

## 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*

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](http://www.CNBisMyBank.com)**



*our 91 year tradition continues*

## STATEMENT OF CONDITION

March 31, 2022





## CONSOLIDATED BALANCE SHEET

(UNAUDITED)

In thousands of dollars

	March 31,	
ASSETS	2022	2021
Cash and due from banks .....	\$ 6,440	\$ 6,867
Interest-bearing deposits with other financial institutions .....	10,287	47,631
Total cash and cash equivalents .....	16,727	54,498
Time deposits with other financial institutions .....	10,146	12,632
Securities available for sale .....	266,310	173,476
Securities held to maturity .....	4,490	3,524
Other securities .....	1,720	957
Total investment securities .....	272,520	177,957
Loans held for sale .....	903	4,852
Loans .....	180,459	176,196
Less: allowance for loan losses .....	(2,771)	(3,013)
Net loans .....	178,591	178,035
Premises and equipment, net .....	6,578	7,551
ORE Properties .....	138	0
Other assets .....	15,694	10,918
Total assets .....	\$500,394	\$441,591
<b>LIABILITIES</b>		
Deposits:		
Noninterest-bearing demand .....	\$ 172,911	\$ 151,972
Interest-bearing deposits .....	307,828	254,342
Total deposits .....	480,739	406,314
Accrued and other liabilities .....	5,556	5,569
Total liabilities .....	486,295	411,883
<b>SHAREHOLDERS' EQUITY</b>		
Common Stock .....	3,027	3,027
Additional Paid-In Capital .....	19,472	19,472
Retained Earnings .....	8,212	6,376
Accumulated other Comprehensive Income/(Loss), net .....	(16,612)	833
Total shareholders' equity .....	14,099	29,708
Total liabilities and shareholders' equity .....	\$500,394	\$441,591

## CONSOLIDATED STATEMENT OF INCOME

(UNAUDITED)

In thousands of dollars, except per share data

	For the three months ended March 31,		
INTEREST INCOME	2022	2021	2020
Interest and fees on loans .....	\$ 1,937	\$ 2,251	\$ 2,071
Interest on securities:			
Taxable .....	903	309	417
Tax exempt .....	80	81	74
Other interest income .....	59	77	178
Total interest income .....	2,979	2,718	2,740
<b>INTEREST EXPENSE ON DEPOSITS</b> .....	171	142	104
<b>NET INTEREST INCOME</b> .....	2,808	2,576	2,636
Provision for loan losses .....	0	0	0
<b>NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES</b> .....	2,808	2,576	2,636
<b>NONINTEREST INCOME</b>			
Service charges and fees .....	306	256	247
Net gain from sale of loans .....	161	728	272
Gain on sale of assets .....	391	37	6
Loan servicing fees, net of amortization .....	21	(61)	10
Other income .....	86	165	153
Total noninterest income .....	965	1,125	688
<b>NONINTEREST EXPENSES</b>			
Salaries and benefits .....	1,815	1,741	1,553
Occupancy and equipment .....	359	314	310
FDIC insurance premiums .....	78	54	33
Other expenses .....	835	813	767
Total noninterest expenses .....	3,087	2,922	2,663
<b>INCOME BEFORE INCOME TAXES</b> .....	686	779	661
Income tax expense .....	119	135	113
<b>NET INCOME (LOSS)</b> .....	\$ 567	\$ 644	\$ 548
<b>BASIC NET INCOME PER SHARE</b> .....	\$ 0.47	\$ 0.53	\$ 0.45

May 13, 2022

Dear Shareholder,

CNB Corporation (the Corporation) and its subsidiary, Citizens National Bank (the Bank), welcomed 2022 with optimism and a continued focus on engaging with our customers. Over the next month, branch lobbies will be entirely restored to their pre-pandemic routines, with the coffee bars and cookies making their long-awaited return.

During this time of global turmoil, we are fortunate our own northern Michigan community is well-positioned for another strong summer tourist season. Below are the financial highlights from the first quarter 2022:

- Higher yields in the bank's investment portfolio increased interest on securities, growing total interest income by \$261,000 year-over-year.
- The rising rate environment created an unrealized loss in the available-for-sale investment portfolio, which is reflected in the Bank's accumulated other comprehensive income/(loss). However, it is unlikely the loss will be realized, as the Bank historically holds all investments to maturity.
- In the first quarter 2021, \$21.7 million of the Bank's \$178.0 million loan portfolio was outstanding Paycheck Protection Program (PPP) loans. The business banking team worked proactively to help customers navigate the forgiveness process, and, as of this current quarter end, all PPP loans have been settled. While assisting local businesses in successfully finishing the PPP program, Bank staff simultaneously grew organic loans by \$22.2 million year-over-year.
- Rising rates led to an industry-wide reduction in demand for residential refinances; as a result, net gain from sale of loans decreased by 77.9% compared to the same quarter 2021.
- Gain on sale of assets increased by \$354,000 year-over-year, boosted by the sale of the surplus Petoskey property. Renovation of the new branch is expected to begin this summer.
- Total noninterest expenses remained relatively flat as Bank staff worked diligently to increase efficiencies.
- The Bank ended the first quarter 2022 with net income of \$567,000, contributing to the increase in retained earnings of \$1.8 million over the same quarter in 2021.

It is with deepest regrets I inform you of the passing of Director Emeritus John Ward. John had a notable career with the Bank, beginning in 1973 and continuing until his retirement from the board in 2006. Please keep his family in your thoughts and prayers during this difficult time.

Past President & CEO Susan Eno has announced her retirement from the board and, by the time this statement reaches you, will have served at her last board meeting. I encourage you to offer her your congratulations and thank her for her nearly 51 years of service to the Bank and the Corporation.

The Annual Meeting of Shareholders will take place on Tuesday, May 17th at the Knights of Columbus Hall in Cheboygan. I'm pleased to announce that we will be hosting a dinner this year, and I welcome all of you to attend and to celebrate the retirements of Steven Baker, Susan Eno, Kathleen Lieder, and Thomas Redman.

Sincerely,

Matthew E. Keene  
President & CEO