

**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*
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 90 year tradition continues

STATEMENT OF CONDITION

March 31, 2021



May 12, 2021

Dear Shareholder,

Re-opening is on everyone's mind, whether it is re-opening the state, re-opening the economy, or re-opening bank lobbies. Citizens National Bank's (the Bank) pandemic team has a strategy in place and as of the date of this statement, our lobbies are open. It has been over a year since lobby access was limited, and we are looking forward to assisting you face-to-face once more.

In the first quarter of 2021, the Bank's team members continued to perform at a high level for our customers and our community, despite ongoing pandemic restrictions. Staff performance and engagement levels resulted in the following first quarter financials for CNB Corporation (the Corporation) and its subsidiary, the Bank:

- The Bank's steady growth in the Petoskey market, coupled with Paycheck Protection Program (PPP) loans, resulted in net loan growth of \$19.1 million year-over-year.
- Net premises and equipment assets increased year-over-year to \$7.6 million with the purchase of the Petoskey News Review and Print Shop buildings in downtown Petoskey. A feasibility study of the property has commenced with plans to convert the site to the Bank's permanent Petoskey branch within the next year.
- As a result of the Bank's continued growth in the greater Petoskey market and funds from the Coronavirus Aid, Relief, and Economic Security (CARES) Act, deposits grew exponentially by \$121.7 million year-over-year. The influx in deposits generated investment security growth of \$66.8 million for this same time period.
- In spite of the Bank's growth in both loans and investments, net interest income declined \$60,000 as a result of the required 1% interest rate on PPP loans and reduced rates on new investments.
- Offsetting the lower interest income, the residential lending team continued their strong performance in the first quarter, with net gain from sale of loans increasing \$456,000 year-over-year.
- In total, net income increased year-over-year by \$96,000, which resulted in earnings-per-share increasing from \$0.45 to \$0.53.

The Bank's participation in the second round of PPP loans is a continuation of its support for our customers through the even slower winter months brought on by the pandemic. More than ever, the Bank is committed to helping local businesses and communities during this uncertain time; all the while, we are optimistic for a more traditional Northern Michigan summer.

Rebecca Tomaski has announced her retirement at year-end, with her replacement, Jessica Smith, transitioning into her new role throughout the year. Going forward, Jessica will become your main contact for relevant shareholder matters.

For those who can attend, I look forward to seeing you at the Annual Meeting of Shareholders on Thursday, May 20, 2021 at the Knights of Columbus Hall in Cheboygan. Current restrictions prevent us from hosting a dinner this year, but we hope for a return to tradition at our 2022 meeting.

Sincerely,

Matthew E. Keene
President & CEO

CONSOLIDATED BALANCE SHEET (UNAUDITED)

In thousands of dollars

	March 31,	
ASSETS	2021	2020
Cash and due from banks	\$ 6,867	\$ 12,002
Interest-bearing deposits with other financial institutions	47,631	4,867
Total cash and cash equivalents	54,498	16,869
Time deposits with other financial institutions	12,632	16,113
Securities available for sale	173,476	108,988
Securities held to maturity	3,524	1,233
Other securities	957	957
Total investment securities	177,957	111,178
Loans held for sale	4,852	4,019
Loans	176,196	156,616
Less: allowance for loan losses	(3,013)	(1,681)
Net loans	178,035	158,954
Premises and equipment, net	7,551	5,739
Other assets	10,918	9,671
Total assets	\$441,591	\$318,524
LIABILITIES		
Deposits:		
Noninterest-bearing demand	\$ 151,972	\$ 81,198
Interest-bearing deposits	254,342	203,419
Total deposits	406,314	284,617
Accrued and other liabilities	5,569	5,155
Total liabilities	411,883	289,772
SHAREHOLDERS' EQUITY		
Common Stock	3,027	3,027
Additional Paid-In Capital	19,472	19,473
Retained Earnings	6,376	4,556
Accumulated other Comprehensive Income/(Loss), net	833	1,696
Total shareholders' equity	29,708	28,572
Total liabilities and shareholders' equity	\$441,591	\$318,524

CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

In thousands of dollars, except per share data

	For the three months ended March 31,		
INTEREST INCOME	2021	2020	2019
Interest and fees on loans	\$ 2,251	\$ 2,071	\$ 1,991
Interest on securities:			
Taxable	309	417	414
Tax exempt	81	74	69
Other interest income	77	178	151
Total interest income	2,718	2,740	2,625
INTEREST EXPENSE ON DEPOSITS	142	104	74
NET INTEREST INCOME	2,576	2,636	2,551
Provision for loan losses	0	0	0
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	2,576	2,636	2,551
NONINTEREST INCOME			
Service charges and fees	256	247	241
Net gain from sale of loans	728	272	136
Gain on sale of assets	37	6	0
Loan servicing fees, net of amortization	(61)	10	20
Other income	165	153	170
Total noninterest income	1,125	688	567
NONINTEREST EXPENSES			
Salaries and benefits	1,741	1,553	1,266
Occupancy and equipment	314	310	289
FDIC insurance premiums	54	33	30
Other expenses	813	767	800
Total noninterest expenses	2,922	2,663	2,385
INCOME BEFORE INCOME TAXES	779	661	733
Income tax expense	135	113	132
NET INCOME (LOSS)	\$ 644	\$ 548	\$ 601
BASIC NET INCOME PER SHARE	\$ 0.53	\$ 0.45	\$ 0.50