

**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

STEPHANIE V. BALDWIN

President, Edgewater Design Group

MELISSA K. BRIDGES

Attorney, Bodman LLP

SUSAN A. ENO

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

BRIAN B. EWBANK

President & COO, Stafford's Hospitality

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

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

THOMAS J. ELLENBERGER

VINCENT J. HILLESHEIM

THOMAS J. REDMAN

FRANCIS J. VANANTWERP, JR.

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*
MARILY J. GALLOWAY *Risk Manager*
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

Restated

September 30, 2021



November 12, 2021

Dear Shareholder,

Financial performance for the Corporation and its subsidiary, Citizens National Bank (the Bank), remained consistent through the third quarter 2021. The following are the Bank's financial highlights reflected in the accompanying financial statement:

- Interest and fees on loans grew 7.3% year-over-year as a result of new loan production and Paycheck Protection Program (PPP) fee income realized. The Bank's business bankers continue to work closely with customers to navigate loan forgiveness in an effort to have all outstanding PPP loans forgiven by year-end.
- The Bank's growth in the Petoskey market coupled with remaining government stimulus funds and a strong summer tourist season contributed to total deposits increasing 24.1% year-over-year. This deposit growth was subsequently moved into the Bank's investment portfolio.
- The low-rate environment of the second quarter continued to hinder the Bank's earnings on investment securities in the third quarter and will continue to do so until rates begin to rise.
- Service charges and fees increased 20.8% from the same period 2020 due in part to heightened debit card usage, contributing to the Bank's noninterest income in the third quarter.

While the long-term impacts of the COVID-19 pandemic are still to be determined, positive financial performance is anticipated as year-end approaches. To better serve those experiencing adversity during these unprecedented times, the Bank's teammates continue to communicate with customers to identify how best to assist them.

Our growth as a community bank led us to hire Marily Galloway as the Bank's new Risk Officer. She brings with her a wealth of knowledge in cybersecurity and financial regulatory compliance. Director Thomas Redman announced his retirement from the Bank board of directors and served at his final meeting on October 14, 2021. The directors and I will miss him and his insight at the board table, but we wish him the best in his retirement. I am pleased to announce the Citizens National Bank Board of Directors appointed Stephanie Baldwin, Melissa Bridges, and Brian Ewbank as new directors effective October 14, 2021. All three directors call northern Michigan home and bring diverse talents to the Bank's board. Ms. Baldwin owns and operates Edgewater Design Group in Petoskey; Ms. Bridges is an attorney with Bodman LLP, specializing in bank regulatory compliance; and Mr. Ewbank is President and Chief Operating Officer of Stafford's Hospitality, with hotel and restaurant locations in Alanson, Charlevoix, Harbor Springs, and Petoskey.

As always, my door is open, and I am available 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

	September 30,	
ASSETS	2021	2020
Cash and due from banks	\$ 9,037	\$ 9,733
Interest-bearing deposits with other financial institutions	22,757	46,274
Total cash and cash equivalents	31,794	56,007
Time deposits with other financial institutions	11,639	12,881
Securities available for sale	257,224	129,533
Securities held to maturity	4,720	3,577
Other securities	1,426	957
Total investment securities	263,370	134,067
PPP Loans	3,370	23,245
Loans held for sale	1,837	4,232
Loans	159,855	155,122
Less: allowance for loan losses	(3,020)	(2,047)
Net loans	162,042	180,552
Premises and equipment, net	7,449	5,719
Other assets	11,340	10,006
Total assets	\$487,634	\$399,232
LIABILITIES		
Deposits:		
Noninterest-bearing demand	\$ 167,108	\$ 121,529
Interest-bearing deposits	284,235	242,040
Total deposits	451,343	363,569
Accrued and other liabilities	6,338	5,132
Total liabilities	457,681	368,701
SHAREHOLDERS' EQUITY		
Common Stock	3,027	3,027
Additional Paid-In Capital	19,472	19,472
Retained Earnings	7,378	6,057
Accumulated other Comprehensive Income/(Loss), net	76	1,975
Total shareholders' equity	29,953	30,531
Total liabilities and shareholders' equity	\$487,634	\$399,232

CONSOLIDATED STATEMENT OF INCOME

(UNAUDITED)

In thousands of dollars, except per share data

	For the nine months ended September 30,		
INTEREST INCOME	2021	2020	2019
Interest and fees on loans	\$ 7,031	\$ 6,553	\$ 6,132
Interest on securities:			
Taxable	1,151	1,237	1,207
Tax exempt	239	221	230
Other interest income	233	356	492
Total interest income	8,654	8,367	8,061
INTEREST EXPENSE ON DEPOSITS	452	337	249
NET INTEREST INCOME	8,202	8,030	7,812
Provision for loan losses	0	350	0
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	8,202	7,680	7,812
NONINTEREST INCOME			
Service charges and fees	913	756	794
Net gain from sale of loans	1,972	2,273	558
Gain on sale of assets	0	12	(2)
Gain (Loss) of sale of securities	46	0	0
Loan servicing fees, net of amortization	(57)	(134)	40
Other income	483	402	478
Total noninterest income	3,357	3,309	1,868
NONINTEREST EXPENSES			
Salaries and benefits	5,189	4,475	3,897
Occupancy and equipment	1,014	928	929
FDIC insurance premiums	180	99	87
Other expenses	2,570	2,380	2,396
Total noninterest expenses	8,953	7,882	7,309
INCOME BEFORE INCOME TAXES	2,606	3,107	2,371
2019 Pension adjustment	0	0	788
Income tax expense	476	575	253
NET INCOME (LOSS)	\$ 2,130	\$ 2,532	\$ 1,330
BASIC NET INCOME PER SHARE	\$ 1.76	\$ 2.09	\$ 1.10