

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 - *Executive 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*

MATTHEW H. DEWILDT - *Vice President - Wealth & Retirement Strategies*

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*

GINA L. EUSTICE - *Assistant Vice President - Credit Manager*

REBECCA L. TOMASKI - *Assistant Vice President - Shareholder Relations*

MICHELLE M. MILLER - *Banking Officer & Branch Manager*

REBECCA L. APER - *Branch Manager*

SHARON L. COPPERNOLL - *Branch Manager & Loan Officer*

ANDREW C. MARTIN - *Senior Credit Analyst & Portfolio Manager*

QUINN C. BONNETT - *Facilities Manager*

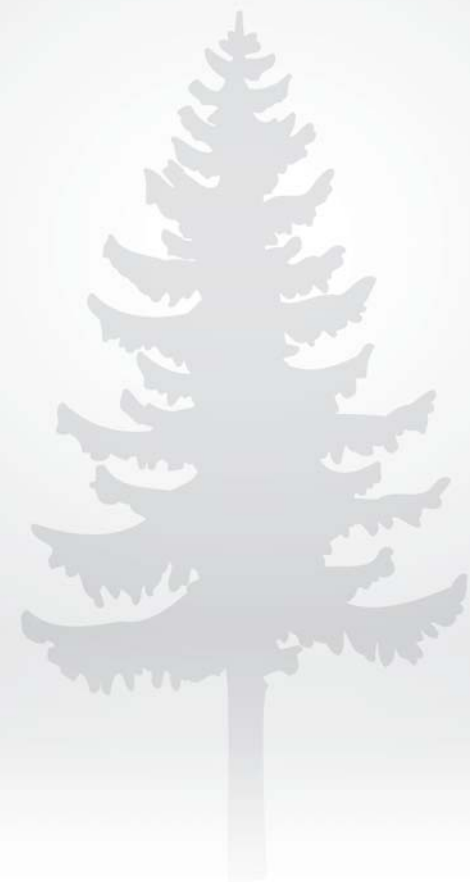
SHERRY M. WICHLACZ - *Assistant Operations Officer*

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



our 86 year tradition continues

STATEMENT OF CONDITION

December 31, 2017





February 9, 2018

Dear Shareholder,

2017 financial performance for CNB Corporation and its subsidiary, Citizens National Bank, was solid. As a result the Board of Directors approved the second cash dividend to its shareholders for the year ended December 31, 2017. The enclosed represents a \$0.40 per share dividend payable to shareholders of record as of January 26, 2018.

For the year ended December 31, 2017, net income for the Corporation was more than \$1.3 million, or \$1.08 per share earned during 2017 versus \$1.37 per share the prior year. This included a one-time "deferred tax asset" adjustment of \$482,000, as a result of the corporate income tax rate reduction, from 35% to 21%, under the Tax Cuts and Jobs Act signed into law on December 22, 2017. Assets of the Corporation were \$290.2 million at year-end 2017 compared to \$278.8 million at the end of 2016. Deposits were \$261.9 million as of year-end 2017, an increase from \$250.1 million the prior year. Net loans increased by 1.7%, from \$137.6 million at year-end 2016 to \$139.9 million at year-end 2017. Details of 2017's performance will be reflected in the annual report, which will be available mid-April 2018.

As reported in the prior statement of condition, my transition to retirement has been in process and I am pleased to announce that after more than 48 years of service I will be retiring as President & CEO of both CNB Corporation and Citizens National Bank on March 31, 2018. What a privilege and honor it has been to be part of this organization and experience firsthand its many advancements while holding steadfast to its traditions of independent community banking. I will fulfill my term as a director of both the Bank and Corporation. I am pleased to report the transition of Matthew E. Keene from Executive Vice President to President & CEO has gone extremely well. As I step away I am confident in Mr. Keene's ability to lead the organization, knowing he has the full support of the board of directors and staff. As part of the transition, and in keeping with the tradition of having the President & CEO serve as a director, at its December 14, 2017 meeting the board of directors took action to appoint Mr. Keene a director of the Bank. He will be on the ballot for the 2018 election of CNB Corporation directors.

Since my last communication there have also been several staff promotions. At its November 22, 2017 meeting the board approved the promotions of Gina L. Eustice to Assistant Vice President, Credit Manager and Sherry M. Wichlacz to Assistant Operations Officer. Additionally, at its December 14, 2017 meeting Matthew H. DeWildt was promoted to Vice President, Wealth & Retirement Strategies. I am also pleased to announce Quinn C. Bonnett accepted the position of Facilities Manager. Each of these individuals has a proven track record and is deserving of the promotion and recognition of their contributions and accomplishments.

In closing I want to thank the shareholders for their support and I hope to see you at the Annual Meeting of Shareholders on Tuesday, May 15, 2018 at 5:30 p.m. at the Knights of Columbus Hall in Cheboygan.

Sincerely,

Susan A. Eno
President & CEO

CONSOLIDATED BALANCE SHEET

(UNAUDITED)

In thousands of dollars

	December 31,	
	2017	2016
ASSETS		
Cash and due from banks	\$ 6,889	\$ 4,898
Interest-bearing deposits with other financial institutions	16,856	17,945
Total cash and cash equivalents.....	23,745	22,843
Time deposits with other financial institutions	15,135	7,950
Securities available for sale	91,924	88,328
Securities held to maturity	1,917	3,243
Other securities	910	905
Total investment securities.....	94,751	92,476
Loans held for sale	987	409
Loans	140,481	138,830
Less: allowance for loan losses.....	(1,569)	(1,625)
Net loans	139,899	137,614
Premises and equipment, net.....	6,196	6,104
Other assets.....	10,465	11,849
Total assets	\$290,191	\$278,836
LIABILITIES		
Deposits:		
Noninterest-bearing demand	\$ 74,893	\$ 70,508
Interest-bearing deposits	186,963	179,553
Total deposits	261,856	250,061
Accrued and other liabilities.....	4,781	5,830
Total liabilities	266,637	255,891
SHAREHOLDERS' EQUITY		
Common Stock.....	3,029	3,030
Additional Paid-In Capital.....	19,488	19,499
Retained Earnings.....	5,293	4,248
Accumulated other Comprehensive Income/(Loss), net	(4,256)	(3,832)
Total shareholders' equity	23,554	22,945
Total liabilities and shareholders' equity.....	\$290,191	\$278,836

CONSOLIDATED STATEMENT OF INCOME

(UNAUDITED)

In thousands of dollars, except per share data

	For the twelve months ended December 31,		
	2017	2016	2015
INTEREST INCOME			
Interest and fees on loans	\$ 7,063	\$ 6,919	\$ 6,205
Interest on securities:			
Taxable	1,278	1,256	1,327
Tax exempt	290	279	220
Other interest income	352	201	125
Total interest income	8,983	8,655	7,877
INTEREST EXPENSE ON DEPOSITS	284	298	307
NET INTEREST INCOME	8,699	8,357	7,570
Provision (recapture) for loan losses	0	0	(300)
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	8,699	8,357	7,870
NONINTEREST INCOME			
Service charges and fees	1,033	1,011	1,000
Net realized gains from sale of loans	509	780	579
Loan servicing fees, net of amortization	108	123	171
Gain on sale (loss on disposal) of assets	21	0	67
Gain on sale of securities.....	5	98	12
Other income	523	286	392
Total noninterest income	2,199	2,298	2,221
NONINTEREST EXPENSES			
Salaries and benefits.....	4,476	3,922	4,076
Occupancy.....	1,071	986	878
FDIC insurance premiums.....	90	132	149
Other Expenses	2,928	3,339	2,926
Total noninterest expenses	8,565	8,379	8,029
INCOME BEFORE INCOME TAXES	2,333	2,276	2,062
Income tax expense	537	619	374
2017 Tax Reform Act adjustment.....	482	0	0
NET INCOME	\$ 1,314	\$ 1,657	\$ 1,688
BASIC NET INCOME PER SHARE	\$ 1.08	\$ 1.37	\$ 1.39