

**DIRECTORS - CNB CORPORATION AND
CITIZENS NATIONAL BANK**

VINCENT J. HILLESHEIM

*Chairman, CNB Corporation
Chairman, Citizens National Bank
Retired President, Anchor In Marina
of Northern Michigan, Inc.*

STEVEN J. BAKER, D.V.M.

Retired, Indian River Veterinary Clinic

THOMAS J. ELLENBERGER

*Audit Committee Chairman,
CNB Corporation
Vice President & Secretary,
Albert Ellenberger Lumber Company*

SUSAN A. ENO

*President/Chief Executive Officer,
CNB Corporation
President/Chief Executive Officer,
Citizens National Bank*

KATHLEEN A. LIEDER

Retired Partner, Bodman LLP

THOMAS J. REDMAN

President, Tube Fab

CHRISTOPHER B. SHEPLER

President, Shepler's Mackinac Island Ferry Service

R. JEFFERY SWADLING

Vice President, Ken's Village Market

RICK A. TROMBLE

*Owner, Tromble Bay Farms
Partner, Fernelius Ford*

DIRECTORS EMERITI

THOMAS A. ELLENBERGER

JOHN P. WARD

JAMES C. CONBOY, JR.

KATHLEEN M. DARROW

FRANCIS J. VANANTWERP, JR.

CNB CORPORATION OFFICERS

VINCENT J. HILLESHEIM - *Chairman*

SUSAN A. ENO - *President & Chief Executive Officer*

SHANNA L. HANLEY - *Treasurer*

REBECCA L. TOMASKI - *Secretary*

CITIZENS NATIONAL BANK OFFICERS

VINCENT J. HILLESHEIM - *Chairman*

SUSAN A. ENO - *President & Chief Executive Officer*

CYRIL S. DRIER - *Senior Vice President - Senior Loan Officer*

JOSEPH M. DALY - *Senior Vice President*

SHANNA L. HANLEY - *Senior Vice President*

VICTORIA J. HAND - *Senior Vice President & Cashier*

MARIAN L. HARRISON - *Senior Vice President - Commercial Loans*

STEPHEN J. CRUSOE - *Vice President - Mortgage Loans*

DARREN M. SELDEN - *Vice President & Branch Manager*

MATTHEW E. KEENE - *Vice President*

NANCY A. STEMPKY, CPA - *Vice President - Controller*

NICOLE M. DRAKE - *Assistant Vice President - Commercial Loans*

MATTHEW J. KAVANAUGH - *Assistant Vice President &
Branch Manager - Indian River*

NANCY K. LINDSAY - *Assistant Vice President - Marketing*

ADAM M. NEWMAN - *Assistant Vice President - Information Technology*

LINDSEY K. MILLER - *Banking Officer & Branch Manager - South*

MICHELLE M. MILLER - *Assistant Branch Manager - Indian River*

QUINN C. BONNETT - *Loan Officer*

SHARON L. COPPERNOLL - *Loan Officer*

TRISHA M. DOBIAS - *Human Resources Officer*

VALERIE A. JONES - *Retail Banking Officer*

GINA L. EUSTICE - *Credit Manager*

Citizens National Bank has offices in:

Cheboygan • Onaway • Mackinaw City • Pellston
Indian River • Alanson • Gaylord • Rogers City • Petoskey

You can also visit our website at

www.CNBisMyBank.com



STATEMENT OF CONDITION

June 30, 2015



August 7, 2015

CONSOLIDATED BALANCE SHEET

(UNAUDITED)

In thousands of dollars

	June 30,	
	2015	2014
ASSETS		
Cash and due from banks	\$ 4,285	\$ 5,962
Interest-bearing deposits with other financial institutions	7,487	4,362
Federal funds sold	0	500
Total cash and cash equivalents	11,772	10,824
Time deposits with other financial institutions	6,393	9,611
Securities available for sale	98,321	88,348
Securities held to maturity	4,168	5,466
<i>(Market value of \$4,339 in 2015 and \$5,714 in 2014)</i>		
Other securities	905	997
Total investment securities	103,394	94,811
Loans	118,745	117,360
Less: allowance for loan losses	(1,809)	(2,610)
Net loans	116,936	114,750
Premises and equipment, net	5,283	5,356
Other assets	10,545	11,062
Total assets	<u>\$254,323</u>	<u>\$246,414</u>
LIABILITIES		
Deposits:		
Noninterest-bearing demand	\$ 56,460	\$ 53,660
Interest-bearing deposits	169,848	166,442
Total deposits	226,308	220,102
Other liabilities	4,527	4,287
Total liabilities	230,835	224,389
SHAREHOLDERS' EQUITY		
Common Stock	3,030	3,030
Surplus	19,499	19,499
Retained Earnings and Accumulated other Comprehensive Income/(Loss)	959	(504)
Total shareholders' equity	<u>23,488</u>	<u>22,025</u>
Total liabilities and shareholders' equity	<u>\$254,323</u>	<u>\$246,414</u>

CONSOLIDATED STATEMENT OF INCOME

(UNAUDITED)

In thousands of dollars, except per share data

	For the six months ended June 30,		
	2015	2014	2013
INTEREST INCOME			
Interest and fees on loans	\$ 3,112	\$ 3,198	\$ 3,237
Interest on securities:			
Taxable	648	537	428
Tax exempt	104	120	138
Other interest income	49	62	84
Total interest income	3,913	3,917	3,887
INTEREST EXPENSE ON DEPOSITS	157	202	455
NET INTEREST INCOME	3,756	3,715	3,432
Provision for loan losses	0	0	0
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	3,756	3,715	3,432
NONINTEREST INCOME			
Service charges and fees	481	446	457
Net realized gains from sale of loans	233	126	320
Loan servicing fees, net of amortization	72	71	17
Gain on the sale of assets	0	204	203
Gain on sale of securities	44	394	1,563
Other income	183	156	162
Total noninterest income	1,013	1,397	2,722
NONINTEREST EXPENSES			
Salaries and benefits	2,286	2,206	2,211
Occupancy	440	532	502
FDIC insurance premiums	74	163	175
System Conversion Costs	0	0	0
Other Expenses	1,015	1,063	908
Total noninterest expenses	3,815	3,964	3,796
INCOME BEFORE INCOME TAXES	954	1,148	2,358
Income tax expense	171	325	735
NET INCOME	<u>\$ 783</u>	<u>\$ 823</u>	<u>\$ 1,623</u>
BASIC NET INCOME PER SHARE	<u>\$ 0.65</u>	<u>\$ 0.68</u>	<u>\$ 1.34</u>

Dear Shareholders,

I am pleased to announce at the organizational meetings held May 28, 2015 Vincent J. Hillesheim was reelected as chair of the boards of directors for CNB Corporation and Citizens National Bank. Mr. Hillesheim has served as the chair of these boards since May 2006. On behalf of the boards and the staff of Citizens National Bank, I convey our appreciation for the leadership he provides.

The enclosed represents a \$ 0.15 per share dividend declared payable by the CNB Corporation board of directors to shareholders of record on July 23, 2015. This dividend represents a 50% increase over the dividend paid in January 2015 and is possible due to the continued improvement in financial performance.

Although net income was \$783,000 for the six months ended June 30, 2015, compared to \$823,000 at June 30, 2014, when adjusted for extraordinary items core earnings increased by 69%; from \$454,000 in 2014 to \$767,000 in 2015. The improvements were in a number of categories related to problem loans, which have recently returned to normal levels. Total assets as of June 30, 2015 were \$254 million, compared to \$246 million in 2014, an increase of 3.21%.

On Monday, July 27, Citizens National Bank opened a full service branch in Petoskey, located inside the Danser Professional Building at 308 State Street, Suite #1. We are very excited about this new location, especially with the growth in Emmet County and I invite you to visit the Petoskey branch the next time you are in that area.

Thank you for your continued support and as a shareholder of CNB Corporation I encourage you to remember Citizens National Bank when you, your family or friends have financial needs. As always, please feel free to stop in or call if you have questions.

Sincerely,

Susan A. Eno
President & CEO