

## Commercial National Financial Corporation Reports 4<sup>th</sup> Quarter 2021 Earnings

Ithaca, Michigan, January 31, 2022 (GLOBE NEWSWIRE) -- Commercial National Financial Corporation (Pink Sheets: CEFC) today announced fourth quarter 2021 net income of \$1,765,000, or \$.45 per share compared to fourth quarter 2020 net income of \$1,237,000, or \$.31 per share. Return on Equity (ROE) was 15.62% for the fourth quarter of 2021 compared to 11.91% for the fourth quarter of 2020.

For the fourth quarter of 2021, net interest income increased \$590,000, or 15.1% compared to the fourth quarter of 2020 primarily due to higher accretion on Paycheck Protection Program (PPP) loans as well as from a higher average balance of interest-earning assets. Non-interest income decreased by \$75,000, or 12.3% primarily due to lower miscellaneous income, partially offset by higher debit card interchange revenue. Operating expenses increased by \$326,000 or 11.6% primarily due to higher compensation and benefits expense. During 2021, we hired additional commercial lending and treasury employees.

The provision for loan losses expense was negative \$275,000 for the fourth quarter of 2021, compared to expense of \$200,000 for the fourth quarter of 2020. The negative provision expense in the fourth quarter of 2021 was primarily due to improved economic conditions and lower allocations to classified loans as compared to the fourth quarter of 2020.

Total assets were \$610.8 million at December 31, 2021 compared to \$547.8 million at December 31, 2020. The increase was primarily due to core deposit growth, partially offset by lower wholesale borrowings. At December 31, 2021, Paycheck Protection Program loans outstanding were approximately \$50 million compared to \$31 million at December 31, 2020.

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,	
	2021	2020	2021	2020
Return on Equity (ROE)	15.62%	11.91%	14.63%	10.82%
Return on Assets (ROA)	1.14%	0.90%	1.09%	0.81%
Net Interest Margin	3.11%	3.02%	3.10%	3.07%

	December 31,	
	2021	2020
Non-performing Assets Ratio	0.72%	1.35%
Tier 1 Leverage Capital <sup>(1)</sup>	8.63%	8.99%
Total Risk-based Capital <sup>(1)</sup>	15.17%	15.50%
Book Value Per Share	\$11.32	\$10.42
Market Value Per Share	\$13.00	\$9.25

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

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

	Quarter Ended December 31,		Year Ended December 31,	
	2021	2020	2021	2020
Interest Income	\$ 5,061,892	\$ 4,626,763	\$ 19,382,389	\$ 19,028,433
Interest Expense	567,963	722,502	2,406,284	3,507,989
Net Interest Income	4,493,929	3,904,261	16,976,105	15,520,444
Provision for loan losses	(275,000)	200,000	(500,000)	1,450,000
Non-interest income	531,784	606,595	2,323,498	2,216,653
Operating Expenses	3,137,945	2,812,374	12,023,496	11,063,677
Income before taxes	2,162,768	1,498,482	7,776,107	5,223,420
Income tax expense	398,000	261,500	1,410,000	859,000
Net Income	\$ 1,764,768	\$ 1,236,982	\$ 6,366,107	\$ 4,364,420
Net Income per share – diluted	\$ 0.45	\$ 0.31	\$ 1.61	\$ 1.10
Dividends declared	\$ 0.14	\$ 0.14	\$ 0.56	\$ 0.56

**Consolidated Balance Sheets (unaudited):**

	December 31,	
	2021	2020
<b>Assets</b>		
Cash and cash equivalents	\$ 28,713,832	\$ 42,773,240
Time deposits with other banks	20,854,000	24,337,000
Securities	81,934,068	45,738,432
Loans	451,571,794	409,106,744
Allowance for loan losses	(3,820,897)	(4,215,192)
Loans, net	447,750,897	404,891,552
Premises and equipment, net	8,479,525	8,148,851
Other assets	23,070,012	21,890,496
Total Assets	\$ 610,802,334	\$ 547,779,571
<b>Liabilities</b>		
Deposits	\$ 515,058,691	\$ 450,901,065
Other borrowings	34,400,000	39,480,000
Trust preferred	13,403,000	13,403,000
Other liabilities	3,047,041	2,658,928
Total Liabilities	565,908,732	506,442,993
<b>Equity</b>		
Total Equity	44,893,602	41,336,578
Total Liabilities and Equity	\$ 610,802,334	\$ 547,779,571

Contact:

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