

**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

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

STEVEN J. BAKER, D.V.M.
JAMES C. CONBOY, JR.
THOMAS J. ELLENBERGER
SUSAN A. ENO
VINCENT J. HILLESHEIM
KATHLEEN A. LIEDER
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*
MARILY J. GALLOWAY *Risk 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*

OPERATIONS:

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 91 year tradition continues

STATEMENT OF CONDITION



June 30, 2022



August 12, 2022

Dear Shareholder,

CNB Corporation (the Corporation) is pleased to announce the Board of Directors approved a cash dividend to the shareholders. The enclosed represents a \$0.40 per share dividend to shareholders of record on July 28, 2022. The financial highlights from the first six months of 2022 are outlined below:

- Citizens National Bank's (the Bank) loan and investment portfolios continue to benefit from the rising rate environment. As a result, total interest income grew by \$848,000 year-over-year.
- Rising rates have also continued to increase the unrealized loss in the available-for-sale investment portfolio, which is reflected in the Bank's accumulated other comprehensive income/(loss). As reported in the first quarter statement of condition, the Bank historically holds all investments to maturity. Therefore, it is unlikely these losses will come to fruition.
- Net of the \$15.4 million Paycheck Protection Program (PPP) loans, which were all forgiven by year-end 2021, the Bank grew organic loans by \$35 million year-over-year.
- As expected, the rising rate environment has suppressed residential refinances throughout the industry. Consequently, net gain from sale of loans decreased by 79.2% compared to the same period in 2021.
- The Bank continues to effectively manage expenses through these uncertain economic times. As a result, total noninterest expenses have remained flat year-over-year.
- The Bank finished the second quarter with a year-to-date net income of \$1.2 million, which contributed to the \$2 million increase in retained earnings over the same period in 2021.

It is with deepest regrets that I inform you of the passing of Director Emeritus Kathleen Darrow. Kathleen served on the Board of Directors for eighteen years. She worked for Mackinac State Historic Parks for twenty-six years and devoted much of her free time giving back to the community. Please keep her family in your thoughts and prayers during this difficult time.

I would like to congratulate Stephanie Baldwin, Melissa Bridges and Brian Ewbank on their election to the Corporation's Board of Directors at the annual shareholder meeting. They each bring invaluable experience from their respective industries and I look forward to their guidance for years to come.

As always, please feel free to call or stop by if you have any questions concerning the Bank or the Corporation.

Sincerely,

Matthew E. Keene
President & CEO

CONSOLIDATED BALANCE SHEET

(UNAUDITED)

In thousands of dollars

	June 30,	
	2022	2021
ASSETS		
Cash and due from banks	\$ 9,588	\$ 9,091
Interest-bearing deposits with other financial institutions	2,365	28,950
Total cash and cash equivalents	11,953	38,041
Time deposits with other financial institutions	9,901	12,383
Securities available for sale	242,247	203,844
Securities held to maturity	5,306	3,164
Other securities	2,206	957
Total investment securities	249,759	207,965
PPP Loans	0	15,493
Loans held for sale	1,371	4,497
Loans	193,703	155,106
Less: allowance for loan losses	(2,776)	(3,019)
Net loans	192,298	172,077
Premises and equipment, net	6,504	7,511
Other assets	17,978	10,856
Total assets	\$488,393	\$448,833
LIABILITIES		
Deposits:		
Noninterest-bearing demand	\$ 173,580	\$ 156,574
Interest-bearing deposits	294,444	256,059
Total deposits	468,024	412,633
Accrued and other liabilities	5,850	6,132
Fed funds purchased	9,086	0
Total liabilities	482,960	418,765
SHAREHOLDERS' EQUITY		
Common Stock	3,027	3,027
Additional Paid-In Capital	19,472	19,472
Retained Earnings	8,873	6,865
Accumulated other Comprehensive Income/(Loss), net	(25,939)	704
Total shareholders' equity	5,433	30,068
Total liabilities and shareholders' equity	\$488,393	\$448,833

CONSOLIDATED STATEMENT OF INCOME

(UNAUDITED)

In thousands of dollars, except per share data

	For the six months ended June 30,		
	2022	2021	2020
INTEREST INCOME			
Interest and fees on loans:			
PPP loan fees	\$ 17	\$ 459	\$ 79
Interest and fees on other loans	4,106	4,032	4,236
Total interest and fees on loans	4,123	4,491	4,315
Interest on securities:			
Taxable	1,871	620	844
Tax exempt	149	158	145
Other interest income	126	152	266
Total interest income	6,269	5,421	5,570
INTEREST EXPENSE ON DEPOSITS	352	292	212
NET INTEREST INCOME	5,917	5,129	5,358
Provision for loan losses	0	0	0
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	5,917	5,129	5,358
NONINTEREST INCOME			
Service charges and fees	653	571	475
Net gain from sale of loans	267	1,281	1,308
Gain on sale of assets	439	0	6
Gain (Loss) of sale of securities	0	44	0
Loan servicing fees, net of amortization	14	(58)	(67)
Other income	257	323	277
Total noninterest income	1,630	2,161	1,999
NONINTEREST EXPENSES			
Salaries and benefits	3,448	3,413	3,111
Occupancy and equipment	695	670	618
FDIC insurance premiums	154	116	64
Other expenses	1,753	1,715	1,542
Total noninterest expenses	6,050	5,914	5,335
INCOME BEFORE INCOME TAXES	1,497	1,376	2,022
Income tax expense	269	244	374
NET INCOME (LOSS)	\$ 1,228	\$ 1,132	\$ 1,648
BASIC NET INCOME PER SHARE	\$ 1.01	\$ 0.93	\$ 1.36