

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*
SHERI 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



our 92 year tradition continues

STATEMENT OF CONDITION

March 31, 2023



May 12, 2023

Dear Shareholder,

With the recent news surrounding the banking industry, I want to assure you your community bank continues to operate in a safe and sound manner. The positive momentum of 2022 has continued into 2023, as reflected in the following 1st quarter financial highlights for CNB Corporation (Corporation) and its subsidiary, Citizens National Bank (Bank):

- The Bank's loan portfolio continues to grow, resulting in a year-over-year increase of \$36.1MM.
- The Federal Reserve's current monetary policy to curb inflation has contributed to the Bank's \$27.5MM decrease in deposits year-over-year.
- Total investment securities declined by \$46MM as maturities were used to fund loan growth and partially offset the reduction in deposits.
- \$19MM in brokered CDs were purchased to temporarily support the Bank's liquidity needs.
- Interest income from the Bank's growing loan portfolio increased by \$705,000 year-over-year.
- The rising rate environment continues to suppress the demand for residential refinances; this has resulted in a 72% decrease in net gain from sale of loans.
- Total noninterest income declined year-over-year, which is directly attributed to the 2022 sale of the Bank's excess Petoskey property, which resulted in a one-time gain of \$391,000.
- Total noninterest expense remains relatively flat year-over-year, as the staff continues to improve the Bank's overall efficiencies.
- Despite the loss of the one-time revenue and the slowdown in residential lending, the Bank has grown net income by \$124,000 year-over-year.

I am pleased to report a groundbreaking ceremony for the Petoskey branch took place on Friday, April 14th. We are optimistic about moving our Petoskey team into their new branch sometime during the fourth quarter.

The Annual Meeting of Shareholders will take place on Tuesday, May 16th at the Knights of Columbus Hall in Cheboygan. We will once again be holding a dinner following the meeting. I welcome all of you to attend.

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

	March 31,	
ASSETS	2023	2022
Cash and due from banks	\$ 7,487	\$ 6,440
Interest-bearing deposits with other financial institutions	370	10,287
Federal funds sold	146	0
Total cash and cash equivalents	8,003	16,727
Time deposits with other financial institutions	7,153	10,146
Securities available for sale	217,726	266,310
Securities held to maturity	6,288	4,490
Other securities	2,254	1,720
Total investment securities	226,268	272,520
Loans held for sale	0	903
Loans	216,587	180,459
Less: allowance for loan losses	(3,523)	(2,771)
Net loans	213,064	178,591
Premises and equipment, net	6,335	6,578
ORE Properties	0	138
Other assets	19,747	15,694
Total assets	\$480,570	\$500,394
LIABILITIES		
Deposits:		
Noninterest-bearing demand	\$ 158,084	\$ 172,911
Interest-bearing deposits	295,069	307,828
Total deposits	453,153	480,739
Brokered Deposits	19,099	0
Accrued and other liabilities	5,777	5,556
Total liabilities	478,029	486,295
SHAREHOLDERS' EQUITY		
Common Stock	3,027	3,027
Additional Paid-In Capital	19,472	19,472
Retained Earnings	10,200	8,212
Total shareholders' equity before AOCI adjustment	32,699	30,711
Accumulated other Comprehensive Income/(Loss), net (AOCI)	(30,158)	(16,612)
Total shareholders' equity	2,541	14,099
Total liabilities and shareholders' equity	\$480,570	\$500,394

CONSOLIDATED STATEMENT OF INCOME

(UNAUDITED)

In thousands of dollars, except per share data

	For the three months ended March 31,		
INTEREST INCOME	2023	2022	2021
Interest and fees on loans	\$ 2,642	\$ 1,937	\$ 2,251
Interest on securities:			
Taxable	962	903	309
Tax exempt	82	80	81
Other interest income	164	59	77
Total interest income	3,850	2,979	2,718
INTEREST EXPENSE	311	171	142
NET INTEREST INCOME	3,539	2,808	2,576
Provision for loan losses	64	0	0
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	3,475	2,808	2,576
NONINTEREST INCOME			
Service charges and fees	321	306	256
Net gain from sale of loans	44	161	728
Gain on sale of assets	0	391	37
Gain (Loss) of sale of securities	0	0	0
Loan servicing income, net	10	21	(61)
Other income	139	86	165
Total noninterest income	514	965	1,125
NONINTEREST EXPENSES			
Salaries and benefits	1,794	1,815	1,741
Occupancy and equipment	345	359	314
FDIC insurance premiums	88	78	54
Other expenses	920	835	813
Total noninterest expenses	3,147	3,087	2,922
INCOME BEFORE INCOME TAXES	842	686	779
Income tax expense	151	119	135
NET INCOME (LOSS)	\$ 691	\$ 567	\$ 644
BASIC NET INCOME PER SHARE	\$ 0.57	\$ 0.47	\$ 0.53