

DIRECTORS - CNB CORPORATION AND CITIZENS NATIONAL BANK

RICK A. TROMBLE

*Chairman, CNB Corporation
Chairman, Citizens National Bank
Owner, Tromble Bay Farms*

R. JEFFERY SWADLING

*Audit Committee Chairman, CNB Corporation
Vice President, Ken's Village Market*

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

*VICTORIA J. HAND

*Retired Executive Vice President/Chief Operating Officer
Citizens National Bank*

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

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.

**Citizens National Bank Director*

CNB CORPORATION OFFICERS

MATTHEW E. KEENE *President & Chief Executive Officer*
DAVID A. WOODS *Vice President*
JOSEPH P. GARBER *Secretary*
AMY E. ESSEX *Treasurer*

CITIZENS NATIONAL BANK OFFICERS

LEADERSHIP:

MATTHEW E. KEENE *President & Chief Executive Officer*
AMY E. ESSEX *Senior Vice President & Chief Financial Officer*
JOSEPH P. GARBER *Senior Vice President,
Chief Credit Officer & Cashier*
DAVID A. WOODS *Senior Vice President & Chief Loan Officer*
MARILY J. GALLOWAY *Vice President,
Operations & Compliance Officer*
TRISHA M. DOBIAS *Vice President, Human Resources*
VALERIE A. JONES *Vice President, Cash Management*
NANCY K. LINDSAY *Vice President, Marketing*
AMANDA J. NICHOLSON *Vice President, Retail Banking*

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 *Assistant Vice President*

RESIDENTIAL BANKING:

STEPHEN J. CRUSOE *Senior Vice President*
MICHELLE M. MILLER *Assistant Vice President*
SHARON L. COPPERNOLL *Assistant Vice President*
REGINA H. PATTON *Residential Officer*

OPERATIONS:

QUINN C. BONNETT *Facilities Manager & Security Officer*
MAGHAN J. BROOKS *Loan Operations Officer*
LESLIE L. BUDNIK *Business Operations Officer*
SHERRI L. POPP *Credit 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

Member
FDIC



our 92 year tradition continues

STATEMENT OF CONDITION

December 31, 2022



February 10, 2023

Dear Shareholder,

CNB Corporation (Corporation) is pleased to announce the Board of Directors approved two cash dividends payable to shareholders of record as of January 27, 2023. The enclosed represents a regular dividend of \$0.40 per share and the continuation of a special dividend of \$0.10 per share. The financial highlights from the 4th quarter 2022 for the Corporation and its subsidiary, Citizens National Bank (Bank), are outlined below:

- The Bank ended 2022 with net loan growth of \$40 million, which was funded by \$18 million in deposit growth and maturities from the Bank's investment portfolio.
- The rising rate environment continues to suppress the residential mortgage industry. As a result, the Bank had a 79% reduction in net gain from sale of loans as compared to 2021.
- Total interest income grew by \$2.1 million in 2022, due to the beneficial effect of the rising rate environment on the Bank's loan and investment portfolios.
- Bank management's continued focus on controlling expenses, including salaries and benefits, resulted in a decrease of \$598,000 in total noninterest expenses year-over-year.
- The Bank's net income for 2022 was \$3.7 million, which included one-time pre-tax income of \$439,000 from the sale of two Bank-owned real estate properties. Net of these one-time earnings, the Bank still achieved organic net income growth over 12%.
- The Bank's 4th quarter performance, coupled with market improvements, resulted in a \$5.9 million improvement in total shareholder equity from negative \$3.3 million at September 30, 2022 to positive \$2.6 million at December 31, 2022.

Staff promotions during the quarter include Marily J. Galloway to Vice President, Operations; Amanda J. Nicholson to Vice President, Retail Banking; Sharon L. Coppennoll to Assistant Vice President, Residential Banking; Stephen J. Daly to Assistant Vice President, Business Banking; Maghan J. Brooks to Loan Operations Officer; Leslie L. Budnik to Business Operations Officer; and Sheri L. Popp to Credit Officer.

The Petoskey office project continues to move forward, despite delays, and we are optimistic the new branch will be fully operational by the end of 2023. Planning for the 2023 annual meeting of shareholders has begun, and information regarding the meeting will be sent out in early April. I hope all of you can join us.

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

	December 31,	
ASSETS	2022	2021
Cash and due from banks	\$ 8,177	\$ 8,585
Interest-bearing deposits with other financial institutions	1,960	13,305
Federal funds sold	785	0
Total cash and cash equivalents	10,922	21,890
Time deposits with other financial institutions	8,144	9,653
Securities available for sale	222,381	267,609
Securities held to maturity	6,476	4,665
Other securities	2,206	1,644
Total investment securities	231,063	273,918
PPP Loans	0	1,268
Loans held for sale	0	2,271
Loans	210,450	166,624
Less: allowance for loan losses	(2,792)	(2,770)
Net loans	207,658	167,393
Premises and equipment, net	6,414	7,525
Other assets	19,547	11,714
Total assets	\$483,748	\$492,093
LIABILITIES		
Deposits:		
Noninterest-bearing demand	\$ 173,737	\$ 165,687
Interest-bearing deposits	301,758	291,533
Total deposits	475,495	457,220
Accrued and other liabilities	5,596	5,726
Total liabilities	481,091	462,946
SHAREHOLDERS' EQUITY		
Common Stock	3,027	3,027
Additional Paid-In Capital	19,472	19,472
Retained Earnings	10,872	8,251
Total shareholders' equity before AOCI adjustment	33,371	30,750
Accumulated other Comprehensive Income/(Loss), net (AOCI)	(30,714)	(1,603)
Total shareholders' equity	2,657	29,147
Total liabilities and shareholders' equity	\$483,748	\$492,093

CONSOLIDATED STATEMENT OF INCOME

(UNAUDITED)

In thousands of dollars, except per share data

	For the twelve months ended December 31,		
INTEREST INCOME	2022	2021	2020
Interest and fees on loans	\$ 9,145	\$ 9,348	\$ 9,069
Interest on securities:			
Taxable	3,972	1,852	1,607
Tax exempt	313	320	310
Other interest income	556	299	435
Total interest income	13,986	11,819	11,421
INTEREST EXPENSE	645	617	469
NET INTEREST INCOME	13,341	11,202	10,952
Provision for loan losses	0	(250)	1,225
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	13,341	11,452	9,727
NONINTEREST INCOME			
Service charges and fees	1,365	1,249	1,032
Net gain from sale of loans	497	2,323	3,182
Gain on sale of assets	439	0	12
Gain (Loss) of sale of securities	0	122	0
Loan servicing income, net	34	(56)	(127)
Other income	494	769	597
Total noninterest income	2,829	4,407	4,696
NONINTEREST EXPENSES			
Salaries and benefits	6,711	7,026	6,200
Occupancy and equipment	1,315	1,378	1,286
FDIC insurance premiums	343	255	142
Other expenses	3,225	3,533	3,367
Total noninterest expenses	11,594	12,192	10,995
INCOME BEFORE INCOME TAXES	4,576	3,667	3,428
Income tax expense	865	663	616
NET INCOME (LOSS)	\$ 3,711	\$ 3,004	\$ 2,812
BASIC NET INCOME PER SHARE	\$ 3.07	\$ 2.48	\$ 2.32