DIRECTORS - CNB CORPORATION AND CITIZENS NATIONAL BANK

VINCENT J. HILLESHEIM
Chairman, CNB Corporation
Chairman, Citizens National Bank
President, Anchor In Marina of Northern Michigan, Inc.

STEVEN J. BAKER, D.V.M.
Retired, Indian River Veterinary Clinic

JAMES C. CONBOY, JR.
Retired President & CEO CNB Corporation and Citizens National Bank

KATHLEEN M. DARROW
President, Darrow Bros. Excavating, Inc.
Retired Group Sales & Special Events Coordinator for the Mackinac State Historic Parks

THOMAS J. ELLENBERGER
Audit Committee Chairman, CNB Corporation
Vice President & Secretary, Albert Ellenberger Lumber Company

SUSAN A. ENO
President/Chief Executive Officer, CNB Corporation
President/Chief Executive Officer, Citzens National Bank

KATHLEEN A. LIEDER
Retired Partner, Bodman LLP
Former Co-Owner, Log Mark Bookstore

R. JEFFERY SWADLING
Vice President, Ken's Village Market

FRANCIS J. VANANTWERP, JR.
Vice President, Durocher Marine Division Kokosing Construction Company, Inc.

DIRECTORS EMERITI

LYLE MCKINLEY
THOMAS A. ELLENBERGER
JOHN P. WARD

CNB CORPORATION OFFICERS

VINCENT J. HILLESHEIM - *Chairman*
SUSAN A. ENO - *President & Chief Executive Officer*
DOUGLAS W. DAMM - *Senior Vice President*
SHANNA L. HANLEY - *Treasurer*
REBECCA L. TOMASKI - *Secretary*

CITIZENS NATIONAL BANK OFFICERS

VINCENT J. HILLESHEIM - *Chairman*
SUSAN A. ENO - *President & Chief Executive Officer*
DOUGLAS W. DAMM - *Executive Vice President*
SHANNA L. HANLEY - *Senior Vice President & Chief Financial Officer*
MARIAN L. HARRISON - *Senior Vice President - Commercial Loans*
STEPHEN J. CRUSOE - *Vice President - Mortgage Loans*
CYRIL S. DRIER - *Vice President - Commercial Loans*
VICTORIA J. HAND - *Vice President & Cashier*
SUSAN L. CASWELL - *Assistant Vice President*
MATTHEW J. KAVANAUGH - *Assistant Vice President & Branch Manager - Indian River*
SALLY J. LACROSS - *Assistant Vice President*
NANCY K. LINDSAY - *Assistant Vice President - Marketing*
RANDY J. MALTBY - *Technology Officer*
SUSAN J. CLEARY - *Loan Officer*
MICHELLE J. OSTWALD - *Loan Officer*
SUSAN M. BRANDT - *Banking Officer & Branch Manager - Mackinaw City*
LORA CLOUSER - *Banking Officer & Branch Manager - Alanson & Pellston*
NICOLE M. DRAKE - *Banking Officer - Commercial Loans*
LAURA L. SHACK - *Banking Officer & Branch Manager - Onaway*
DARREN M. SELDEN - *Banking Officer - Collections*
NANCY A. STEMPKY - *Manager of Internal Audit*
FLORENCE CASWELL - *Assistant Loan Operations Officer*
GINA L. EUSTICE - *Credit Manager*

Citizens National Bank has offices in:

Cheboygan • Onaway • Mackinaw City
Pellston • Indian River • Alanson

80 YEARS 1931-2011

You can also visit our website at
www.CNBis*My*Bank.com

Member FDIC

June 30, 2011

STATEMENT OF CONDITION

CNB CORPORATION

our 80 year tradition continues

CNB CORPORATION

CONSOLIDATED BALANCE SHEET
(UNAUDITED)
In thousands of dollars

ASSETS	June 30, 2011	June 30, 2010
Cash and due from banks	$ 3,842	$ 2,566
Interest-bearing deposits with other financial institutions	11,082	15,954
Federal funds sold	0	0
Total cash and cash equivalents	14,924	18,520
Time Deposits with other financial institutions	9,806	8,795
Securities available for sale	71,065	48,768
Securities held to maturity *(Market value of $7,699 in 2010 and $8,177 in 2010)*	7,116	7,825
Other securities	997	1,008
Total investment securities	79,178	57,601
Loans	126,954	142,927
Less: allowance for loan losses	(2,090)	(1,215)
Net loans	124,864	141,712
Premises and equipment, net	5,334	5,717
Other assets	14,149	12,652
Total assets	$248,255	$244,997
LIABILITIES		
Deposits:		
Noninterest-bearing demand	$ 46,631	$ 39,879
Interest-bearing deposits	175,970	179,477
Total deposits	222,601	219,356
Other liabilities	4,353	4,563
Total liabilities	226,954	223,919
SHAREHOLDERS' EQUITY		
Common Stock	3,030	3,030
Surplus	19,499	19,499
Retained Earnings and Accumulated other Comprehensive Income / (Loss)	(1,228)	(1,451)
Total shareholders' equity	21,301	21,078
Total liabilities and shareholders' equity	$248,255	$244,997

CONSOLIDATED STATEMENT OF INCOME
(UNAUDITED)
In thousands of dollars, except per share data

INTEREST INCOME	For the six months ended June 30, 2011	2010	2009
Interest and fees on loans	$ 3,884	$ 4,466	$ 5,234
Interest on securities:			
Taxable	549	476	751
Tax exempt	246	278	254
Other interest income	106	115	119
Total interest income	4,785	5,335	6,358
INTEREST EXPENSE ON DEPOSITS	792	1,129	1,921
NET INTEREST INCOME	3,993	4,206	4,437
Provision for loan losses	700	375	500
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	3,293	3,831	3,937
NONINTEREST INCOME			
Service charges and fees	498	515	542
Net realized gains from sale of loans	67	80	272
Loan servicing fees, net of amortization	46	45	(75)
Gains on life insurance proceeds	0	189	0
Gain on sale of investment securities	0	5	620
Other income	274	170	191
Total noninterest income	885	1,004	1,550
NONINTEREST EXPENSES			
Salaries and benefits	1,966	1,959	2,076
Occupancy	502	496	546
FDIC insurance premiums	219	262	374
Expenses relating to ORE property	204	265	288
Other Expenses	1,038	952	1,012
Total noninterest expenses	3,929	3,934	4,296
INCOME BEFORE INCOME TAXES	249	901	1,191
Income tax expense	(33)	129	64
NET INCOME	$ 282	$ 772	$ 1,127
BASIC NET INCOME PER SHARE	$ 0.23	$ 0.64	$ 0.93

August 1, 2011

Dear Shareholder,

As reflected on the consolidated financial statement accompanying this message, management's efforts during the first six months of 2011 have been focused on problem loan resolution. After three years of working through these problem loans the strategy now is to move deliberately toward final resolution by year-end, where possible. This will include writing down balances and acknowledging additional loan loss provision on some loans, along with loan charge-offs, as well as liquidating the remaining bank-owned real estate. This strategy, admittedly, will likely have a negative impact on earnings. However, looking beyond 2011, this will allow management to focus on growing the bank and support improved earnings in 2012; moving the corporation closer to its goal of resuming the payment of dividends on a sustainable basis.

In spite of the challenges presented by the problem loans, there is cause for optimism; core earnings have remained strong. Had the $700,000 loan loss provision and the $248,000 in maintenance, insurance, taxes and attorney fees associated with problem loans through June 30, 2011 not been necessary, these amounts would have been included in earnings and resulted in after-tax net income of approximately $908,000, or a 0.72% return on assets. Applying this same methodology to financial performance in 2009 and 2010, core earnings would have been at a comparable level and returning to this level of profitability remains a primary goal. Additionally, summer has arrived in northern Michigan and early indications are it is going to be a good one!

As always, my door is open and I continue to encourage shareholders to stop by or call if you have any questions, comments or concerns.

Sincerely,

Susan A. Eno

Susan A. Eno
President & CEO