



**COMMERCIAL NATIONAL
FINANCIAL CORPORATION**

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
Jeffrey A. Stahl

Visit www.commercial-bank.com to view the latest consolidated Annual Report, news releases and other information about CEFC and Commercial Bank.

www.commercial-bank.com



**THIRD QUARTER REPORT
SEPTEMBER 30, 2022**



**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 third quarter of 2022 was \$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.

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

	9/30/2022	9/30/2021
QUARTER ENDING		
Basic Earnings	\$ 0.40	\$ 0.37
Diluted Earnings	\$ 0.40	\$ 0.37
Return on Average Equity	15.72%	13.35%
Return on Average Assets	1.02%	1.00%
Net Interest Margin	3.02%	2.90%
YEAR TO DATE		
Basic Earnings	\$ 1.56	\$ 1.16
Diluted Earnings	\$ 1.56	\$ 1.16
Return on Average Equity	19.00%	14.28%
Return on Average Assets	1.32%	1.07%
Cash Dividends Paid	\$ 0.42	\$ 0.42
Book Value	\$ 9.39	\$ 11.07
Market Price	\$ 10.75	\$ 10.58
Dividend Yield	5.21%	5.29%
Allowance for Loan Loss to Total Loans	0.97%	0.91%
Net Interest Margin	3.45%	3.07%

INVESTMENT BROKERS

Stifel, Nicolaus & Company, Incorporated

Kyle Travis- Financial Advisor
1-616-224-1559

Products & services are offered through Stifel. Stifel is not affiliated with Commercial Bank. Member SIPC/NYSE

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.
Member SIPC

Stock Symbol: CEFC

CONSOLIDATED BALANCE SHEETS

	9/30/2022	9/30/2021
Assets	(Unaudited)	(Unaudited)
Cash and due from banks	\$ 53,518,943	\$ 35,061,247
Federal funds sold	-	820,000
Total cash & cash equivalents	53,518,943	35,881,247
Time deposits in banks	9,458,000	20,854,000
Securities	102,600,641	59,058,059
Loans	416,905,083	449,036,166
Less: Allowance for loan losses	(4,055,878)	(4,086,664)
Net loans	412,849,205	444,949,502
Bank premises & equipment	8,853,644	8,311,175
Other assets	25,825,343	22,785,377
Total Assets	\$ 613,105,776	\$ 591,839,360
Liabilities		
Deposits		
Non-interest bearing	\$ 134,239,408	\$ 120,068,143
Interest bearing	406,010,898	377,702,902
Total deposits	540,250,306	497,771,045
		-
Federal Home Loan Bank borrowings	19,000,000	34,400,000
Trust Preferred	13,403,000	13,403,000
Accrued expenses and other liabilities	3,210,208	2,371,146
Total Liabilities	575,863,514	547,945,191
Shareholders' Equity		
Common stock & paid-in-capital	20,517,672	20,517,671
Accumulated other comprehensive income (loss), net of tax	(11,929,943)	435,710
Retained earnings	28,654,533	22,940,788
Total Shareholders' Equity	37,242,262	43,894,169
Total Liabilities & Shareholders' Equity	\$ 613,105,776	\$ 591,839,360

CONSOLIDATED STATEMENTS OF INCOME

	QUARTER ENDING		YEAR TO DATE	
	9/30/2022	9/30/2021	9/30/2022	9/30/2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Interest Income				
Interest & fees on loans	\$ 4,411,341	\$ 4,380,281	\$ 15,134,049	\$ 13,487,847
Interest & dividends on securities	556,646	148,995	1,445,482	460,207
Interest on deposits in banks	341,244	127,811	649,165	372,423
Interest on federal funds sold	1,949	10	2,679	20
Total Interest Income	5,311,180	4,657,097	17,231,375	14,320,497
Interest Expense				
Interest on deposits	554,362	380,330	1,247,075	1,205,694
Interest on FHLB borrowings	102,202	142,822	360,255	430,064
Trust Preferred (net)	129,652	66,647	295,936	202,559
Interest on other borrowings	13	-	27	4
Total 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)
Net Interest Income after Provision	4,524,951	4,292,298	15,328,082	12,707,176
Non-interest Income				
Service charges and fees	282,406	251,156	805,045	731,171
Other income	358,768	354,643	911,986	1,060,543
Total Other Income	641,174	605,799	1,717,031	1,791,714
Operating Expenses				
Salaries & employee benefits	2,073,991	1,853,545	5,932,338	5,215,657
Occupancy & equipment expense	568,821	610,493	1,720,248	1,765,951
Other expenses	601,142	642,055	1,865,980	1,903,943
Total Operating Expenses	3,243,954	3,106,093	9,518,566	8,885,551
Income Before Income 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	\$ 1,601,171	\$ 1,478,004	\$ 6,169,547	\$ 4,601,339

OFFICERS OF COMMERCIAL BANK

President & CEO	
Kevin D. Collison	
Executive Vice President & Chief Lending Officer	
Andrew P. Shafley	
Chief Financial Officer & Chief Operating Officer	
Kevin A. Twardy	
First Vice President	
Matthew O. Fletcher	
Vice Presidents	
Garth W. Anderson	Paul D. Harger
Corey S. Bailey	Jayme L. Kosal
Kathleen R. Baker	Michael D. Miller
Jason D. Beebe	Benjamin Z. Ogle
Chelsey A. Foster	Heather A. Schaeffer
Trisha A. Gough	Linda M. Vaughn
Jacky Halliwill	Jessica L. Wright
Gregory R. Hansen	
Assistant Vice Presidents	
Sara F. Bajema	Roger K. Merritt
Melanie S. Baxter	Heidi L. Miller
Kimberly S. Campbell	Jamie L. Ogle
Dakota T. Curns	Denise L. Reese
Nate R. Kirk, Jr.	Courtney A. Samson
Tammy L. McCollum	
Officers	
Tricia C. Frost	Kayla M. Grzeskowiak

OFFICES

Ithaca	Okemos	Middleton
989-875-4144	517-337-5000	989-236-7236
Alma- Wright Ave.	Greenville	St. Louis
989-463-3901	616-754-7166	989-681-5738
Mason- Jefferson St.	Mason- Cedar St.	Hastings
517-676-0500	517-676-0515	269-945-9561
*Alma- N. State St.		**Grand Rapids
989-463-2185		616-405-4626

*Loan operations center only

**Loan production office only