

**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**

**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*  
**JODIE L. BOROWICZ** - *Vice President & Treasurer*  
**REBECCA L. TOMASKI** - *Secretary*

**CITIZENS NATIONAL BANK OFFICERS**

**VINCENT J. HILLESHEIM** - *Chairman*  
**SUSAN A. ENO** - *President & Chief Executive Officer*  
**MATTHEW E. KEENE** - *Senior Vice President - Senior Loan Officer*  
**STEPHEN J. CRUSOE** - *Senior Vice President - Mortgage Loans*  
**JOSEPH M. DALY** - *Senior Vice President - Commercial Loans*  
**NICOLE M. DRAKE** - *Senior Vice President - Commercial Loans*  
**VICTORIA J. HAND** - *Senior Vice President  
Cashier & Compliance Officer*  
**JODIE L. BOROWICZ, CPA** - *Vice President & Controller*  
**TRISHA M. DOBIAS** - *Vice President - Human Resources*  
**VALERIE A. JONES** - *Vice President - Retail Banking*  
**NANCY K. LINDSAY, CFMP** - *Vice President - Marketing*  
**DARREN M. SELDEN** - *Vice President & Branch Manager*  
**REBECCA L. TOMASKI** - *Assistant Vice President - Shareholder Relations*  
**MICHELLE M. MILLER** - *Banking Officer & Branch Manager*  
**QUINN C. BONNETT** - *Business Banking Officer*  
**SHARON L. COPPERNOLL** - *Branch Manager & Loan Officer*  
**GINA L. EUSTICE** - *Credit Manager*  
**ANDREW C. MARTIN** - *Credit Analyst & Portfolio Manager*

*Citizens National Bank has offices in:*

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

*You can also visit our website at*  
**[www.CNBisMyBank.com](http://www.CNBisMyBank.com)**



*our 86 year tradition continues*

**STATEMENT OF CONDITION**

June 30, 2017





August 11, 2017

**CONSOLIDATED BALANCE SHEET**

(UNAUDITED)

*In thousands of dollars*

	June 30,	
	2017	2016
<b>ASSETS</b>		
Cash and due from banks .....	\$ 6,473	\$ 9,299
Interest-bearing deposits with other financial institutions .....	18,448	6,885
Total cash and cash equivalents .....	24,921	16,184
Time deposits with other financial institutions .....	5,221	8,361
Securities available for sale .....	85,644	88,489
Securities held to maturity .....	2,669	2,683
Other securities .....	910	905
Total investment securities .....	89,223	92,077
Loans .....	143,556	132,928
Less: allowance for loan losses .....	(1,527)	(1,627)
Net loans .....	142,029	131,301
Premises and equipment, net .....	6,314	6,025
Other assets .....	11,270	10,354
Total assets .....	<u>\$278,978</u>	<u>\$264,302</u>
<b>LIABILITIES</b>		
Deposits:		
Noninterest-bearing demand .....	\$ 72,811	\$ 62,020
Interest-bearing deposits .....	175,152	172,199
Total deposits .....	247,963	234,219
Accrued and other liabilities .....	6,753	5,142
Total liabilities .....	254,716	239,361
<b>SHAREHOLDERS' EQUITY</b>		
Common Stock .....	3,030	3,030
Additional Paid-In Capital .....	19,498	19,498
Retained Earnings and Accumulated other Comprehensive Income/(Loss), net .....	1,734	2,413
Total shareholders' equity .....	24,262	24,941
Total liabilities and shareholders' equity .....	<u>\$278,978</u>	<u>\$264,302</u>

**CONSOLIDATED STATEMENT OF INCOME**

(UNAUDITED)

*In thousands of dollars, except per share data*

	For the six months ended June 30,		
	2017	2016	2015
<b>INTEREST INCOME</b>			
Interest and fees on loans .....	\$ 3,480	\$ 3,322	\$ 3,112
Interest on securities:			
Taxable .....	615	645	648
Tax exempt .....	145	121	104
Other interest income .....	110	99	49
Total interest income .....	4,350	4,187	3,913
<b>INTEREST EXPENSE ON DEPOSITS</b>	141	146	157
<b>NET INTEREST INCOME</b> .....	4,209	4,041	3,756
Provision (recapture) for loan losses .....	0	0	0
<b>NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES</b> .....	4,209	4,041	3,756
<b>NONINTEREST INCOME</b>			
Service charges and fees .....	508	491	481
Net realized gains from sale of loans .....	211	299	233
Loan servicing fees, net of amortization .....	62	64	72
Gain on sale (loss on disposal) of assets .....	21	0	0
Gain on sale of securities .....	0	27	44
Securities impairment recovery .....	0	0	0
Other income .....	220	235	183
Total noninterest income .....	1,022	1,116	1,013
<b>NONINTEREST EXPENSES</b>			
Salaries and benefits .....	2,298	2,373	2,286
Occupancy .....	549	502	440
FDIC insurance premiums .....	45	82	74
Other Expenses .....	1,501	1,241	1,015
Total noninterest expenses .....	4,393	4,198	3,815
<b>INCOME BEFORE INCOME TAXES</b> .....	838	959	954
Income tax expense .....	208	259	171
<b>NET INCOME</b> .....	<u>\$ 630</u>	<u>\$ 700</u>	<u>\$ 783</u>
<b>BASIC NET INCOME PER SHARE</b> .....	<u>\$ 0.52</u>	<u>\$ 0.58</u>	<u>\$ 0.65</u>

Dear Shareholder,

Financial performance for CNB Corporation continues to be solid, resulting in the Board of Directors approving a cash dividend to its shareholders for the second quarter of 2017. The enclosed represents a \$0.40 per share dividend payable to shareholders of record as of July 27, 2017.

The Corporation's financial performance for the six months ended June 30, 2017, resulted in:

- Total assets of \$278.9 million, compared to \$264.3 million for the same period last year, an increase of 5.6%.
- Net income of \$630,000, or \$0.52 basic earnings per share; compared to \$700,000, or \$0.58 basic earnings per share, for the same period last year. The reduction was a result of declining mortgage activity in the secondary market caused by a number of factors; including limited inventory, a slow-down in refinancing in anticipation of rising mortgage rates and buyers electing cash purchases over financing.
- A 5.9% increase in deposits, to \$247.9 million, when compared to \$234.2 million for the same time last year.
- Loans of \$142.0 million, an increase from \$131.3 million for the same period last year.

At its organizational meeting held May 25, 2017, Vincent J. Hillesheim was reelected Chairman of the Board and Thomas J. Ellenberger was reelected as Chairman of the Audit Committee. The board's continued confidence in Mr. Hillesheim and Mr. Ellenberger is well-founded and helps ensure continuity as I transition to retirement.

I am also pleased to announce at the organizational meeting of Citizens National Bank, also held on May 25, 2017, additional staff changes were approved. Stephen J. Crusoe, Nicole M. Drake and Matthew E. Keene were promoted to Senior Vice Presidents. Jodie L. Borowicz, Trisha M. Dobias, Valerie A. Jones and Nancy K. Lindsay were promoted to Vice Presidents and Rebecca L. Tomaski to Assistant Vice President.

I hope you and your family are enjoying the wonderful summer in Northern Michigan!

Sincerely,

Susan A. Eno  
President & CEO