

**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*

**CYRIL S. DRIER** - *Senior Vice President & 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*

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

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

**MATTHEW E. KEENE** - *Vice President*

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

**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 Branch*

**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*

**ANDREW C. MARTIN** - *Credit Analyst & Portfolio 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](http://www.CNBisMyBank.com)**

Member  
**FDIC**



*our 85 year tradition continues*

**STATEMENT OF CONDITION**

March 31, 2016



April 28, 2016

## CONSOLIDATED BALANCE SHEET

(UNAUDITED)

In thousands of dollars

	March 31,	
ASSETS	2016	2015
Cash and due from banks .....	\$ 7,910	\$ 3,863
Interest-bearing deposits with other financial institutions .....	12,291	15,981
Federal funds sold .....	0	0
Total cash and cash equivalents .....	20,201	19,844
Time deposits with other financial institutions .....	8,711	6,649
Securities available for sale .....	92,585	95,005
Securities held to maturity .....	4,415	6,502
(Market value of \$4,563 in 2016 and \$6,700 in 2015)		
Other securities .....	905	972
Total investment securities .....	97,905	102,479
Loans .....	130,062	116,899
Less: allowance for loan losses .....	(1,829)	(1,713)
Net loans .....	128,233	115,186
Premises and equipment, net .....	5,752	4,939
Other assets .....	10,188	10,489
Total assets .....	\$270,990	\$259,586
<b>LIABILITIES</b>		
Deposits:		
Noninterest-bearing demand .....	\$ 57,718	\$ 52,765
Interest-bearing deposits .....	184,167	179,166
Total deposits .....	241,885	231,931
Other liabilities .....	4,841	4,376
Total liabilities .....	246,726	236,307
<b>SHAREHOLDERS' EQUITY</b>		
Common Stock .....	3,030	3,030
Surplus .....	19,498	19,499
Retained Earnings and Accumulated other Comprehensive Income/(Loss) .....	1,736	750
Total shareholders' equity .....	24,264	23,279
Total liabilities and shareholders' equity .....	\$270,990	\$259,586

## CONSOLIDATED STATEMENT OF INCOME

(UNAUDITED)

In thousands of dollars, except per share data

	For the three months ended March 31,		
INTEREST INCOME	2016	2015	2014
Interest and fees on loans .....	\$ 1,669	\$ 1,518	\$ 1,606
Interest on securities:			
Taxable .....	318	320	263
Tax exempt .....	54	57	63
Other interest income .....	60	25	31
Total interest income .....	2,101	1,920	1,963
<b>INTEREST EXPENSE ON DEPOSITS</b> .....	73	79	105
<b>NET INTEREST INCOME</b> .....	2,028	1,841	1,858
Provision for loan losses .....	0	0	0
<b>NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES</b> .....	2,028	1,841	1,858
<b>NONINTEREST INCOME</b>			
Service charges and fees .....	232	140	213
Net realized gains from sale of loans .....	127	76	77
Loan servicing fees, net of amortization .....	39	33	33
Gain on the sale of assets .....	0	0	204
Gain on sale of securities .....	27	30	375
Other income .....	94	169	72
Total noninterest income .....	519	448	974
<b>NONINTEREST EXPENSES</b>			
Salaries and benefits .....	1,171	1,055	1,120
Occupancy .....	244	227	283
FDIC insurance premiums .....	39	38	80
System Conversion Costs .....	0	0	0
Other Expenses .....	617	431	445
Total noninterest expenses .....	2,071	1,751	1,928
<b>INCOME BEFORE INCOME TAXES</b> .....	476	538	904
Income tax expense .....	128	112	274
<b>NET INCOME</b> .....	\$ 348	\$ 426	\$ 630
<b>BASIC NET INCOME PER SHARE</b> .....	\$ 0.29	\$ 0.35	\$ 0.52

Dear Shareholder,

A review of the accompanying CNB Corporation consolidated financial statement reflects net income for the three months ended March 31, 2016 as \$348,000, or \$0.29 per share, compared to \$426,000, or \$0.35 per share earned during the same period in 2015. Income was impacted by increased computer processing costs and the low rate environment continues to put pressure on the net interest margin. At the end of the first quarter deposits were \$241.9 million, an increase of 4.31% when compared to the same period in 2015. The loan portfolio continues to grow, with much of the increase coming from Emmet County. Loans were \$130 million in the first quarter, an increase of 11.3%, compared to \$116.9 million for the same time last year. Assets also increased, from \$259.6 million to \$270.9 million comparing March 31, 2015 and 2016.

Renovation of the main office lobby is nearly complete, with the new side entrance to be operable very soon. The redesign has allowed for the full implementation of the Universal Banker concept to improve efficiencies and better serve our customers. Customer response to both the redesign and the Universal Bankers has been very positive. I invite all of you to stop in to experience the changes.

The proxy material for 2016 was mailed on April 14 and as previously noted the 2015 Annual Report was not included. *Shareholders may obtain a copy of the report at no charge by submitting a written request to Shareholder Relations, CNB Corporation, P.O. Box 10, Cheboygan, MI 49721 or to registrar@cnbismybank.com. The report is also available to electronically view or print at: [www.cnbismybank.com/shareholder-relations](http://www.cnbismybank.com/shareholder-relations)*

I encourage you to attend the Annual Shareholders' Meeting on Tuesday, May 17, 2016 beginning at 5:30 p.m. at the Knights of Columbus Hall in Cheboygan, with dinner to follow.

Sincerely,

Susan A. Eno  
President & CEO