

Commercial National Financial Corporation Reports 2nd Quarter 2021 Earnings

Ithaca, Michigan, July 28, 2021 (GLOBE NEWSWIRE) -- Commercial National Financial Corporation (Pink Sheets: CEFC) today announced second quarter 2021 net income of \$1,412,000, or \$.36 per share compared to second quarter 2020 net income of \$1,147,000, or \$.29 per share. Return on Equity (ROE) was 13.15% for the second quarter of 2021 compared to 11.54% for the second quarter of 2020.

For the second quarter of 2021, net interest income increased \$123,000, or 3.1% compared to the second quarter of 2020 primarily due to accelerated accretion of deferred fees from Paycheck Protection Program (PPP) loan payoffs. These loans were authorized by the CARES Act approved by Congress in response to the Covid-19 pandemic. Non-interest income increased by \$69,000, or 12.8% primarily due to higher debit card fees. Operating expenses increased by \$299,000, or 11.2% primarily due to the hiring of additional commercial lending and treasury employees as well as from professional fees related to our upcoming core data processing conversion.

The provision for loan losses expense was zero for the second quarter of 2021, compared to \$450,000 for the second quarter of 2020. The provision expense in the second quarter of 2020 was primarily due to additional environmental factor allocations related to worsening economic conditions from the Covid-19 pandemic and higher classified loans.

Total assets were \$587.6 million at June 30, 2021 compared to \$554.8 million at June 30, 2020. The increase was primarily due to core deposit growth, partially offset by lower wholesale borrowings. At June 30, 2021, Paycheck Protection Program loans outstanding were approximately \$60 million compared to \$29.9 million at June 30, 2020.

Commercial National Financial Corporation operates through a single subsidiary bank, Commercial Bank. Visit 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 June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Return on Equity (ROE)	13.15%	11.54%	14.76%	9.90%
Return on Assets (ROA)	0.97%	0.84%	1.11%	0.74%
Net Interest Margin	2.99%	3.07%	3.17%	3.13%

	June 30,	
	2021	2020
Non-performing Assets Ratio	0.84%	0.79%
Tier 1 Leverage Capital ⁽¹⁾	8.79%	8.75%
Total Risk-based Capital ⁽¹⁾	15.89%	14.59%
Book Value Per Share	\$10.87	\$10.12
Market Value Per Share	\$10.75	\$9.40

⁽¹⁾ Ratios are for Commercial Bank.

Consolidated Statements of Income (unaudited):

	Quarter Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Interest Income	\$ 4,680,835	\$ 4,859,900	\$ 9,663,400	\$ 9,686,167
Interest Expense	608,648	911,150	1,248,522	1,977,601
Net Interest Income	4,072,187	3,948,750	8,414,878	7,708,566
Provision for loan losses	-	450,000	-	950,000
Non-interest income	603,232	534,710	1,185,915	1,043,386
Operating Expenses	2,955,606	2,657,045	5,779,458	5,478,615
Income before taxes	1,719,813	1,376,415	3,821,335	2,323,337
Income tax expense	308,000	229,500	698,000	373,000
Net Income	\$ 1,411,813	\$ 1,146,915	\$ 3,123,335	\$ 1,950,337
Net Income per share – diluted	\$ 0.36	\$ 0.29	\$ 0.79	\$ 0.49
Dividends declared	\$ 0.14	\$ 0.14	\$ 0.28	\$ 0.28

Consolidated Balance Sheets (unaudited):

	June 30,	
	2021	2020
Assets		
Cash and cash equivalents	\$ 51,343,114	\$ 45,982,221
Time deposits with other banks	20,854,000	28,288,000
Securities	44,822,995	38,972,896
Loans	444,406,884	415,605,705
Allowance for loan losses	(4,238,164)	(3,733,130)
Loans, net	440,168,720	411,872,575
Premises and equipment, net	8,134,522	8,242,515
Other assets	22,308,977	21,472,268
Total Assets	\$ 587,632,328	\$ 554,830,475
Liabilities		
Deposits	\$ 492,885,149	\$ 447,477,547
Other borrowings	35,400,000	49,954,378
Trust preferred	13,403,000	13,403,000
Other liabilities	2,842,747	3,853,904
Total Liabilities	544,530,896	514,688,829
Equity		
Total Equity	43,101,432	40,141,646
Total Liabilities and Equity	\$ 587,632,328	\$ 554,830,475

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