

## Commercial National Financial Corporation Reports 4<sup>th</sup> Quarter 2022 Earnings

Ithaca, Michigan, January 30, 2023 (GLOBE NEWSWIRE) -- Commercial National Financial Corporation (Pink Sheets: CEFC) today announced fourth quarter 2022 net income of \$1,912,000, or \$.48 per share compared to fourth quarter 2021 net income of \$1,765,000, or \$.45 per share. Return on Equity (ROE) was 19.86% for the fourth quarter of 2022 compared to 15.62% for the fourth quarter of 2021.

For the fourth quarter of 2022, net interest income increased \$595,000, or 13.2% compared to the fourth quarter of 2021 primarily due to higher market interest rates and the recovery of non-accrual loan interest. Total loans, excluding Paycheck Protection Program (PPP) loans, increased \$9.2 million, or 2.3% when comparing December 31, 2022 to December 31, 2021. Non-interest income decreased by \$41,000, or 7.7% primarily due to lower miscellaneous income. Operating expenses increased by \$91,000, or 2.9% primarily due higher wages and miscellaneous expense.

Total assets were \$613.8 million at December 31, 2022 compared to \$610.8 million at December 31, 2021. The increase was primarily due to core deposit growth, partially offset by lower wholesale borrowings. At December 31, 2022, PPP loans outstanding were approximately \$569,000 compared to \$50 million at December 31, 2021.

The Board of Directors recently appointed Daniel Walcutt to the Bank and Holding Company Boards. Daniel is the President, CEO and owner of Nielsen Commercial Construction, Inc. located in Holt, Michigan.

Commercial National Financial Corporation operates through a single subsidiary bank, Commercial Bank. Visit [www.commercial-bank.com](http://www.commercial-bank.com) to view the latest consolidated Annual Report, news releases and other information about CEFC and Commercial Bank.

### Selected Financial Data (unaudited):

	Quarter Ended December 31,		Year Ended December 31,	
	2022	2021	2022	2021
Return on Equity (ROE)	19.86%	15.62%	19.20%	14.63%
Return on Assets (ROA)	1.22%	1.14%	1.29%	1.09%
Net Interest Margin	3.41%	3.11%	3.44%	3.10%
	December 31,			
	2022	2021		
Non-performing Assets Ratio	0.11%	0.72%		
Tier 1 Leverage Capital <sup>(1)</sup>	8.68%	8.63%		
Total Risk-based Capital <sup>(1)</sup>	15.18%	15.17%		
Book Value Per Share	\$9.91	\$11.32		
Market Value Per Share	\$10.50	\$13.00		

<sup>(1)</sup>Ratios are for Commercial Bank.

**Consolidated Statements of Income (unaudited):**

	Quarter Ended December 31,		Year Ended December 31,	
	2022	2021	2022	2021
Interest Income	\$ 6,190,953	\$ 5,061,892	\$ 23,422,328	\$ 19,382,389
Interest Expense	1,101,926	567,963	3,005,219	2,406,284
Net Interest Income	5,089,027	4,493,929	20,417,109	16,976,105
Provision for loan losses	-	(275,000)	-	(500,000)
Non-interest income	490,764	531,784	2,207,795	2,323,498
Operating Expenses	3,229,000	3,137,945	12,747,566	12,023,496
Income before taxes	2,350,791	2,162,768	9,877,338	7,776,107
Income tax expense	439,000	398,000	1,796,000	1,410,000
Net Income	\$ 1,911,791	\$ 1,764,768	\$ 8,081,338	\$ 6,366,107
Net Income per share – diluted	\$ 0.48	\$ 0.45	\$ 2.04	\$ 1.61
Dividends declared	\$ 0.14	\$ 0.14	\$ 0.56	\$ 0.56

**Consolidated Balance Sheets (unaudited):**

	December 31,	
	2022	2021
<b>Assets</b>		
Cash and cash equivalents	\$ 61,071,786	\$ 28,713,832
Time deposits with other banks	8,960,000	20,854,000
Securities	101,705,429	81,934,068
Loans	411,293,661	451,571,794
Allowance for loan losses	(4,154,073)	(3,820,897)
Loans, net	407,139,588	447,750,897
Premises and equipment, net	8,795,376	8,479,525
Other assets	26,082,215	23,070,012
Total Assets	\$ 613,754,394	\$ 610,802,334
<b>Liabilities</b>		
Deposits	\$ 538,732,322	\$ 515,058,691
FHLB borrowings	19,000,000	34,400,000
Trust preferred	13,403,000	13,403,000
Other liabilities	3,305,797	3,047,041
Total Liabilities	574,441,119	565,908,732
<b>Equity</b>		
Total Equity	39,313,275	44,893,602
Total Liabilities and Equity	\$ 613,754,394	\$ 610,802,334

Contact:

Kevin A. Twardy  
CFO and COO  
989-875-5528