

ANNUAL REPORT **2015**

**CBC** County Bank Corp

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### Stock Transfer Agent

American Stock Transfer  
& Trust Company, LLC  
6201 15th Avenue  
Brooklyn, NY 11219  
(888) 509-4619 option 1  
or (718) 921-8124  
www.amstock.com

### Market Maker

Boenning & Scattergood  
Nick Bicking & Tom Dooley  
9922 Brewster Lane  
Powell, OH 43065  
(866) 326-8113  
www.boenninginc.com

### Annual Meeting

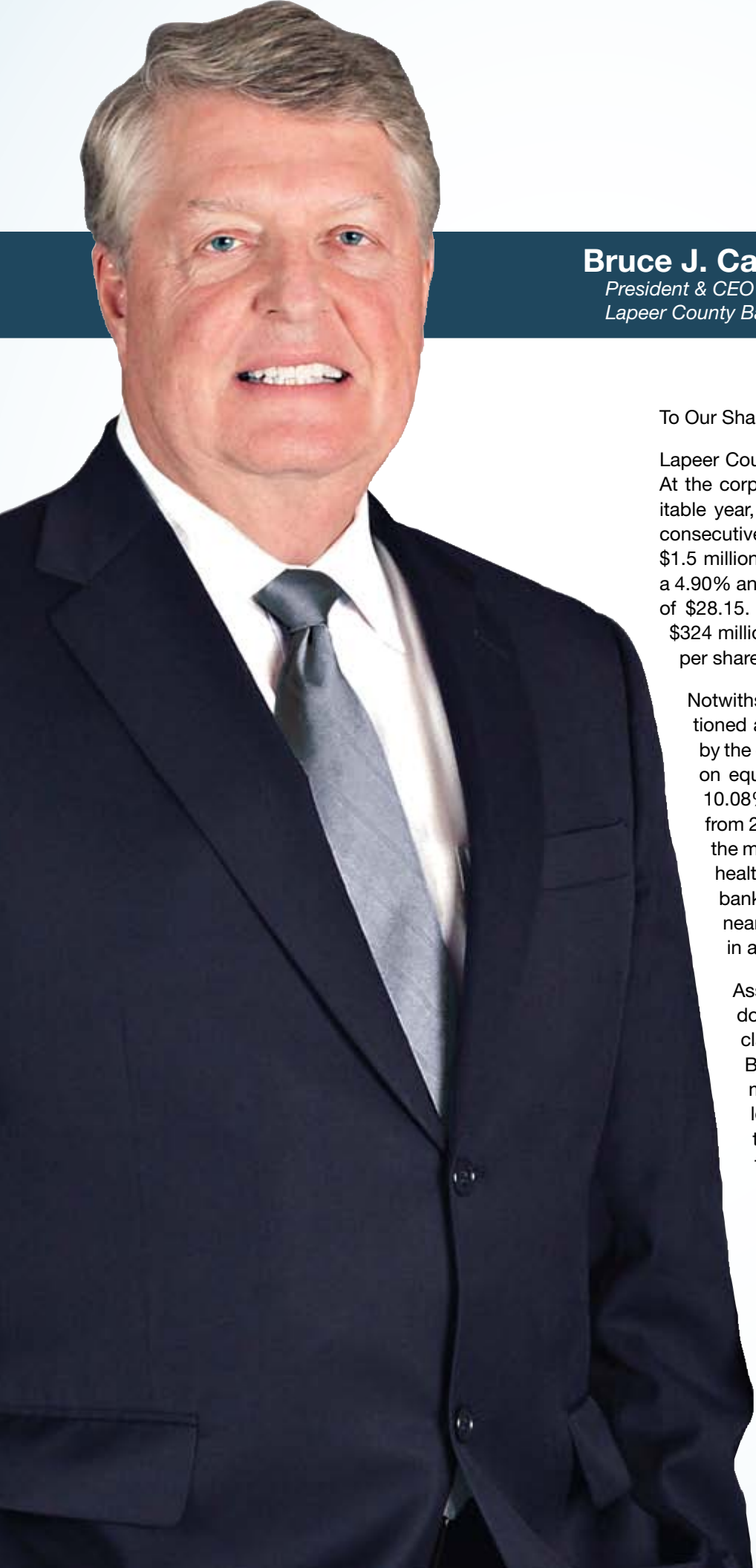
The County Bank Corp  
annual meeting will be  
Thursday, May 12, 2016,  
at 3:00 p.m.  
The meeting will be held at  
the Lapeer Country Club,  
3786 Hunt Road,  
Lapeer, MI 48446

### Independent Auditors

Crowe Horwath, LLP  
55 Campau Ave. NW, Ste. 500  
Grand Rapids, MI 49503  
(616) 774-0774  
Fax: (616) 752-4226

### Stock Symbol

CBNC



## Bruce J. Cady

President & CEO  
Lapeer County Bank & Trust Co.

## LETTER FROM THE PRESIDENT

To Our Shareholders, Customers and Friends,

Lapeer County Bank & Trust Co. had an eventful 2015. At the corporate level, we turned in another very profitable year, eclipsing the \$3.5 million level for the 2nd consecutive time. We paid cash dividends of just under \$1.5 million totaling \$1.38 per share, which equated to a 4.90% annual yield based on the 12/31/15 stock price of \$28.15. We closed the year with record assets of \$324 million, record deposits of \$285 million, earnings per share of \$3.25 and a book value of \$34.31.

Notwithstanding paying out the cash dividends mentioned above, all of the capital ratios improved, led by the common equity tier 1 ratio of 19.79%. Return on equity dipped from 2014, but is still a healthy 10.08%. Return on assets is 1.11%, down slightly from 2014. I mention these ratios because they are the most widely used metrics when measuring the health and financial performance of community banks. We have and continue to operate at or near the top of our community bank peer group in all of these categories.

Asset quality continues to improve with downward trends in delinquency, adversely classified loans and loan losses. In fact, the Bank had net recoveries in 2015 of \$28,000, made no contributions to the allowance for loans and lease losses, and similarly to 2014, took a \$600,000 reverse provision directly to income. Although the Bank has reversed provisions for two years in a row, a reverse provision is a fairly unusual occurrence and should not be anticipated to recur.

Prior to highlighting the remainder of a very successful 2015, I want to be sure to compliment and congratulate all of our employees and directors. Without them, none of our remarkable success would have been accomplished. The dedication and sense of urgency the employees exhibit enables us to deliver the level of service our customers have come to

expect. I am proud to work with such a professional team. Through the vision, direction and leadership of our Board of Directors, we have been able to consistently perform at a high level and I am grateful to have them as colleagues.

During 2015, we continued many initiatives previously implemented by our skilled staff and began many more. Our business development efforts resulted in over \$2 million of new loans and deposits, our closed sales ratios improved and the customer onboarding program resulted in new products and services being used by 350 of our customers.

We welcomed the additions of Melissa Riley, Adam Schlusler and Kayla Ford to our Wealth Management Group. The increased emphasis on trust and wealth management delivered revenue in excess of \$700,000 in 2015.

In February, we celebrated the grand re-opening of our busiest branch office located at the intersection of Demille Road and S. Main Street. We replaced traditional teller windows with more convenient pods and cash recyclers. The completely redesigned branch offers many self-serve options as well as service from a modern, technologically efficient office.

In April, we rolled out our newly designed website. The innovative site was designed to work across all platforms to accommodate personal computers, tablets and smart phones alike. Along with the many responsive capabilities added, the site is easier to navigate and much more user friendly.

Also in April, we awarded LCBT scholarships to four very deserving applicants from area high schools. The scholarships totaled \$4,000 and are unique in that they are sustaining scholarships meant to assist the students each academic year in pursuit of their chosen degree.

In August we added a blog to LCBT.com, which provides product knowledge and other useful information concerning our array of financial services. The blog also discusses Bank involvement in the community, cybersecurity news and tips as well as all of our news releases and previous editions of our Business Connections eNewsletter.

Once again, the Bank maintained its preeminent role in community activities, donating over \$77,000 to events, organizations and sponsorships. The Bank held three community shred days, hosted its 14th annual ice cream social, hosted its annual Wealth Management Group Michigan vs. Michigan State football tailgate party, participated in the Lapeer Lightning college night and awarded 12 charity ads to deserving non-profit organizations in and around Lapeer County.

Looking to 2016 and beyond, after careful consideration and planning, the Bank plans to merge with CSB Bank in Capac, MI. CSB Bank is a \$240 million asset community bank with very similar demographics to Lapeer. The merger is subject to regulatory approval and the approval of the Capac Bancorp, Inc., shareholders and is scheduled to occur in calendar year 2016. We are excited about the opportunities the merger

brings to shareholders, customers and employees. Both banks are dedicated to making the transition as seamless as possible for all customers. I will discuss the merger and the anticipated benefits in much greater detail at the annual meeting.

Finally, I am pleased to announce the addition of several new officers, including Adam Schlusler, Trust Officer; Alexander Shoemaker, Commercial Loan Officer; Cherry Newlon, Loan Operations Officer and Melissa Riley, Financial Advisor. Our four new officers bring youth, enthusiasm and energy to the Bank. They will be wonderful additions to the staff for years to come.

Also, several long-time employees retired in 2015. Executive Officer Bernadette (Bernie) Talaski retired from her position as Senior Vice President and Branch Administrator after 43 years of service. Greg Potter, long time head of the Bank's credit department, retired after 32 years. Additionally, Margaret Fansler (13 years) and Karen Russell (17 years) retired after lengthy careers. We wish them all good health and continued success in their retirement.

Please note, the annual meeting is scheduled in May this year and will be held Thursday, May 12, 2016, beginning at 3:00 p.m. at the Lapeer Country Club. I look forward to seeing you there.

Very truly yours,

Bruce J. Cady  
President & CEO



## BOARD OF DIRECTORS

(from left) Michael H. Blazo, Patrick A. Cronin, Eric Burrough, Ernest W. Lefever, DPM, Bruce J. Cady, Timothy Oesch, CPA, David H. Bush, OD, David J. Churchill, JD, & Gary Gariglio



## WELCOME GARY GARIGLIO

Bruce Cady, President and CEO of County Bank Corp and its wholly owned subsidiary Lapeer County Bank & Trust Co., announced the appointment of Gary Gariglio to the Board of Directors of both County Bank Corp and Lapeer County Bank & Trust Co.

After graduating high school in 1981, Gariglio attended Michigan Technological University, where he received Bachelor of Science degrees in business and

electrical engineering. Gariglio, 52, lives in Metamora and has called Lapeer County home for the past 14 years.

Gariglio is the founder and owner of Interpower Induction. The company started in 1995 and today is a recognized leader in the design, manufacture and integration of machines for induction heating. The Interpower Group operates out of six manufacturing facilities, four of which are located in Michigan.

“We are pleased to add Gary to our board,” said Cady. “His manufacturing expertise and business acumen will certainly benefit our overall Board of Directors. We like our board to represent all areas of the communities we serve and feel Gary fits into that role very nicely.”

## 2015 FINANCIAL SUMMARY

AT YEAR END (000s OMITTED)	2015	2014	2013	2012
Total assets	\$ 324,196	\$ 321,526	\$ 311,944	\$ 301,808
Total deposits	285,032	276,944	282,474	270,053
Total loans	171,688	171,371	161,959	168,412
Total securities	121,575	125,842	121,424	102,176
Total stockholders' equity	37,085	34,825	28,320	30,892
FOR THE YEAR (000s OMITTED)				
Net income	\$ 3,511	\$ 3,643	\$ 3,462	\$ 1,867
Cash dividend paid	1,492	1,243	703	270
Return on average assets (%)	1.11	1.15	1.14	.63
Return on average stockholders' equity (%)	10.08	11.90	11.95	6.25
PER SHARE				
Book value	\$ 34.31	\$ 32.22	\$ 26.20	\$ 28.58
Net income	3.25	3.37	3.20	1.73
Cash dividends paid	1.38	1.15	.65	.25

# 2015 REPORT OF INDEPENDENT AUDITORS ON CONDENSED FINANCIAL INFORMATION

# COUNTY BANK CORP CONSOLIDATED BALANCE SHEETS

December 31, 2015 and 2014  
(Dollars in Thousands Except Per Share Data)



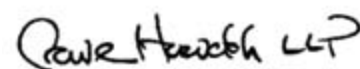
Crowe Horwath LLP  
Independent Member Crowe Horwath International

Stockholders and Board of Directors  
County Bank Corp  
Lapeer, Michigan

We have audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated balance sheets of County Bank Corp as of December 31, 2015 and 2014 and the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows for the years then ended; and in our report dated March 14, 2016, we expressed an unqualified opinion on those consolidated financial statements.

In our opinion, the information set forth in the accompanying consolidated balance sheets and consolidated statements of income is fairly stated, in all material respects, in relation to the consolidated financial statements from which it has been derived.

Grand Rapids, Michigan  
March 14, 2016

  
Crowe Horwath LLP

ASSETS	2015	2014
Cash and cash equivalents	\$ 15,800	\$ 9,813
Interest-bearing deposits in other financial institutions	383	483
Time deposits in other financial institutions	1,240	-
Available for sale investment securities	121,575	125,842
Restricted investment securities	1,425	1,575
Net loans	169,539	168,650
Premises and equipment, net	6,493	6,691
Bank owned life insurance	4,401	4,287
Accrued interest receivable and other assets	<u>3,340</u>	<u>4,185</u>
<b>Total assets</b>	<b>\$ <u>324,196</u></b>	<b>\$ <u>321,526</u></b>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities		
Deposits		
Interest bearing	\$ 229,775	\$ 226,268
Non-interest bearing	<u>55,257</u>	<u>50,676</u>
Total deposits	285,032	276,944
Other borrowings	-	7,916
Accrued interest payable and other liabilities	<u>2,079</u>	<u>1,841</u>
Total liabilities	287,111	286,701
Stockholders' equity		
Common stock, \$5 par value, 3,000,000 shares authorized, 1,080,946 shares issued and outstanding at both December 31, 2015 and 2014	5,404	5,404
Surplus	8,634	8,634
Retained earnings	23,632	21,613
Accumulated other comprehensive loss	<u>(585)</u>	<u>(826)</u>
Total stockholders' equity	<u>37,085</u>	<u>34,825</u>
<b>Total liabilities and stockholders' equity</b>	<b>\$ <u>324,196</u></b>	<b>\$ <u>321,526</u></b>

The full Consolidated Financial Statements and Auditor's Report may be found at <http://www.astproxyportal.com/ast/19082/>.  
Stockholders can request a copy of the Consolidated Financial Statements to be sent via mail by contacting American Stock Transfer & Trust Company, LLC, at (888) 509-4619.

# COUNTY BANK CORP CONSOLIDATED STATEMENTS OF INCOME

Year ended December 31, 2015 and 2014  
(Dollars in Thousands Except Per Share Data)

	<u>2015</u>	<u>2014</u>
Interest income		
Loans (including fees)	\$ 8,488	\$ 8,302
Investments		
Taxable	2,284	2,750
Non-taxable	539	564
Interest on deposits and time deposits with other financial institutions	27	15
Total interest income	<u>11,338</u>	<u>11,631</u>
Interest expense on deposits	<u>587</u>	<u>694</u>
Net interest income	10,751	10,937
Provision for loan losses	<u>(600)</u>	<u>(650)</u>
Net interest income after provision for loan losses	11,351	11,587
Noninterest income		
Services charges on deposit accounts	1,216	1,264
Net gain (loss) on sale or calls of investment securities	12	(193)
Net gains on sale of loans	117	114
Net gain on sale of other real estate owned	34	149
Trust income	717	732
Debit card interchange income	488	479
Other	842	763
Total noninterest income	<u>3,426</u>	<u>3,308</u>
Noninterest expense		
Salaries and employee benefits	5,574	5,515
Occupancy and equipment	1,086	1,005
Professional fees	1,020	1,003
FDIC Insurance	161	179
Other	1,980	2,096
Total noninterest expense	<u>9,821</u>	<u>9,798</u>
Income before income tax expense	4,956	5,097
Income tax expense	<u>1,445</u>	<u>1,454</u>
<b>Net income</b>	<u>\$ 3,511</u>	<u>\$ 3,643</u>
<b>Net income per basic share of common stock</b>	<u>\$ 3.25</u>	<u>\$ 3.37</u>

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## 2015 MILESTONES



**30 YEARS**

**Cindy Strich, CCBCO**

*Compliance Officer*

**Shelly Childers**

*Senior Vice President & Director of Bank Operations*

**15 YEARS**

**Kristie Waldorf**

*Metamora Branch Operations Manager*

**20 YEARS**

**Patti Butterfield**

*Loss Prevention Assistant*

# 2015 OFFICER RETIREMENTS

## 10 YEARS

### Jennifer Stever

Business Operations Specialist II

### Diana Weingartz

South Main Assistant Branch Manager

### Deleasa Ayers

Main Office Teller

### Heather Sweet

Customer Service Representative



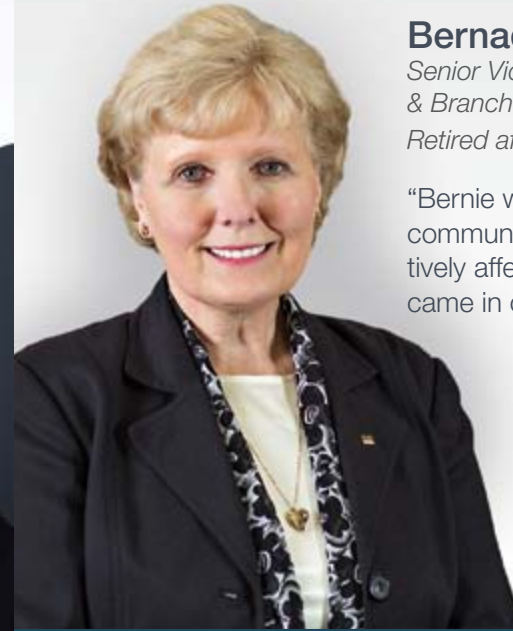
## 5 YEARS

### Mary Phillips

Commercial Loan Processor

### Bob Lennox

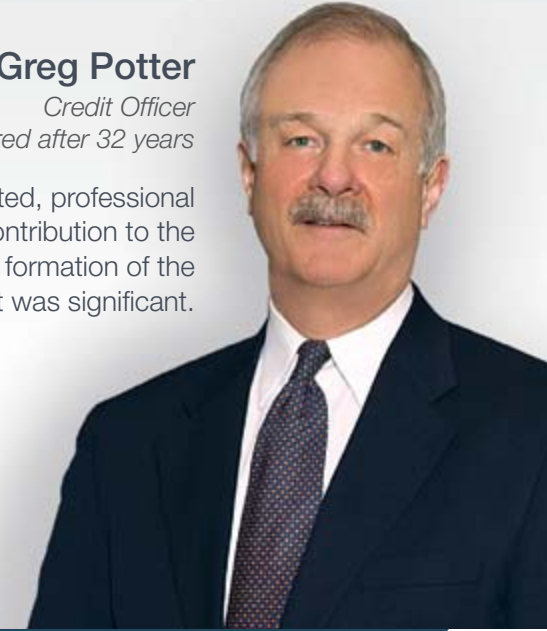
Financial Officer



### Bernadette Talaski

Senior Vice President  
& Branch Administrator  
Retired after 43 years

“Bernie was the quintessential community banker. She positively affected everyone she came in contact with.



### Greg Potter

Credit Officer  
Retired after 32 years

“Greg was a dedicated, professional banker and his contribution to the Bank and the initial formation of the credit department was significant.

**“We certainly wish them all the best in their retirement. They will be missed,”**

said Bruce Cady, President & CEO.

# 2015 NEW OFFICERS



### Cherry Newlon

Loan Operations Officer

Cherry Newlon hired into Lapeer County Bank & Trust Co. in 1996 as a Data Processing Operator. She has since worked as both Retail and Commercial Lending Processor II before her recent promotion to Loan Operations Officer. Newlon graduated Magna Cum Laude from Baker College with an Associate’s Degree in Accounting.



### Adam Schlusler, JD

Trust Officer

Adam Schlusler is a proud graduate of Lapeer Community Schools and of Central Michigan University and the Michigan State University College of Law, where he received his Juris Doctorate. Prior to joining LCBT, Schlusler practiced law, specializing in estate and trust planning, as well as probate and business representation. He is a member of the State Bar of Michigan and the Lapeer and Genesee County Bar Associations.



**Alex Shoemaker**

*Commercial Loan Officer*

Alex Shoemaker has been with LCBT since 2009. He moved from Teller to Management Trainee, Special Projects Coordinator, Commercial Loan Associate, before being promoted to Commercial Loan Officer. Shoemaker earned a Bachelor's Degree in Economics and Psychology from the University of Michigan. He is a 2013 graduate of the MBA Robert M. Perry School of Banking. He will graduate from Michigan State University with an Executive Master's Degree in Business in 2016.



**Melissa Riley**

*Financial Advisor*

Melissa Riley joined Lapeer County Bank & Trust Co. in July of 2015. Riley has nearly nine years of experience working with banking clients including an extensive background in financial planning and advising. She has a Bachelor's Degree from Baker College and is licensed in FINRA Series 6, 7, 63, and 66 registrations and Michigan insurance license. Riley brings with her a passion for helping people plan for their future.

**2015 OFFICERS**

**EXECUTIVE**

- Bruce J. Cady**  
*President & CEO*
- Shelly M. Childers**  
*Senior Vice President & Director of Bank Operations*
- Joseph H. Black**  
*Chief Financial Officer*

**BRANCH**

- Debra M. Coe**  
*Branch Administrator*
- Kimberly S. Hill**  
*Deerfield Branch Officer*
- Walter Bargaen**  
*Imlay City & Metamora Branch Officer*
- Elizabeth McVety**  
*South Main Branch Officer*
- Jennifer Ward**  
*Elba Branch Officer*

**WEALTH MANAGEMENT**

- Gary Drainville**  
*Vice President & Senior Trust Officer*
- Adam Schlusler**  
*Trust Officer*
- Melissa Riley**  
*Financial Advisor*

**RETAIL LENDING**

- Beth A. Henderson**  
*Retail Lending Director & Loan Compliance Officer*
- Colleen Sutton**  
*Retail Lending Officer*

**COMMERCIAL LENDING**

- Alan J. Curtis**  
*Vice President & Senior Lender*
- Peter Batistoni**  
*Commercial Loan Manager*
- William E. O'Connor**  
*Commercial Loan Officer*
- Alex Shoemaker**  
*Commercial Loan Officer*

**MAIN OFFICE**

- Sharon Skirke**  
*BSA & Security Officer*
- Danielle Chateaufvert**  
*Business Development Director*
- Loren Schafer**  
*Human Resources Director*
- Louise Vermillion**  
*Loss Prevention Officer*
- Kim McComb**  
*Mortgage Officer*
- Cindy K. Strich**  
*Compliance Officer*
- William R. Hartley**  
*Special Assets Officer*
- Robert Lennox**  
*Financial Officer*
- Ashley A. Winter**  
*Credit Officer*
- Cherry Newlon**  
*Loan Operations Officer*



# COUNTY BANK CORP

Lapeer County Bank & Trust Co.  
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LCBT.com | 810-664-2977