

## Commercial National Financial Corporation Reports 3<sup>rd</sup> Quarter 2022 Earnings

Ithaca, Michigan, October 27, 2022 (GLOBE NEWSWIRE) -- Commercial National Financial Corporation (Pink Sheets: CEFC) today announced third quarter 2022 net income of \$1,601,000, or \$.40 per share compared to third quarter 2021 net income of \$1,478,000, or \$.37 per share. Return on Equity (ROE) was 15.72% for the third quarter of 2022 compared to 13.35% for the third quarter of 2021.

For the third quarter of 2022, net interest income increased \$458,000, or 11.3% compared to the third quarter of 2021 primarily due to higher market interest rates and interest-earning assets. Total loans, excluding Paycheck Protection Program (PPP) loans, increased \$21.3 million, or 5.4% when comparing September 30, 2022 to September 30, 2021. Non-interest income increased by \$35,000, or 5.8% primarily due to higher debit card interchange fees. Operating expenses increased by \$138,000, or 4.4% primarily due to higher wages and benefits expense.

Total assets were \$613.1 million at September 30, 2022 compared to \$591.8 million at September 30, 2021. The increase was primarily due to core deposit growth, partially offset by lower wholesale borrowings. At September 30, 2022, PPP loans outstanding were approximately \$1.0 million compared to \$54.4 million at September 30, 2021.

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 September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Return on Equity (ROE)	15.72%	13.35%	19.00%	14.28%
Return on Assets (ROA)	1.02%	1.00%	1.32%	1.07%
Net Interest Margin	3.02%	2.90%	3.45%	3.07%
	September 30,			
	2022	2021		
Non-performing Assets Ratio	0.11%	0.74%		
Tier 1 Leverage Capital <sup>(1)</sup>	8.59%	8.83%		
Total Risk-based Capital <sup>(1)</sup>	14.74%	15.38%		
Book Value Per Share	\$9.39	\$11.07		
Market Value Per Share	\$10.75	\$10.58		

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

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

	Quarter Ended September 30,		Nine Months Ended September 30.	
	2022	2021	2022	2021
Interest Income	\$ 5,311,180	\$ 4,657,097	\$ 17,231,375	\$ 14,320,497
Interest Expense	786,229	589,799	1,903,293	1,838,321
Net Interest Income	4,524,951	4,067,298	15,328,082	12,482,176
Provision for loan losses	-	(225,000)	-	(225,000)
Non-interest income	641,174	605,799	1,717,031	1,791,714
Operating Expenses	3,243,954	3,106,093	9,518,566	8,885,551
Income before taxes	1,922,171	1,792,004	7,526,547	5,613,339
Income tax expense	321,000	314,000	1,357,000	1,012,000
Net Income	<u>\$ 1,601,171</u>	<u>\$ 1,478,004</u>	<u>\$ 6,169,547</u>	<u>\$ 4,601,339</u>
Net Income per share – diluted	<u>\$ 0.40</u>	<u>\$ 0.37</u>	<u>\$ 1.56</u>	<u>\$ 1.16</u>
Dividends declared	<u>\$ 0.14</u>	<u>\$ 0.14</u>	<u>\$ 0.42</u>	<u>\$ 0.42</u>

**Consolidated Balance Sheets (unaudited):**

	September 30,	
	2022	2021
<b>Assets</b>		
Cash and cash equivalents	\$ 53,518,943	\$ 35,881,247
Time deposits with other banks	9,458,000	20,854,000
Securities	102,600,641	59,058,059
Loans	416,905,083	449,036,166
Allowance for loan losses	(4,055,878)	(4,086,664)
Loans, net	412,849,205	444,949,502
Premises and equipment, net	8,853,644	8,311,175
Other assets	25,825,343	22,785,377
Total Assets	<u>\$ 613,105,776</u>	<u>\$ 591,839,360</u>
<b>Liabilities</b>		
Deposits	\$ 540,250,306	\$ 497,771,045
FHLB borrowings	19,000,000	34,400,000
Trust preferred	13,403,000	13,403,000
Other liabilities	3,210,208	2,371,146
Total Liabilities	575,863,514	547,945,191
<b>Equity</b>		
Total Equity	37,242,262	43,894,169
Total Liabilities and Equity	<u>\$ 613,105,776</u>	<u>\$ 591,839,360</u>

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