

## 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.

## 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*

STEPHEN J. DALY ..... *Assistant Vice President*

CYNTHIA D. LAMBERSON ..... *Assistant Vice President*

### RESIDENTIAL BANKING:

STEPHEN J. CRUSOE ..... *Senior Vice President*

SHARON L. COPPERNOLL ..... *Assistant Vice President*

MICHELLE M. MILLER ..... *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*

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 92 year tradition continues*

## STATEMENT OF CONDITION

June 30, 2023



August 11, 2023

## CONSOLIDATED BALANCE SHEET

(UNAUDITED)

In thousands of dollars

	June 30,	
ASSETS	2023	2022
Cash and due from banks	\$ 8,637	\$ 9,588
Interest-bearing deposits with other financial institutions	6,590	2,365
Federal funds sold	5,240	0
Total cash and cash equivalents	20,467	11,953
Time deposits with other financial institutions	7,153	9,901
Securities available for sale	211,409	242,247
Securities held to maturity	4,744	5,306
Other securities	2,630	2,206
Total investment securities	218,783	249,759
Loans held for sale	1,452	1,371
Loans	220,159	193,703
Less: allowance for loan losses	(3,527)	(2,776)
Net loans	218,084	192,298
Premises and equipment, net	7,218	6,504
Other assets	19,053	17,978
Total assets	\$490,758	\$488,393
<b>LIABILITIES</b>		
Deposits:		
Noninterest-bearing demand	\$ 162,314	\$ 173,580
Interest-bearing deposits	269,133	294,444
Total deposits	431,447	468,024
Brokered Deposits	19,099	0
Fed Funds Purchased	29,000	9,086
Accrued and other liabilities	5,895	5,850
Total liabilities	485,441	482,960
<b>SHAREHOLDERS' EQUITY</b>		
Common Stock	3,027	3,027
Additional Paid-In Capital	19,472	19,472
Retained Earnings	11,106	8,873
Total shareholders' equity before AOCI adjustment	33,605	31,372
Accumulated other Comprehensive Income/(Loss), net (AOCI)	(28,288)	(25,939)
Total shareholders' equity	5,317	5,433
Total liabilities and shareholders' equity	\$490,758	\$488,393

## CONSOLIDATED STATEMENT OF INCOME

(UNAUDITED)

In thousands of dollars, except per share data

	For the six months ended June 30,		
INTEREST INCOME	2023	2022	2021
Interest and fees on loans	\$ 5,455	\$ 4,123	\$ 4,491
Interest on securities:			
Taxable	1,898	1,871	620
Tax exempt	151	149	158
Other interest income	285	126	152
Total interest income	7,789	6,269	5,421
<b>INTEREST EXPENSE</b>	827	352	292
<b>NET INTEREST INCOME</b>	6,962	5,917	5,129
Provision for loan losses	64	0	0
<b>NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES</b>	6,898	5,917	5,129
<b>NONINTEREST INCOME</b>			
Service charges and fees	725	653	571
Net gain from sale of loans	135	267	1,281
Gain on sale of assets	0	439	0
Gain (Loss) of sale of securities	0	0	44
Loan servicing income, net	5	14	(58)
Other income	209	257	323
Total noninterest income	1,074	1,630	2,161
<b>NONINTEREST EXPENSES</b>			
Salaries and benefits	3,359	3,448	3,413
Occupancy and equipment	682	695	670
FDIC insurance premiums	173	154	116
Other expenses	1,799	1,753	1,715
Total noninterest expenses	6,013	6,050	5,914
<b>INCOME BEFORE INCOME TAXES</b>	1,959	1,497	1,376
Income tax expense	362	269	244
<b>NET INCOME (LOSS)</b>	\$ 1,597	\$ 1,228	\$ 1,132
<b>BASIC NET INCOME PER SHARE</b>	\$ 1.32	\$ 1.01	\$ 0.93

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 27, 2023. The financial highlights from the first six months of 2023 are outlined below:

- Citizens National Bank's (the Bank) loan portfolio has grown by \$26.6MM year-over-year.
- Interest income from the Bank's loan growth increased by \$1.3MM year-over-year.
- The Federal Reserve's ongoing monetary policy to reduce inflation continues to hinder deposits across the banking industry, including the Bank's, which is reflected in a \$36.5MM decrease in deposits year-over-year.
- By design, maturities from the Bank's investment portfolio have been used to fund loan growth, with the surplus used to partially offset the reduction in deposits. The net result is a decrease of \$46MM in total investment securities.
- Brokered CDs and Fed Funds were purchased to temporarily support the Bank's liquidity needs.
- Total noninterest income decreased year-over-year, which is attributed to the 2022 one-time sale of the Bank's excess Petoskey property and the soft residential refinance market.
- Bank staff continues to improve efficiencies. As a result, total noninterest expense remained static year-over-year.
- Despite the loss of the one-time revenue and the downturn in residential lending, the Bank realized a \$369,000 increase in net income year-over-year.

I would like to congratulate Victoria Hand on her election and Rick Tromble and R. Jeffrey Swadling on their reelection to the Corporation's Board of Directors at the annual shareholder meeting. They each bring extensive experience from their respective industries, and I look forward to their insights 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