Condensed Balance Sheets

June 30, 2021 and 2020 (Unaudited)
(dollars in thousands)

Assets

	2021	2020
Cash and due from banks	$ 47,643	43,974
Interest bearing deposits with others	16,127	63,224
Federal funds sold	174	2,145
Securities	648,910	388,419
Loans held for sale	11,934	32,801
Loans - net	3,124,668	2,870,246
Premises and equipment - net	14,893	16,167
Accrued interest receivable	10,975	15,214
Goodwill	8,818	8,818
Other assets	72,378	80,701
Total Assets	$ 3,956,520	3,521,709

Liabilities and Stockholders' Equity

	2021	2020
Deposits:		
Demand		
Non-interest bearing	$ 975,785	840,773
Interest bearing	404,899	328,954
Savings and money market	1,364,236	1,186,656
Time	535,898	500,006
Total deposits	3,280,818	2,856,389
Borrowings	251,400	250,000
Junior subordinated debt	51,547	51,547
All other liabilities	62,163	82,730
Total Liabilities	3,645,928	3,240,666
Stockholders' Equity:		
Preferred stock	-	-
Common stock	9,732	9,732
Additional paid-in-capital	13,042	12,982
Retained earnings	302,037	268,779
Treasury stock, at cost	(12,420)	(11,853)
Accumulated other comprehensive income	(1,850)	1,351
Total CNC Stockholders' Equity	310,541	280,991
Non-controlling interests	51	52
Total Equity	310,592	281,043
Total Liabilities and Equity	$ 3,956,520	3,521,709

Condensed Statements of Income

For the six months ended June 30, 2021 and 2020 (Unaudited)
(dollars in thousands, except per share data)

	2021	2020
Interest income:		
Loans, including fees	$ 63,692	57,801
Securities	3,594	3,727
Other	29	131
Total interest income	67,315	61,659
Interest expense:		
Deposits	2,641	5,366
Borrowings	2,611	2,991
Junior subordinated debt	1,103	1,154
Total interest expense	6,355	9,511
Net interest income	60,960	52,148
Provision for loan losses	4,160	8,053
Net interest income after provision for loan losses	56,800	44,095
Non-interest income:		
Service charges on deposit accounts	8,570	7,594
Trust and investment services	12,027	10,787
Net gain on sale of mortgage loans	5,067	1,285
All other income	2,128	11,172
Total non-interest income	27,792	30,838
Operating expenses:		
Salaries and employee benefits	31,102	27,036
Technology and data processing	6,994	5,997
Occupancy, net	4,671	4,946
Professional and other services	3,232	2,605
Marketing and public relations	794	1,026
All other operating expenses	5,370	5,252
Total operating expenses	52,163	46,862
Income before income taxes	32,429	28,072
Income taxes	7,801	7,804
Net income, incl. non-controlling interest	24,628	20,268
Noncontrolling interests	-	-
Net income attributable to CNC	$ 24,628	20,268
Basic earnings per share	$ 13.16	10.82
Diluted earnings per share	$ 13.09	10.76

Financial Highlights

As of and for the six months ended June 30, 2021 and 2020
(Unaudited)(dollars in thousands, except per share data)

	2021	2020
Net income attributable to CNC	$ 24,628	20, 268
Total assets	$ 3,956,520	3,521,709
Securities	$ 648,910	388,419
Loans - net	$ 3,124,668	2,870,246
Deposits	$ 3,280,818	2,856,389
Total equity	$ 310,592	281,043
Assets Under Administration- *Book value*	$ 3,214,495	3,006,604
Assets Under Administration- *Market value*	$ 4,323,006	3,504,776
Weighted avg shares outstanding-diluted	1,882,078	1,884,290
Diluted earnings per share	$ 13.09	10.76
Dividends per share	$ 3.60	3.50
Book value per share	$ 165.88	150.03
Closing stock price	$ 249.76	210.86
Return on average assets, annualized	1.29%	1.24%
Return on average equity, annualized	16.50%	15.04%
Return on beginning equity, annualized	16.78%	15.28%

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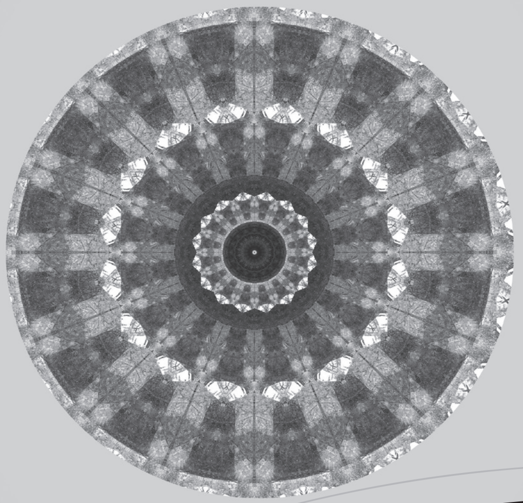
STATEMENT OF CONDITION
JUNE 30, 2021

In a year of constant change:
Reflecting. Responding. Reassuring.



Canandaigua National Corporation

President's Message

July 28, 2021

Frank H. Hamlin, III
President & CEO

Dear Shareholder:

I am happy to say that 2021 is shaping up to be a more enjoyable year than 2020. Although still something to be taken seriously, COVID-19 has materially become less of a factor in day-to-day life. A rejuvenation of activity is occurring in our restaurants, stores and parks. Life appears to be returning to a "new normal".

Nonetheless, the effects of COVID-19 will be felt for years to come. Locally, we have not yet returned to pre-pandemic employment numbers. There was a material disruption to supply chains and the workforce which we are still experiencing. Particularly within the service sector, employers are struggling to find people willing to work in lower paying positions. This is causing employers to be creative in some cases, providing signing bonuses and/or increasing wages paid to attract talent. This suggests a specter of wage inflation within our market. The duration and magnitude will depend upon when and how we exit an environment of enhanced unemployment payments and moratoriums for evictions and foreclosures.

Early in the year, another round of the Paycheck Protection Program (PPP) was authorized by Congress. This program was slightly modified from the prior program(s); however it allowed us to pump an additional $170 million of Federal dollars into the community during 2021. When including 2020, the total amount of PPP loans provided through our organization was in excess of $525 million. Federal programs like the PPP and other stimuli directly relate to how quickly our economy is appearing to recover from this massive economic disruption.

We have worked diligently to build and sustain the financial health of the organization over the years. The success of these efforts allowed us to confidently display and provide stability in a significant way to critical stakeholders, including our employees, our customers, our communities and our shareholders throughout these recent times of high uncertainty and in the face of expected short-term negative impacts to our earnings. Fortunately, as we come out of the fog, we appear to have avoided those short-term financial speed bumps. As previously communicated, the full year 2020 financial results came in much better than we expected earlier in the year. The 2021 year is off to an even better start and is exceeding our expectations.

Net income in the first half of 2021 was $24.6 million, which was 22% higher than the $20.3 million earned in the first half of 2020. We are proud of this accomplishment, especially considering the interest rate headwinds we continue to face with the fed funds target range remaining at 0.00% - 0.25%, and because 2020 included $5 million of net income associated with a non-core, non-recurring gain on sale of a previously owned subsidiary. Loan and deposit growth have been significant over the past year, compared to mid-year 2020, with loans, excluding PPP, increasing 13% and deposits increasing 15%. To date, we are ahead of our commercial and consumer lending targets and have outpaced competitors and overall local market demand. Mortgage lending continues to be robust. Although housing supply remains thin, market values have increased materially, which may encourage additional activity within the purchase market. Interest rates remaining exceptionally low and we continue to see robust refinance activity, although we anticipate this to slow as we continue through the year. Our non-interest income associated with wealth management has been very strong, driven by continued net new business acquisition and robust performance in the stock markets.

Shareholder confidence in our institution remains high, as demonstrated by continual stock price increases throughout the first half of 2021, representing a 13% increase year to date. Even during the height of the pandemic in 2020, our stock price never dipped. In the first quarter of 2021, our shareholders received a dividend of $3.60 which was higher than the $3.50 provided in the first half of 2020. This dividend level was able to be further increased, as evidenced through the $4.00 per share that is being provided to shareholders now. The total dividend per share for 2021 of $7.60 is 9% higher than the $7.00 paid during 2020.

On July 12th of 2021, we opened the doors to the branch in our new Geneva location, which is adjacent to our existing drive thru ATM across from Wegmans on Routes 5 & 20 (Hamilton Street). This brings our branch count to 25 and will allow us to better serve the Eastern portion of Ontario County! Contrary to others in our market, we have not experienced a problem retaining and attracting talent and in fact continue to grow throughout the pandemic to the present. Last year, we rapidly deployed our workforce to provide remote capabilities from approximately 20% of our workforce to over 80%. This forced remote deployment demonstrated that a remote workforce can be highly productive and manageable. Nonetheless, as time progresses it becomes apparent that there are certain activities that are just "better" handled in person. Now, as we move out of the COVID-19 dominated era, we are trying to find the balance between remote and in person work as it relates to the many functions and activities within CNC. This balance has implications for digital resource deployment, cyber security, as well as how we manage our physical footprint going forward. We have no hard answers to this question currently, nor do we feel compelled to arrive at any immediate conclusions. We will continue to observe and experiment as our workforce continues to filter back into their offices or continue to work predominantly from home and see where things naturally settle out over the rest of the year.

Similarly, we are beginning to engage in external events as our community responds to the continued lifting of pandemic restrictions and become comfortable with those changes. Event planning in this environment is challenging due to individual venue occupancy restrictions as well as the ability for venues to staff events. Thus, for now, we are forced to plan for events on a smaller scale. I expect that over the course of this year, these issues will become less of a factor and eventually fade away.

On the legislative and regulatory front, we have not seen anything particularly alarming or disruptive occurring despite having a new executive administration in power. At the state level there has been discussion around the creation of a "public bank". This is not a new concept and becomes popular from time to time depending on the political winds. Discussions with legislators on the issue demonstrate no clear goal or purpose for creating such an entity nor any appreciation of the complexity of the banking environment. It is likely, as has occurred in several other states, that millions of dollars will be spent to officially study the issue only to conclude it is a really, really, bad idea. This initiative does not currently appear to have an abundance of support.

In the Spring, New York State legalized the possession and use of marijuana as well as provided for a regulatory framework to allow for the distribution and sale of marijuana for recreational use. Currently, approximately 36 states allow for the medical use of marijuana while New York State became the 15th state to legalize recreational use, despite the absolute prohibition of marijuana by the Federal Government. The banking community has been watching this issue closely. This market has generated an enormous amount of revenue, yet, due to the continued federal prohibition, financial institutions banking cannabis-related businesses face potential criminal and civil prosecution.

Earlier this year, Congress appeared to make some positive movement towards allowing financial institutions to "bank" cannabis related businesses. One legislative approach is to create a specific carve-out in federal law to allow banks to do business with cannabis businesses without being subject to civil and criminal prosecution. The alternative approach is to simply remove marijuana from the Schedule One "dangerous drugs" list and allow the individual states to decide how to handle the matter as 36 already have. Both approaches appear to have stalled for the time being, which is extremely unfortunate. We are already seeing increasing cannabis-related economic activity in our community. Any person who works for, rents to or does business with such an entity is subjecting themselves to a risk of federal criminal prosecution and forfeiture proceedings. Hopefully, Congress will act soon.

We have played a critical role in nurturing the economic health of our community over the last 18 months and we have worked extremely hard to do so. We are still running hard to clean up the messes created from moving so quickly while continuing to deliver production greater than reasonably expected. For the sake of all, I look forward to returning to a normalized production environment as we close in on year end.

Thank you for your continued support.

Yours,

Frank H. Hamlin III

Frank H. Hamlin, III
President & CEO