

Commercial National Financial Corporation Reports 3rd Quarter 2021 Earnings

Ithaca, Michigan, October 29, 2021 (GLOBE NEWSWIRE) -- Commercial National Financial Corporation (Pink Sheets: CEFC) today announced third quarter 2021 net income of \$1,478,000, or \$.37 per share compared to third quarter 2020 net income of \$1,177,000, or \$.30 per share. Return on Equity (ROE) was 13.35% for the third quarter of 2021 compared to 11.50% for the third quarter of 2020.

For the third quarter of 2021, net interest income increased \$160,000, or 4.1% compared to the third quarter of 2020 primarily due to a higher average balance of interest-earning assets, partially offset by 11 basis points of lower net interest margin. Non-interest income increased by \$39,000, or 6.9% primarily due to higher debit card fees. Operating expenses increased by \$333,000, or 12% primarily due to the hiring of additional commercial lending and treasury employees as well as from professional fees related to our core data processing conversion that was completed in September.

The provision for loan losses expense was negative \$225,000 for the third quarter of 2021, compared to \$300,000 for the third quarter of 2020. The negative provision expense in the third quarter of 2021 was primarily due to significantly improved economic conditions and lower allocations to classified loans as compared to the third quarter of 2020.

Total assets were \$591.8 million at September 30, 2021 compared to \$548.1 million at September 30, 2020. The increase was primarily due to core deposit growth, partially offset by lower wholesale borrowings. At September 30, 2021, Paycheck Protection Program loans outstanding were approximately \$54.4 million compared to \$32.2 million at September 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 September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Return on Equity (ROE)	13.35%	11.50%	14.28%	10.45%
Return on Assets (ROA)	1.00%	0.85%	1.07%	0.78%
Net Interest Margin	2.90%	3.01%	3.07%	3.09%

	September 30,	
	2021	2020
Non-performing Assets Ratio	0.74%	0.77%
Tier 1 Leverage Capital ⁽¹⁾	8.83%	8.84%
Total Risk-based Capital ⁽¹⁾	15.38%	15.39%
Book Value Per Share	\$11.07	\$10.27
Market Value Per Share	\$10.58	\$9.11

⁽¹⁾Ratios are for Commercial Bank.

Consolidated Statements of Income (unaudited):

	Quarter Ended September 30,		Nine Months Ended September 30.	
	2021	2020	2021	2020
Interest Income	\$ 4,657,097	\$ 4,715,503	\$ 14,320,497	\$ 14,401,670
Interest Expense	589,799	807,886	1,838,321	2,785,487
Net Interest Income	4,067,298	3,907,617	12,482,176	11,616,183
Provision for loan losses	(225,000)	300,000	(225,000)	1,250,000
Non-interest income	605,799	566,672	1,791,714	1,560,698
Operating Expenses	3,106,093	2,772,687	8,885,551	8,201,942
Income before taxes	1,792,004	1,401,602	5,613,339	3,724,939
Income tax expense	314,000	224,500	1,012,000	597,500
Net Income	\$ 1,478,004	\$ 1,177,102	\$ 4,601,339	\$ 3,127,439
Net Income per share – diluted	\$ 0.37	\$ 0.30	\$ 1.16	\$ 0.79
Dividends declared	\$ 0.14	\$ 0.14	\$ 0.42	\$ 0.42

Consolidated Balance Sheets (unaudited):

	September 30,	
	2021	2020
Assets		
Cash and cash equivalents	\$ 35,881,247	\$ 51,221,763
Time deposits with other banks	20,854,000	22,839,000
Securities	59,058,059	38,306,539
Loans	449,036,166	409,697,305
Allowance for loan losses	(4,086,664)	(4,043,266)
Loans, net	444,949,502	405,654,039
Premises and equipment, net	8,311,175	8,217,624
Other assets	22,785,377	21,884,842
Total Assets	\$ 591,839,360	\$ 548,123,807
Liabilities		
Deposits	\$ 497,771,045	\$ 451,610,662
Other borrowings	34,400,000	39,480,000
Trust preferred	13,403,000	13,403,000
Other liabilities	2,371,146	2,904,766
Total Liabilities	547,945,191	507,398,428
Equity		
Total Equity	43,894,169	40,725,379
Total Liabilities and Equity	\$ 591,839,360	\$ 548,123,807

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