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Something of interest from your bank

CommunityBanc, Inc.

December 2019

CommunityBanc, Inc. is completing another strong year of financial performance. Measures such as return on assets and return on equity remain at or above the record levels achieved in 2018. Charge offs on the loan portfolio were low for the second consecutive year and the reserve for loan loss remains at a healthy level.

The U.S. economy remained strong in 2019 and the Federal Reserve reversed course and lowered rates. However, the yield curve remains challenging as long-term rates have remained low with yield on the 10 year U.S. Treasury Note below 2.00%. Competition for both loans and deposits have resulted in pressure on the net interest margin. We expect that this trend will continue in 2020.

A difficult decision was made to cease operations at The Community Loan Company in November, 2019. The company has struggled in recent years and this sector is not part of the company's strategic plan moving forward. The loan portfolio of \$6M was purchased by The Community Bank and will be managed within the bank's existing consumer portfolio. The associated expenses with the wind-down of operations, operating losses and a discount on the purchase of the loan portfolio will reduce consolidated earnings for 2019.

This year the stock dividend is set at 22 cents per share. Community Banc Investments is quoting your stock with a bid price of \$32.30 and an ask price of \$33.90. If you are looking to purchase more stock, please don't hesitate to contact President and CEO, Greig McDonald, with Community Banc Investments (800- 224-1013) to process your request.

As we approach the next shareholder meeting, to be held April 23, 2020, it is extremely important that each shareholder completes their proxy vote. The percentage of proxy votes received has been declining in recent meetings. Exercising your vote is fundamental to the governance of our corporation. If you are unable to attend the annual meeting, please return the proxy prior to the meeting. Thank you for your continuing support of our independent community bank.

There are several ways to keep up with events at our company. We utilize Facebook, Instagram and Twitter to share our message as well as the company's website.

The employees and directors of CommunityBanc, Inc. wish you a wonderful holiday season.

Warmest Regards,

Eric S. Holsky
President and CEO