

**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 & Risk 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 *Assistant Vice President*
ASHLEY R. WALDIE *Residential & Consumer 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



our 93 year tradition continues

STATEMENT OF CONDITION

March 31, 2024



May 10, 2024

Dear Shareholder,

With the current economic uncertainty, I want to assure you your community bank continues to operate in a safe, sound, and profitable manner. 2023's positive performance has continued into 2024, as reflected in the following 1st quarter financial highlights for CNB Corporation (Corporation) and its subsidiary, Citizens National Bank (Bank):

- The Bank's loan portfolio continues to grow, resulting in a year-over-year increase of \$14.6MM.
- The Federal Reserve's ongoing monetary policy to curb inflation has contributed to the Bank's \$32.1MM decrease in deposits year-over-year.
- Total investment securities declined by \$21.5MM as maturities were used to fund loan growth and partially offset the reduction in deposits.
- The Bank is currently holding \$57MM in Fed Funds Purchased to temporarily support the Bank's liquidity needs.
- Total interest expense increased by \$671,000 year-to-date compared to the 1st quarter of 2023. This was partially offset by total interest income growth of \$520,000, resulting in a \$151,000 decrease in total net interest income.
- The rising rate environment continues to stifle the demand for residential refinances. Despite this situation, the Bank increased its net gain on sale of loans by \$73,000 year-over-year.
- The staff continues to improve the Bank's overall efficiencies. As a result, total noninterest expense experienced a slight increase of 1.5% year-over-year.
- Despite the significant increase in interest expense, the Bank's net income decreased by only \$36,000 year-over-year.

I would like to congratulate Vice President Nancy K. Lindsay and Universal Banker Mary Greenwood on their impending retirements. They each have devoted decades to the Bank, our clients, and our communities. Their presence will be missed, and they will never be forgotten. We are grateful for their dedication to our communities and our customers and wish them all the best in their next adventure.

I am pleased to report the new Petoskey branch officially opened on February 20, 2024. The grand opening reception for the public will take place on May 23rd from 5:00 p.m. to 7:00 p.m. I welcome all of you to attend.

The Annual Meeting of Shareholders will take place on Tuesday, May 21st at the Knights of Columbus Hall in Cheboygan. We will once again be holding a dinner following the meeting. I hope to see you all there.

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

CONSOLIDATED BALANCE SHEET

(UNAUDITED)

In thousands of dollars

	March 31,	
ASSETS	2024	2023
Cash and due from banks	\$ 4,598	\$ 7,487
Interest-bearing deposits with other financial institutions	15,235	370
Federal funds sold	1,748	146
Total cash and cash equivalents	21,581	8,003
Time deposits with other financial institutions	5,918	7,153
Securities available for sale	195,479	217,726
Securities held to maturity	6,400	6,288
Other securities	2,820	2,254
Total investment securities	204,699	226,268
Loans held for sale	489	0
Loans	230,669	216,587
Less: allowance for credit losses	(3,490)	(3,523)
Net loans	227,668	213,064
Premises and equipment, net	10,938	6,335
ORE Properties	572	0
Other assets	19,722	19,747
Total assets	\$491,098	\$480,570
LIABILITIES		
Deposits:		
Noninterest-bearing demand	\$ 140,173	\$ 158,084
Interest-bearing deposits	280,813	295,069
Total deposits	420,986	453,153
Brokered Deposits	0	19,099
Fed Funds Purchased	57,000	0
Accrued and other liabilities	5,759	5,777
Total liabilities	483,745	478,029
SHAREHOLDERS' EQUITY		
Common Stock	3,027	3,027
Additional Paid-In Capital	19,472	19,472
Retained Earnings	12,612	10,200
Total shareholders' equity before AOCI adjustment	35,111	32,699
Accumulated other Comprehensive Income/(Loss), net (AOCI)	(27,758)	(30,158)
Total shareholders' equity	7,353	2,541
Total liabilities and shareholders' equity	\$491,098	\$480,570

CONSOLIDATED STATEMENT OF INCOME

(UNAUDITED)

In thousands of dollars, except per share data

	For the three months ended March 31,		
INTEREST INCOME	2024	2023	2022
Interest and fees on loans	\$ 3,152	\$ 2,642	\$ 1,937
Interest on securities:			
Taxable	919	962	903
Tax exempt	72	82	80
Other interest income	227	164	59
Total interest income	4,370	3,850	2,979
INTEREST EXPENSE	982	311	171
NET INTEREST INCOME	3,388	3,539	2,808
Provision for credit losses	0	64	0
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES	3,388	3,475	2,808
NONINTEREST INCOME			
Service charges and fees	341	321	306
Net gain from sale of loans	117	44	161
Gain on sale of assets	3	0	391
Gain (Loss) of sale of securities	0	0	0
Loan servicing income, net	67	10	21
Other income	62	139	86
Total noninterest income	590	514	965
NONINTEREST EXPENSES			
Salaries and benefits	1,826	1,794	1,815
Occupancy and equipment	392	345	359
FDIC insurance premiums	82	88	78
Other expenses	894	920	835
Total noninterest expenses	3,194	3,147	3,087
INCOME BEFORE INCOME TAXES	784	842	686
Income tax expense	129	151	119
NET INCOME (LOSS)	\$ 655	\$ 691	\$ 567
BASIC NET INCOME PER SHARE	\$ 0.54	\$ 0.57	\$ 0.47