

**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.

***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

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

STEVEN J. BAKER, D.V.M.

JAMES C. CONBOY, JR.

KATHLEEN M. DARROW

THOMAS J. ELLENBERGER

VINCENT J. HILLESHEIM

KATHLEEN A. LIEDER

THOMAS J. REDMAN

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*

MICHELLE M. MILLER *Assistant Vice President*

SHARON L. COPPERNOLL *Residential Officer*

DENNIS S. MYERS *Residential Officer*

REGINA H. PATTON *Residential Officer*

WEALTH & RETIREMENT STRATEGIES:

MATTHEW H. DEWILDT *Vice President*

OPERATIONS:

QUINN C. BONNETT *Facilities Manager & Security Officer*

MARILY J. GALLOWAY *Risk 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

December 31, 2021



February 11, 2022

Dear Shareholder,

At its January 13, 2022 meeting, the CNB Corporation (Corporation) Board of Directors approved two dividends payable to shareholders of record as of January 27, 2022. The enclosed represent a regular dividend of \$0.40 per share and a special dividend of \$0.10 per share.

Looking back on 2021, it is hard to remember that our lobbies had remained restricted to customers all the way into May. Despite being closed to the public for nearly six months, the Corporation and its subsidiary, Citizens National Bank (Bank), maintained positive financial performance throughout the year ending December 31, 2021:

- Continued growth in all our markets fueled the 26% year-over-year increase in the Bank's total deposits. Bolstered by that growth, the Bank's investment portfolio increased by 79.6% compared to the same quarter 2020.
- The Bank's business banking team worked diligently with their clients to navigate Paycheck Protection Program (PPP) loan forgiveness; as a result, only one PPP loan still remains to be forgiven in 2022.
- Despite ongoing pandemic restrictions at the beginning of 2021, the Bank's core loans grew by \$10.1 million year-over-year.
- As a result of the Bank's 2021 performance, net income was \$3.0 million.

Staff changes during the quarter include the promotion of Michelle M. Miller to Assistant Vice President – Residential Banking. Assistant Vice President of Shareholder Relations Rebecca L. Tomaski officially retired as of year-end. Her years of dedication to Bank staff and Corporation shareholders are appreciated, and I congratulate her on a well-deserved retirement. Directors Steven J. Baker, D.V.M and Kathleen A. Lieder also announced their retirement from the Bank and Corporation board of directors, and both served at their final meeting December 16, 2021. The directors and I wish them the best and thank them for their many years of service.

The renovation of our new Petoskey branch has begun, and I hope to have our team moved in by the end of 2022. I know they all look forward to serving our customers in their permanent office space. As a reminder, planning for our annual meeting of shareholders is underway, and information regarding the meeting will be sent out in early April; I hope to see you all there.

Looking ahead into 2022, I remain positive about the Bank's future and the strong foundations we continue to build throughout our northern Michigan communities. If you have questions or concerns regarding the Corporation or the Bank, please feel free to stop by my office in Cheboygan or give me a call.

Sincerely,

Matthew E. Keene
President & CEO

CONSOLIDATED BALANCE SHEET

(UNAUDITED)

In thousands of dollars

	December 31,	
ASSETS	2021	2020
Cash and due from banks	\$ 8,585	\$ 7,786
Interest-bearing deposits with other financial institutions	13,305	37,109
Total cash and cash equivalents	21,890	44,895
Time deposits with other financial institutions	9,653	12,632
Securities available for sale	267,609	148,049
Securities held to maturity	4,665	3,524
Other securities	1,644	957
Total investment securities	273,918	152,530
PPP Loans	1,268	13,800
Loans held for sale	2,271	5,484
Loans	166,624	156,516
Less: allowance for loan losses	(2,770)	(3,004)
Net loans	167,393	172,796
Premises and equipment, net	7,525	5,750
Other assets	11,714	10,271
Total assets	\$492,093	\$398,874
LIABILITIES		
Deposits:		
Noninterest-bearing demand	\$ 165,687	\$ 123,493
Interest-bearing deposits	291,533	239,426
Total deposits	457,220	362,919
Accrued and other liabilities	5,726	5,286
Total liabilities	462,946	368,205
SHAREHOLDERS' EQUITY		
Common Stock	3,027	3,027
Additional Paid-In Capital	19,472	19,472
Retained Earnings	8,251	6,337
Accumulated other Comprehensive Income/(Loss), net	(1,603)	1,833
Total shareholders' equity	29,147	30,669
Total liabilities and shareholders' equity	\$492,093	\$398,874

CONSOLIDATED STATEMENT OF INCOME

(UNAUDITED)

In thousands of dollars, except per share data

	For the twelve months ended December 31,		
INTEREST INCOME	2021	2020	2019
Interest and fees on loans	\$ 9,348	\$ 9,069	\$ 8,321
Interest on securities:			
Taxable	1,852	1,607	1,610
Tax exempt	320	310	307
Other interest income	299	435	687
Total interest income	11,819	11,421	10,925
INTEREST EXPENSE ON DEPOSITS	617	469	346
NET INTEREST INCOME	11,202	10,952	10,579
Provision for loan losses	(250)	1,225	0
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	11,452	9,727	10,579
NONINTEREST INCOME			
Service charges and fees	1,249	1,032	1,067
Net gain from sale of loans	2,323	3,182	706
Gain on sale of assets	0	12	0
Gain (Loss) of sale of securities	122	0	0
Loan servicing fees, net of amortization	(56)	(127)	48
Other income	769	597	772
Total noninterest income	4,407	4,696	2,593
NONINTEREST EXPENSES			
Salaries and benefits	7,026	6,200	5,327
Occupancy and equipment	1,378	1,286	1,367
FDIC insurance premiums	255	142	122
Other expenses	3,533	3,367	3,262
Total noninterest expenses	12,192	10,995	10,078
INCOME BEFORE INCOME TAXES	3,667	3,428	3,094
2019 Pension adjustment	0	0	788
Income tax expense	663	616	378
NET INCOME (LOSS)	\$ 3,004	\$ 2,812	\$ 1,928
BASIC NET INCOME PER SHARE	\$ 2.48	\$ 2.32	\$ 1.59