



Board of Directors

Kevin D. Collison
Heather M. Cook Fisette
Timothy J. Coscarelly
Aaron L. Davis
Christopher E. Goggin
Brent J. Hardman
Richard S. Prestage
Loren R. Roslund
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SECOND QUARTER REPORT
JUNE 30, 2025



COMMERCIAL NATIONAL
FINANCIAL CORPORATION

101 N. PINE RIVER ST.
P.O. BOX 280
ITHACA, MICHIGAN 48847
989-875-4144

To Our Shareholders,

Net income for the second quarter of 2025 was \$1,607,000 or \$0.41 per share compared to second quarter 2024 net income of \$1,412,000 or \$0.36 per share. Return on Equity was 12.36% for the second quarter of 2025 compared to 11.96% for the second quarter of 2024.

Net interest income for the second quarter of 2025 increased by \$400,000 or 8.7% compared to the respective 2024 period. Interest income decreased by \$168,000, mainly due to a decrease in loan balances. Interest expense decreased by \$568,000, as deposit rates were reduced following the federal funds rate cuts during the end of 2024. Non-interest income decreased by \$71,000 or 11.6%, primarily due to lower other miscellaneous income. Operating expenses increased by \$40,000 or 1.1%.

Total assets were \$552 million as of June 30, 2025 compared to \$573 million as of June 30, 2024. The decrease in assets was mainly due to the repayment of wholesale funding and trust preferred debt. While total loans decreased by \$28 million or 6.9% due to the high-interest rate environment and early loan payoffs, loan quality remained strong with a non-performing assets ratio of 0.27%. Additionally, CEFC's wholly owned subsidiary, Commercial Bank, remains significantly above "well capitalized" for regulatory purposes.

CEFC announced a share repurchase program in May of 2025, which remains in effect indefinitely. CEFC may repurchase shares under the program at its discretion, taking into account factors such as the share price, market conditions, share availability, and other relevant considerations. There is no guarantee that any specific number of shares will be repurchased, and CEFC may modify, renew, suspend, or terminate the program at any time without prior notice. For further information about the stock repurchase program, please contact our primary market maker, Nick Bicking at D.A. Davidson & Co., at 614-710-7060.

As always, please feel free to contact me with any questions or concerns.

Kevin D. Collison
President and CEO

COMMERCIAL NATIONAL FINANCIAL
CORPORATION

FINANCIAL HIGHLIGHTS

	6/30/2025	6/30/2024
QUARTER ENDING		
Basic Earnings	\$ 0.41	\$ 0.36
Diluted Earnings	\$ 0.41	\$ 0.36
Return on Average Equity	12.36%	11.96%
Return on Average Assets	1.16%	0.98%
Net Interest Margin	3.80%	3.38%

YEAR TO DATE		
Basic Earnings	\$ 0.77	\$ 0.65
Diluted Earnings	\$ 0.77	\$ 0.65
Return on Average Equity	11.84%	10.96%
Return on Average Assets	1.09%	0.89%
Cash Dividends Paid	\$ 0.28	\$ 0.28
Book Value	\$ 13.21	\$ 12.16
Market Price	\$ 10.50	\$ 8.90
Dividend Yield	5.33%	6.29%
Allowance for Credit Losses to Total Loans	0.89%	0.86%
Net Interest Margin	3.74%	3.31%

INVESTMENT BROKER

D.A. Davidson & Co.		
Nick Bicking	nbicking@dadco.com	(614) 710-7060
Tom Dooley	tdooley@dadco.com	(614) 710-7061

Brokerage & Advisory services offered through D.A. Davidson & Co. are not affiliated with Commercial Bank.

Stock Symbol: CEFC

CONSOLIDATED BALANCE SHEETS

	6/30/2025	6/30/2024
	(Unaudited)	(Unaudited)
Assets		
Cash and due from banks	\$ 55,001,227	\$ 47,039,228
Time deposits in banks	1,494,000	1,992,000
Securities	80,346,101	80,159,284
Loans	383,769,712	412,197,881
Less: Allowance for credit losses	(3,432,412)	(3,528,389)
Net loans	380,337,300	408,669,492
Bank premises & equipment	9,858,626	9,920,094
Other assets	25,056,597	24,949,807
Total Assets	<u>\$ 552,093,851</u>	<u>\$ 572,729,905</u>
Liabilities		
Deposits		
Non-interest bearing	\$ 108,243,381	\$ 106,762,525
Interest bearing	376,737,757	395,167,058
Total deposits	484,981,138	501,929,583
Federal Home Loan Bank borrowings	4,000,000	9,000,000
Trust Preferred	7,310,000	10,310,000
Accrued expenses and other liabilities	3,415,374	3,269,872
Total Liabilities	499,706,512	524,509,455
Shareholders' Equity		
Common stock & paid-in-capital	20,517,672	20,517,672
Accumulated other comprehensive income (loss), net of tax	(7,963,438)	(8,024,568)
Retained earnings	39,833,105	35,727,346
Total Shareholders' Equity	52,387,339	48,220,450
Total Liabilities & Shareholders' Equity	<u>\$ 552,093,851</u>	<u>\$ 572,729,905</u>

CONSOLIDATED STATEMENTS OF INCOME

	QUARTER ENDING		YEAR TO DATE	
	6/30/2025	6/30/2024	6/30/2025	6/30/2024
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Interest Income				
Interest & fees on loans	\$ 5,228,142	\$ 5,522,005	\$ 10,427,903	\$ 10,978,312
Interest & dividends on securities	781,773	595,232	1,525,978	1,193,753
Interest on deposits in banks	531,891	592,377	1,063,218	1,153,023
Total Interest Income	6,541,806	6,709,614	13,017,099	13,325,088
Interest Expense				
Interest on deposits	1,434,888	1,882,500	2,903,121	3,709,211
Interest on FHLB borrowings	13,996	55,437	26,949	114,502
Trust Preferred (net)	115,261	190,658	269,305	428,217
Interest on other borrowings	61	3,178	61	3,270
Total Interest Expense	1,564,206	2,131,773	3,199,436	4,255,200
Net Interest Income	4,977,600	4,577,841	9,817,663	9,069,888
Provision for credit losses	(34,213)	(79,201)	(34,213)	(39,201)
Net Interest Income after Provision	5,011,813	4,657,042	9,851,876	9,109,089
Non-interest Income				
Service charges and fees	314,329	285,670	583,573	580,529
Other income	228,337	328,222	429,039	570,455
Total Other Income	542,666	613,892	1,012,612	1,150,984
Operating Expenses				
Salaries & employee benefits	2,187,541	2,220,016	4,372,852	4,438,958
Occupancy & equipment expense	696,417	646,138	1,423,121	1,317,877
Other expenses	711,970	689,546	1,376,208	1,393,883
Total Operating Expenses	3,595,928	3,555,700	7,172,181	7,150,718
Income Before Income Taxes	1,958,551	1,715,234	3,692,307	3,109,355
Income Tax Expense	351,475	303,070	655,950	536,060
Net Income	<u>\$ 1,607,076</u>	<u>\$ 1,412,164</u>	<u>\$ 3,036,357</u>	<u>\$ 2,573,295</u>

OFFICERS OF COMMERCIAL BANK

President & CEO	
Kevin D. Collison	
Executive Vice President & Chief Lending Officer	
Andrew P. Shafley	
Chief Financial Officer	
Benjamin Z. Ogle	
Senior Vice Presidents	
Kimberly S. Campbell	Gregory R. Hansen
Sarah J. Doherty	
First Vice Presidents	
Corey S. Bailey	Matthew O. Fletcher
Vice Presidents	
Garth W. Anderson	Jamie L. Ogle
Melanie S. Baxter	Janine K. Palmer
Paul D. Harger	Denise L. Reese
Amy S. Homich	Chad E. Springer
Heidi L. Miller	Sheena M. Williams
Assistant Vice Presidents	
Andrea G. Carr	Roger K. Merritt
Cody R. Dishaw	Elizabeth H. Sinko
Nate R. Kirk, Jr.	Billie G. Smith
Tammy L. McCollum	
Officers	
Tricia C. Frost	Heather H. Warren
Elizabeth A. Nedry	

OFFICES		
Alma- Wright Ave. 989-463-3901	Grand Rapids 616-367-3000	Greenville 616-754-7166
Hastings 269-945-9561	Ithaca 989-875-4144	Mason- Cedar St. 517-676-0515
Mason- Jefferson St. 517-676-0500	Middleton 989-236-7236	Okemos 517-337-5000
*Alma- N. State St. 989-463-2185	St. Louis 989-681-5738	

*Loan operations center only