

**DIRECTORS - CNB CORPORATION AND
CITIZENS NATIONAL BANK**

RICK A. TROMBLE

*Chairman, CNB Corporation
Chairman, Citizens National Bank
Owner, Tromble Bay Farms*

***DANA F. ANDREWS**

President, Sturgeon River Pottery, Inc.

STEVEN J. BAKER, D.V.M.

Retired, Indian River Veterinary Clinic

THOMAS J. ELLENBERGER

*Past Audit Committee Chairman,
CNB Corporation
Vice President & Secretary,
Albert Ellenberger Lumber Company*

SUSAN A. ENO

*Retired President/Chief Executive Officer,
Citizens National Bank & CNB Corporation*

VINCENT J. HILLESHEIM

*Past Chairman, CNB Corporation
Past Chairman, Citizens National Bank
Retired President, Anchor In Marina
of Northern Michigan, Inc.*

MATTHEW E. KEENE

*President/Chief Executive Officer,
Citizens National Bank & CNB Corporation*

***SCOTT D. LANDON**

President, Landon Auto Parts

KATHLEEN A. LIEDER

Retired Partner, Bodman LLP

THOMAS J. REDMAN

President, Tube Fab

CHRISTOPHER B. SHEPLER

President, Shepler's Mackinac Island Ferry Service

R. JEFFERY SWADLING

*Audit Committee Chairman, CNB Corporation
Vice President, Ken's Village Market*

DIRECTORS EMERITI

JOHN P. WARD

JAMES C. CONBOY, JR.

KATHLEEN M. DARROW

FRANCIS J. VANANTWERP, JR.

**Citizens National Bank Director*

CNB CORPORATION OFFICERS

MATTHEW E. KEENE *President & Chief Executive Officer*
VICTORIA J. HAND *Secretary*
AMY E. ESSEX *Treasurer*

CITIZENS NATIONAL BANK OFFICERS

LEADERSHIP:

MATTHEW E. KEENE *President & Chief Executive Officer*
VICTORIA J. HAND *Executive Vice President, Chief Operating Officer,
Cashier & Compliance Officer*
AMY E. ESSEX *Senior Vice President & Chief Financial Officer*
JOSEPH P. GARBER *Senior Vice President & Chief Credit Officer*
DAVID A. WOODS *Senior Vice President & Chief Loan Officer*
TRISHA M. DOBIAS *Vice President, Human Resources*
VALERIE A. JONES *Vice President, Cash Management*
NANCY K. LINDSAY *Vice President, Marketing*
AMANDA J. NICHOLSON *Universal Banking Officer*

BUSINESS BANKING:

JOSEPH M. DALY *Senior Vice President*
NICOLE M. DRAKE *Senior Vice President*
TIMOTHY J. TIMMER *Vice President*
CYNTHIA D. LAMBERSON *Assistant Vice President*
STEPHEN J. DALY *Business Banking Officer*

RESIDENTIAL BANKING:

STEPHEN J. CRUSOE *Senior Vice President*
DARREN M. SELDEN *Vice President*
SHARON L. COPPERNOLL *Residential Officer*
MICHELLE M. MILLER *Residential Officer*
DENNIS S. MYERS *Residential Officer*
REGINA H. PATTON *Residential Officer*

WEALTH & RETIREMENT STRATEGIES:

MATTHEW H. DEWILDT *Vice President*

OPERATIONS:

REBECCA L. TOMASKI *Assistant Vice President, Shareholder Relations*
QUINN C. BONNETT *Facilities Manager & Security Officer*
MYLISE M. HEXT-PYLE *Loan Operations Officer*
CHANDLAR E. RUSH *Technology Officer*
SHERRY M. WICHLACZ *Operations Officer*

Citizens National Bank has offices in:

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

You can also visit our website at

www.CNBisMyBank.com



our 89 year tradition continues

STATEMENT OF CONDITION

December 31, 2020



February 12, 2021

Dear Shareholder,

At its January 14, 2021 meeting, the CNB Corporation (Corporation) Board of Directors approved two dividends payable to shareholders of record as of January 23, 2021. The enclosed includes a regular dividend of \$0.40 and a special dividend of \$0.10, totaling a per-share dividend of \$0.50.

Reflecting on 2020, I am, like most, glad it is behind us. Looking forward, I am optimistic a new normal will be identified and embraced as the vaccine rollout continues. I am thankful for the time and energy expended at all levels to move our nation and local communities through this crisis and stabilize the economy. I would also like to recognize the efforts of the staff of Citizens National Bank (Bank); they have risen to the new challenges throughout the year to help customers during the pandemic, exemplifying the definition of community banking.

In spite of the pandemic, financial performance for the Corporation and the Bank remained positive for the year ended December 31, 2020. Items of note on the accompanying financial statement include:

- Net income of \$2.8 million – an increase of 45.9% from 2019 – accomplished after contributing more than \$1.2 million to the provision for loan loss to safeguard against potential loan losses as the economic impact of the pandemic evolves.
- Loans grew 6.9% year-over-year to \$170.3 million. Loan production contributed to income in part from the paycheck protection program (PPP) loans and the sale of loans to the secondary market, which itself increased more than 350% year-over-year.
- Salaries and benefits increased year-over-year 16.4%, or \$873,000, due to staff additions to support the Bank's growth and incentive compensation from increased loan production, offset in-part by the resulting fees and interest income.
- Total deposits increased more than 30% year-over-year to \$362.9 million, largely due to the efforts of the business banking team in establishing new depository relationships with borrowers, as well as the government's stimulus programs.

Staff changes during the quarter include the promotions of David A. Woods to Senior Vice President and Chief Loan Officer and Joseph P. Garber to Senior Vice President and Chief Credit Officer. Additionally, Valerie A. Jones is now leading the Bank's new Cash Management department which will expand and support the Bank's growing business banking relationships. Other promotions included Stephen J. Daly to Business Banking Officer, Amanda J. Nicholson to Universal Banking Officer and Chandler E. Rush to Technology Officer. These promotions recognize their hard-work and dedication toward improvements and growth for the Bank. I am also pleased to announce the addition of Cynthia D. Lamberson to the Business Banking team as an Assistant Vice President working primarily in the Petoskey market.

Planning for the 2021 Annual Meeting of Shareholders is underway for mid-May. Information regarding the meeting will be sent out in early April, and I am hopeful circumstances allow everyone to attend.

Until I am able to resume my open-door policy, please feel free to call me if you have questions or concerns regarding the Corporation or the Bank.

Sincerely,

Matthew E. Keene
President & CEO

CONSOLIDATED BALANCE SHEET

(UNAUDITED)

In thousands of dollars

	December 31,	
ASSETS	2020	2019
Cash and due from banks	\$ 7,786	\$ 6,437
Interest-bearing deposits with other financial institutions	37,109	19,232
Total cash and cash equivalents	44,895	25,669
Time deposits with other financial institutions	12,632	15,614
Securities available for sale	148,409	91,245
Securities held to maturity	3,524	1,240
Other securities	957	957
Total investment securities	152,530	93,442
Loans held for sale	5,484	3,106
Loans	170,316	159,316
Less: allowance for loan losses	(3,004)	(1,671)
Net loans	172,796	160,751
Premises and equipment, net	5,750	5,856
Other assets	10,271	9,930
Total assets	\$398,874	\$311,262
LIABILITIES		
Deposits:		
Noninterest-bearing demand	\$ 123,493	\$ 82,654
Interest-bearing deposits	239,426	196,358
Total deposits	362,919	279,012
Accrued and other liabilities	5,286	5,039
Total liabilities	368,205	284,051
SHAREHOLDERS' EQUITY		
Common Stock	3,027	3,027
Additional Paid-In Capital	19,472	19,472
Retained Earnings	6,337	4,493
Accumulated other Comprehensive Income/(Loss), net	1,833	219
Total shareholders' equity	30,669	27,211
Total liabilities and shareholders' equity	\$398,874	\$311,262

CONSOLIDATED STATEMENT OF INCOME

(UNAUDITED)

In thousands of dollars, except per share data

	For the twelve months ended December 31,		
INTEREST INCOME	2020	2019	2018
Interest and fees on loans	\$ 9,069	\$ 8,321	\$ 7,599
Interest on securities:			
Taxable	1,607	1,610	1,639
Tax exempt	310	307	268
Other interest income	435	687	532
Total interest income	11,421	10,925	10,038
INTEREST EXPENSE ON DEPOSITS	469	346	293
NET INTEREST INCOME	10,952	10,579	9,745
Provision for loan losses	1,225	0	0
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	9,727	10,579	9,745
NONINTEREST INCOME			
Service charges and fees	1,032	1,067	1,060
Net gain from sale of loans	3,182	706	376
Gain on sale of assets	12	(2)	123
Loan servicing fees, net of amortization	(127)	48	0
Other income	597	774	644
Total noninterest income	4,696	2,593	2,203
NONINTEREST EXPENSES			
Salaries and benefits	6,200	5,327	5,212
Occupancy and equipment	1,286	1,367	1,074
FDIC insurance premiums	142	122	85
Other expenses	3,367	3,262	3,179
Total noninterest expenses	10,995	10,078	9,550
INCOME BEFORE INCOME TAXES	3,428	3,094	2,398
Income tax expense	616	378	154
Pension Termination	0	788	3,023
NET INCOME (LOSS)	\$ 2,812	\$ 1,928	\$ (779)
BASIC NET INCOME PER SHARE	\$ 2.32	\$ 1.59	\$ (0.64)