

CNB COMMUNITY BANCORP, INC. REPORTS THIRD QUARTER 2024 RESULTS

HILLSDALE, Michigan, October 11, 2024 – CNB Community Bancorp, Inc. (OTCQX: CNBB), the parent company of County National Bank, today announced earnings for the three and nine months ended September 30, 2024. Earnings during the third quarter of 2024 totaled \$3.5 million, an increase of \$804,000 or 30.4% compared to the \$2.6 million earned during the three months ended September 30, 2023. Basic earnings per share (“EPS”) for CNB Community Bancorp, Inc. (the “Company”) increased to \$1.59 during the three months ended September 30, 2024, up \$0.36 from \$1.23 during the third quarter of 2023. For the nine months ended September 30, 2024, the Company reported net income of \$9.1 million, an increase of \$1.0 million, or 12.9%, from the \$8.1 million earned during the nine months ended September 30, 2023. Basic earnings per share increased to \$4.20 during the nine months ended September 30, 2024, up \$0.46 from \$3.74 during the first nine months of 2023.

The annualized return on average assets (“ROA”) increased to 1.10% for the three months ended September 30, 2024, up 22 basis points or 25.0% from 0.88% for the three months ended September 30, 2023. The annualized return on average equity (“ROE”) increased to 12.99% for the current quarter, up from 10.68% for the third quarter of 2023. ROA increased from 0.91% during the nine months ended September 30, 2023, compared to 0.98% during the nine months ended September 30, 2024. ROE was 11.82% during the first nine months of 2024, up from 11.16% during the nine-month period ended September 30, 2023. Book value per share increased to \$48.16 at September 30, 2024, up \$4.71 or 10.8% from \$43.45 at September 30, 2023.

Joseph R. Williams, President and Chief Executive Officer of CNB Community Bancorp, Inc. and County National Bank, stated, “During the quarter, we were able to initiate and complete a repurchase of 145,000 of our outstanding shares at \$38.50 per share. The Board believed that this use of capital was beneficial to our entire shareholder base through providing additional market liquidity for shares as well as for the Company by making a smart investment in CNB at a discount to book value. Consequently, this transaction was accretive to our book value as it increased to \$48.16 per share. Not to be minimized, we primarily drove our growth in book value through a strong quarterly earnings number of \$3.5 million.”

“Our team has worked diligently in 2024 to continue to grow CNB while never losing site of maintaining appropriate funding costs and controlling our noninterest expense. We look forward to opening another loan production office in Lansing this fall. Relationship banking is our focus in all markets and is the linchpin for any new locations. We will grow with our markets as we continue our strategic plan going forward.”

Financial Highlights

- Total assets increased \$51.9 million, or 4.3%, to \$1.26 billion from September 30, 2023 and \$10.6 million, or 0.9% from December 31, 2023.
- Net loans increased \$114.6 million, or 12.4%, to \$1.04 billion at September 30, 2024 compared to \$922.2 million at September 30, 2023 and \$82.3 million, or 8.6%, from December 31, 2023.
- Total deposits decreased \$51.9 million, or 4.7%, to \$1.05 billion at September 30, 2024 from \$1.10 billion at September 30, 2023 and decreased \$28.1 million, or 2.6%, from \$1.07 billion at December 31, 2023.
- Book value per share increased \$4.71, or 10.8%, to \$48.16 at September 30, 2024, up from \$43.45 at September 30, 2023 and \$4.25 from \$43.91 at December 31, 2023.
- The Company completed a tender offer to repurchase 145,000 shares in the third quarter of 2024 paying its shareholders \$38.50 per share. Total shares outstanding are 2,074,867 as of September 30, 2024.
- Net income increased \$804,000, or 30.4%, to \$3.5 million for the third quarter of 2024 and basic EPS increased \$0.36, or 29.6%, to \$1.59 from \$1.23 in the third quarter of 2023.
- Net interest income in the third quarter of 2024 increased \$1.5 million to \$11.7 million compared to the third quarter of 2023.
- Pre-tax, pre-provision income increased \$1.3 million to \$4.6 million in the third quarter of 2024, compared to \$3.3 million in the third quarter of 2023.

Balance Sheet Review

The Company’s assets totaled \$1.26 billion at September 30, 2024 compared to \$1.25 billion at December 31, 2023, and \$1.20 billion at September 30, 2023. The change in composition of assets was predominately related to the fluctuation in investable assets as funding of the asset side of the balance sheet has varied and cash continues to be repositioned to loan relationships with new or existing clients. Somewhat offsetting the reduction in funding of the balance sheet from deposits has been an increase in borrowings as noted below.

Net loans totaled \$1.04 billion at September 30, 2024, compared to \$954.6 million at December 31, 2023 and \$922.2 million at September 30, 2023. The loan portfolio at September 30, 2024 included: \$589.6 million in commercial real estate loans, \$251.2 million in commercial loans, \$169.7 in residential real estate loans, and \$39.7 million in consumer loans.

Nonperforming assets (which are comprised entirely of nonperforming loans) at September 30, 2024 were \$7.1 million compared to \$6.2 million at December 31, 2023 and \$2.2 million at September 30, 2023. Nonperforming assets as a percentage of total assets were 0.56% at September 30, 2024, 0.50% at December 31, 2023, and 0.19% at September 30, 2023.

Nonperforming loans at September 30, 2024 were \$7.1 million, an increase of \$867,000 from the \$6.2 million at December 31, 2023 and \$4.9 million from the \$2.2 million balance at September 30, 2023. Nonperforming loans as a percentage of total loans increased to 0.67% at September 30, 2024, compared to 0.64% at December 31, 2023 and to 0.24% at September 30, 2023. The fluctuation in nonperforming credits was largely due to two relationships that totaled approximately \$4.8 million that have been added to the totals over the past twelve months. One of these relationships is an agricultural credit of which the borrower is completing the move of their relationship outside of the Bank while the larger relationship, which is involved in infrastructure development, is currently operating under a forbearance agreement.

During the third quarter of 2024, there was a provision expense of \$325,000, which is an increase of \$290,000 from a provision of \$35,000 recorded during the third quarter of 2023. Net recoveries totaled \$18,000 during the third quarter of 2024 compared to net charge-offs of \$148,000 in the third quarter of 2023.

Net charge-offs as a percentage of average loans decreased to 0.00% for third quarter of 2024, which was down from 0.06% from the third quarter of 2023. The allowance for credit losses totaled \$13.7 million at September 30, 2024 compared to \$13.0 million at December 31, 2023 and \$13.1 million at September 30, 2023. The allowance for credit losses as a percentage of total loans decreased from 1.34% at December 31, 2023 and 1.40% at September 30, 2023 to 1.30% at September 30, 2024. The change in the allowance was primarily due to continued analysis of the specific reserves and the overall strong collateral positions. Further, there were smaller increases in the general reserve based upon improvements in both qualitative and quantitative factors. The allowance will continue to be adjusted based upon the current and forward-looking issues identified for the portfolio.

Total investment securities, exclusive of the Federal Home Loan Bank of Indianapolis, Federal Reserve Bank and other stock without readily determined fair value, aggregated to \$141.3 million at September 30, 2024, a decrease of 19.2% from \$174.8 million at December 31, 2023 and an increase of 12.6% from \$125.5 million at September 30, 2023. While continued growth of the loan portfolio remains the primary focus for Bank management, the Bank will continue to manage the securities portfolio through prudent investment in securities that align with the Bank's investment criteria when excess cash is available.

Noninterest bearing deposits have decreased by \$15.9 million (7.1%) from \$224.5 million at December 31, 2023 and decreased \$30.7 million (12.8%) from \$239.3 million one year ago. Interest bearing deposits have decreased from \$848.8 million at December 31, 2023 and from \$857.8 million at September 30, 2023 to \$836.7 million at September 30, 2024. The decrease and shift in the make-up of deposits is resultant from multiple factors including the ongoing efforts by our employees, the rate environment and the needs of our clients. The expectation remains that competition and the rate environment will further impact the amount and type of deposits within the balance sheet.

The Company's outstanding borrowings increased by \$45.9 million to \$101.1 million at September 30, 2024 compared to \$55.2 million at December 31, 2023 and by \$95.5 million from \$5.6 million at September 30, 2023. The increase from year-end 2023 was partially driven by short-term funding of CNB's strong loan growth in the first nine months of 2024 and a \$6 million borrowing at the holding company done in conjunction with the previously mentioned stock repurchase. While the year-over-year increase was a combination of the short-term funding and the holding company borrowing along with \$50 million in longer term borrowings from the Federal Home Loan Bank of Indianapolis completed by the Bank in the fourth quarter of 2023 as a result of the Bank leveraging a portion of its balance sheet.

Total shareholders' equity increased by \$2.2 million (2.3%) from \$95.6 million at December 31, 2023 and \$3.9 million (4.2%) from \$93.9 million one year ago. The \$2.2 million increase was primarily resultant from earnings year-to-date of \$9.1 million and a decrease in unrealized comprehensive loss ("OCI") on securities of \$659,000 from temporary market value adjustments to the securities portfolio. The offset to the income and OCI was related to a tender offer completed in September of 2024 in which the Company purchased 145,000 shares of its stock at \$38.50 per share for a total reduction of capital of approximately \$5.7 million. Additionally, the Company paid dividends of \$0.87 per share totaling \$1.9 million. On a year-over-year basis, the increase of \$3.9 million in equity was predominately related to income of \$11.7 million, an increase in common stock from vesting of restricted shares of \$576,000, and \$334,000 reduction in the loss position of OCI from temporary market value adjustments to the securities portfolio. The partial offset was the \$5.7 million from the tender offer and the \$3.0 million in dividends paid.

Net Interest Income and Net Interest Margin

Net interest income was \$11.7 million for the quarter ended September 30, 2024, up \$1.5 million, or 14.7%, from \$10.2 million during the third quarter of 2023 and, for the nine months ended September 30, 2024, net interest income increased approximately \$2.8 million (9.3%) to \$33.2 million from \$30.3 million for the nine months ended September 30, 2023. Interest income for the third quarter of 2024 increased \$2.5 million (16.4%) to \$17.3 million from \$14.8 million for the third quarter of 2023 and, for the nine months ended September 30, 2024, interest income increased \$7.4 million (17.6%) to \$49.5 million from \$42.1 million for the nine months ended September 30, 2023. Combined with the impact of loan growth on interest income was the ongoing high interest rate environment as the Federal Open Market Committee ("FOMC") maintained its overnight rate, which it began increasing in late March of 2023, until September 18, 2024 when it reduced its rate by 50 basis points. Interest expense for the third quarter of 2024 increased \$1.0 million (21.3%) to \$5.6 million from \$4.6 million for the third quarter of 2023 and for the nine months ended September 30, 2024, increased \$4.7 million (40.2%) to \$16.4 million from \$11.7 million for the nine months ended September 30, 2023, which was, also, resultant from the FOMC rate increases as some deposits transitioned to interest-bearing accounts and the overall rates paid across deposit accounts increased.

Net interest margin is net interest income expressed as a percentage of average interest-earning assets. For the quarter ended September 30, 2024, the net interest margin on a fully taxable equivalent basis increased to 3.93% from 3.60% for the quarter ended September 30, 2023 and for the nine months ended September 30, 2024 increased to 3.74% from 3.62% for the nine months ended September 30, 2023. Much of the increase in margin has been a product of the market rates on new interest-earning assets having increased since the end of the third quarter of 2023; however, the FOMC increases have caused pressure on the funding for these assets somewhat offsetting the expected rise in margin from those higher yielding assets. Impact from the recent 50 basis point decrease in the FOMC rate had a minimal impact in the third quarter of 2024 due to the timing of the adjustment.

Noninterest Income/Expense

During the three months ended September 30, 2024, noninterest income totaled \$2.1 million, an increase of \$109,000 (5.5%) from the three months ended September 30, 2023 and was \$6.1 million, an increase of \$161,000 (2.7%), for the nine months ended September 30, 2024. From a quarter-over-quarter and year-over-year comparison, the increase of \$109,000 and \$161,000, respectively, was predominately driven by an increase in Wealth Management fees. On a year-over-year basis, the Wealth Management increase was somewhat offset by decreases in gain on sale of loans and deposit account service charges as well as the non-recurring 2023 branch location sale that netted a gain on sale of assets of \$212,000.

Noninterest expense totaled \$9.1 million during the three months ended September 30, 2024 an increase of \$217,000 (2.4%) from the third quarter of 2023 and \$1.6 million (6.5%) from \$25.6 million for the nine months ended September 30, 2023 to \$27.2 million for the same period in 2024. The largest components of the increase in quarter-over-quarter noninterest expense were increases in salaries and employee benefits of \$138,000 related to an increase in the number of employees as well as additional benefits expense from insurance and incentives combined with \$58,000 in data communications expense related to the outsourcing of a significant portion of IT operations that was completed in the second half of 2023, and \$49,000 from marketing expenses associated with new markets. For the first nine months of 2024, salaries and employee benefits increased \$722,000, data communications increased \$638,000, occupancy and equipment expense increased \$168,000, and marketing and public relations increased \$94,000, from the first nine months of 2023. These increases were primarily due to the aforementioned increases in the number of employees, increasing salaries and benefits, outsourcing of a portion of the IT function, increases in occupancy related activity, and marketing related to overall activity including CNB's move into the Kalamazoo market.

About CNB Community Bancorp Inc.

CNB Community Bancorp, Inc. (OTCQX:CNBB) is a one-bank holding company formed in 2005. Its subsidiary bank, 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 investment management and trust services to communities located throughout southern Michigan.

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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.

CNB Community Bancorp, Inc.
Condensed Consolidated Balance Sheets (Unaudited)

(Dollars in thousands, except per share data)

ASSETS	September 30, 2024	December 31, 2023	September 30, 2023
Cash and due from banks	\$ 30,788	\$ 73,791	\$ 111,804
Debt securities	140,902	174,445	125,176
Equity securities	359	377	316
Loans & leases:			
Commercial	251,240	243,374	245,351
Commercial real estate	589,565	515,904	488,951
Residential real estate	169,728	167,271	159,443
Consumer and other	39,668	40,787	41,367
Deferred loan and lease origination costs, net	325	205	235
Allowance for credit losses	(13,665)	(12,967)	(13,116)
Loans and leases, net	1,036,861	954,574	922,231
Loans held for sale	1,101	436	1,157
Bank premises and equipment, net	11,469	10,670	10,188
Bank-owned life insurance	16,964	16,572	15,619
Goodwill	2,591	2,591	2,591
Other assets	15,528	12,505	15,613
Total assets	\$ 1,256,563	\$ 1,245,961	\$ 1,204,695
LIABILITIES			
Noninterest-bearing deposits	\$ 208,574	\$ 224,546	\$ 239,257
Money market and interest checking	504,142	545,307	556,580
Savings	140,134	160,331	160,733
Time deposits	192,408	143,204	140,538
Total deposits	1,045,258	1,073,388	1,097,108
Borrowings	101,088	55,212	5,568
Accrued interest and other liabilities	12,371	21,774	8,093
Total liabilities	1,158,717	1,150,374	1,110,769
SHAREHOLDERS' EQUITY			
Common stock	\$ 16,895	\$ 16,319	\$ 16,333
Treasury stock	(5,653)	-	-
Unearned restricted stock awards	(1,605)	(1,029)	(1,591)
Retained earnings	90,818	83,565	82,127
Accumulated other comprehensive income (loss)	(2,609)	(3,268)	(2,943)
Total shareholders' equity	97,846	95,587	93,926
Total liabilities and shareholders' equity	\$ 1,256,563	\$ 1,245,961	\$ 1,204,695
Ratios:			
Nonperforming loans and leases to total loans and leases	0.67 %	0.64 %	0.24 %
Quarterly net charge-offs (recoveries) to average loans and leases (annualized)	0.00 %	0.01 %	0.06 %
Allowance for credit losses to total loans and leases	1.30 %	1.34 %	1.40 %
Book value per share (includes only vested stock)	\$ 48.16	\$ 43.91	\$ 43.45
Nonperforming loans	\$ 7,090	\$ 6,223	\$ 2,229
Nonperforming assets	\$ 7,090	\$ 6,223	\$ 2,229

CNB Community Bancorp, Inc.
Condensed Consolidated Statements of Income (Unaudited)

(Dollars in thousands, except per share data)

	Third Quarter 2024	Third Quarter 2023	% Change	For the Nine Months Ended September 30,		% Change
	2024	2023		2024	2023	
Interest income	\$ 17,254	\$ 14,819	16.4%	\$ 49,521	\$ 42,056	17.8%
Interest expense	5,561	4,584	21.3%	16,369	11,730	39.5%
Net interest income	11,693	10,235	14.7%	33,152	30,326	9.3%
Provision for credit losses	325	35	828.6%	600	600	0.0%
Noninterest income:						
Service charges on deposit accounts	333	332	0.4%	962	941	2.2%
ATM service charges	623	611	2.0%	1,807	1,835	(1.5%)
Gain on sale of loans	176	240	(26.5%)	471	503	(6.3%)
Wealth Management	603	490	23.1%	1,717	1,418	21.1%
Other noninterest income	348	301	15.5%	1,096	1,195	(8.3%)
Total noninterest income	2,083	1,974	5.5%	6,053	5,892	2.7%
Noninterest expense:						
Compensation and benefits	4,976	4,838	2.9%	15,187	14,465	5.0%
Occupancy and equipment	1,491	1,468	1.5%	4,377	4,209	4.0%
ATM Expenses	424	384	10.4%	1,198	1,098	9.1%
Marketing and public relations	281	232	21.1%	790	696	13.5%
Professional services	170	306	(44.7%)	551	492	11.9%
Data Communications	445	387	15.0%	1,327	689	92.5%
Other expense	1,354	1,309	3.5%	3,805	3,918	(2.9%)
Total noninterest expense	9,141	8,924	2.4%	27,235	25,567	6.5%
Income before provision for income taxes	4,310	3,250	32.6%	11,370	10,051	13.1%
Provision for income taxes	857	601	42.6%	2,233	1,957	14.1%
Net income	\$ 3,453	\$ 2,649	30.4%	\$ 9,137	\$ 8,094	12.9%
Basic earnings per share*	\$ 1.59	\$ 1.23	29.6%	\$ 4.20	\$ 3.74	12.4%
Net interest margin as a percentage of average earning assets (fully taxable equivalent) (Bank Level)	3.93%	3.60%		3.74%	3.62%	
Return on average assets (ROA)	1.10%	0.88%		0.98%	0.91%	
Return on average equity (ROE)	12.99%	10.68%		11.82%	11.16%	

NOTES:

*Includes only vested stock