from the second quarter of 2017. There were multiple items making up this total. During the six months ended June 30, 2018, total non-interest expense remained flat at \$10.1 million.

About CNB Community Bancorp Inc.

CNB Community Bancorp, Inc. (OTC:CNBB) is a one-bank holding company formed in 2005. Its subsidiary bank, Hillsdale County National Bank, is a nationally chartered full service bank, which has served its local communities since its founding in 1934. CNB Community Bancorp, Inc. is headquartered in Hillsdale, Michigan and through its subsidiary bank offers banking products along with trust and investment services to communities located throughout South Central Michigan.

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CNB COMMUNITY BANCORP, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands)

(Unaudited)

As of June 30,

	2018	2017	Dollar Change	Percentage Change
ASSETS				
Cash and due from banks	\$ 47,806	\$ 35,136	\$ 12,670	36.1%
Investment securities	33,185	35,408	(2,223)	(6.3)%
Loans, net	546,719	513,657	33,062	6.4%
Premises and equipment, net	5,797	5,357	440	8.2%
Other assets	16,454	14,188	2,266	16.0%
Total assets	<u>\$ 649,961</u>	<u>\$ 603,746</u>	<u>\$ 46,215</u>	<u>7.7%</u>
LIABILITIES AND SHAREHOLDERS' EQUITY				
Deposits	\$ 569,988	\$ 532,081	\$ 37,907	7.1%
Other borrowings	24,426	21,332	3,094	14.5%
Other liabilities	2,301	2,219	82	3.7%
Total liabilities	596,715	555,632	41,083	7.4%
Shareholders' equity	53,246	48,114	5,132	10.7%
Total liabilities and shareholders' equity	<u>\$ 649,961</u>	<u>\$ 603,746</u>	<u>\$ 46,215</u>	<u>7.7%</u>

CNB COMMUNITY BANCORP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(In thousands, except per share data)

(Unaudited)

FOR THE QUARTER ENDED JUNE 30,	2018	2017	Dollar Change	Percentage Change
Interest income	\$ 6,953	\$ 6,127	\$ 826	13.5%
Interest expense	651	343	308	89.8%
Net interest income before provision for loan losses	6,302	5,784	518	9.0%
Provision for loan losses	56	64	(8)	(12.5)%
Net interest income after provision for loan losses	6,246	5,720	526	9.2%
Noninterest income	1,681	1,393	288	20.7%
Noninterest expenses	4,998	5,056	(58)	(1.1)%
Income before federal taxes	2,929	2,057	872	42.4%
Provision for federal taxes	547	574	(27)	(4.7)%
Net income	\$ 2,382	\$ 1,483	\$ 899	60.6%
Basic earnings per share*	\$ 1.14	\$ 0.72	\$ 0.42	58.3%

FOR THE SIX MONTHS ENDED JUNE 30,	2018	2017	Dollar Change	Percentage Change
Interest income	\$ 13,570	\$ 12,178	\$ 1,392	11.4%
Interest expense	1,244	666	578	86.7%
Net interest income before provision for loan losses	12,326	11,512	814	7.1%
Provision for loan losses	94	211	(117)	(55.5)%
Net interest income after provision for loan losses	12,232	11,301	931	8.2%
Noninterest income	3,076	2,868	208	7.3%
Noninterest expenses	10,142	10,145	(3)	0.0%
Income before federal taxes	5,166	4,024	1,142	28.4%
Provision for federal taxes	991	1,131	(140)	(12.4)%
Net income	\$ 4,175	\$ 2,893	\$ 1,282	44.3%
Basic earnings per share*	\$ 2.01	\$ 1.41	\$ 0.60	42.7%

*Includes only vested stock

CNB COMMUNITY BANCORP, INC.
SELECTED FINANCIAL INFORMATION
(In thousands, except per share data)
(Unaudited)

	June 30,	
	2018	2017
AVERAGE BALANCES FOR THE QUARTER ENDED		
Assets	\$ 644,006	\$ 595,625
Earning assets	\$ 608,342	\$ 570,165
Total equity	\$ 52,083	\$ 46,805
CREDIT QUALITY DATA		
Allowance for loan losses	\$ 6,981	\$ 6,792
Allowance for loan losses as a percentage of total loans	1.26%	1.30%
Nonperforming loans	\$ 2,378	\$ 3,110
Nonperforming assets	\$ 2,892	\$ 3,177
Nonperforming loans as a percentage of total loans	0.43%	0.60%
Nonperforming assets as a percentage of total assets	0.44%	0.53%
Year-to-date net charge-offs	\$ 60	\$ 5
Year-to-date net charge-offs as a percentage of average loans	0.01%	0.00%
SHARE AND PER SHARE DATA		
Basic earnings per share, year-to-date	\$ 2.01	\$ 1.41
Year-to-date weighted average shares outstanding	2,106	2,057
Book value per share	\$ 25.11	\$ 23.40
Total shares outstanding	2,121	2,098
QUARTERLY KEY FINANCIAL RATIOS		
Annualized return on average equity	18.34%	12.53%
Annualized return on average assets	1.48%	1.02%
Net interest margin (including fees) (Bank only)	4.21%	4.10%
Interest expense at holding company	\$177,000	\$54,000
Efficiency ratio	63.3%	71.3%
COUNTY NATIONAL BANK CAPITAL RATIOS		
Tier 1 Leverage Ratio	9.2%	8.8%
Common Equity Tier 1 Ratio	12.1%	11.2%
Tier 1 Risk-Based Capital Ratio	12.1%	11.2%
Total Risk-Based Capital Ratio	13.3%	12.5%
CNB COMMUNITY BANCORP, INC. CAPITAL RATIOS		
Tier 1 Leverage Ratio	7.9%	7.8%
Tier 1 Risk-Based Capital Ratio	10.4%	10.0%
Total Risk-Based Capital Ratio	11.6%	11.2%

Safe Harbor Statement

This news release and other releases and reports issued by the Company may contain "forward-looking statements." The Company cautions readers not to place undue reliance on any such forward-looking statements, which speak only as of the date made. The Company is including this statement for purposes of taking advantage of the safe-harbor provisions of the Private Securities Litigation Reform Act of 1995.