



**COMMERCIAL NATIONAL  
FINANCIAL CORPORATION**

**Board of Directors**

Kevin D. Collison  
Heather M. Cook Fisetta  
Timothy J. Coscarelly  
Aaron L. Davis  
Christopher E. Goggin  
Brent J. Hardman  
Richard S. Prestage  
Loren R. Roslund  
Jeffrey A. Stahl

**SECOND QUARTER REPORT  
JUNE 30, 2021**



**COMMERCIAL NATIONAL  
FINANCIAL CORPORATION**

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

**[www.commercial-bank.com](http://www.commercial-bank.com)**



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.

To Our Shareholders,

Net income for the second quarter of 2021 was \$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.

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**

	6/30/2021	6/30/2020
<b>QUARTER ENDING</b>		
Basic Earnings	\$ 0.36	\$ 0.29
Diluted Earnings	\$ 0.36	\$ 0.29
Return on Average Equity	13.15%	11.54%
Return on Average Assets	0.97%	0.84%
Net Interest Margin	2.99%	3.07%
<b>YEAR TO DATE</b>		
Basic Earnings	\$ 0.79	\$ 0.49
Diluted Earnings	\$ 0.79	\$ 0.49
Return on Average Equity	14.76%	9.90%
Return on Average Assets	1.11%	0.74%
Cash Dividends Paid	\$ 0.28	\$ 0.27
Book Value	\$ 10.87	\$ 10.12
Market Price	\$ 10.75	\$ 9.40
Dividend Yield	5.21%	5.74%
Allowance for Loan Loss to Total Loans	0.95%	0.90%
Net Interest Margin	3.17%	3.13%

**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

**Boenning & Scattergood**

Eugene B. Bodo

1-800-842-8928

Brokerage & Advisory services offered through Boenning & Scattergood are not affiliated with Commercial Bank. Member FINA/SIPC

**Stock Symbol: CEFC**

## CONSOLIDATED BALANCE SHEETS

	6/30/2021	6/30/2020
<b>Assets</b>	(Unaudited)	(Unaudited)
Cash and due from banks	\$ 51,212,114	\$ 45,865,221
Federal funds sold	131,000	117,000
Total cash & cash equivalents	51,343,114	45,982,221
Time deposits in banks	20,854,000	28,288,000
Securities	44,822,995	38,972,896
Loans	444,406,884	415,605,705
Less: Allowance for loan losses	(4,238,164)	(3,733,130)
Net loans	440,168,720	411,872,575
Bank premises & equipment	8,134,522	8,242,515
Other assets	22,308,977	21,472,268
<b>Total Assets</b>	\$ 587,632,328	\$ 554,830,475
<b>Liabilities</b>		
<b>Deposits</b>		
Non-interest bearing	\$ 125,477,878	\$ 113,518,965
Interest bearing	367,407,271	333,958,582
<b>Total deposits</b>	492,885,149	447,477,547
Repurchase agreements	-	7,974,378
Federal Home Loan Bank borrowings	35,400,000	41,980,000
Trust Preferred	13,403,000	13,403,000
Accrued expenses and other liabilities	2,842,747	3,853,904
<b>Total Liabilities</b>	544,530,896	514,688,829
<b>Shareholders' Equity</b>		
Common stock & paid-in-capital	20,517,671	20,517,679
Accumulated other comprehensive income, net of tax	565,835	922,889
Retained earnings	22,017,926	18,701,078
<b>Total Shareholders' Equity</b>	43,101,432	40,141,646
<b>Total Liabilities &amp; Shareholders' Equity</b>	\$ 587,632,328	\$ 554,830,475

## CONSOLIDATED STATEMENTS OF INCOME

	QUARTER ENDING		YEAR TO DATE	
	6/30/2021	6/30/2020	6/30/2021	6/30/2020
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Interest Income</b>				
Interest & fees on loans	\$ 4,414,171	\$ 4,472,287	\$ 9,107,566	\$ 8,834,672
Interest on federal funds sold	5	14	10	686
Interest on deposits in banks	120,640	186,575	244,612	430,082
Interest & dividends on securities	146,019	201,024	311,212	420,727
Total Interest Income	4,680,835	4,859,900	9,663,400	9,686,167
<b>Interest Expense</b>				
Interest on deposits	398,062	608,701	825,364	1,319,924
Interest on FHLB advances	142,865	215,553	287,242	442,200
Trust Preferred	67,717	84,016	135,912	201,612
Interest on other borrowings	4	2,880	4	13,865
Total Interest Expense	608,648	911,150	1,248,522	1,977,601
<b>Net Interest Income</b>	4,072,187	3,948,750	8,414,878	7,708,566
Provision for loan losses	-	450,000	-	950,000
Net Interest Income after Provision	4,072,187	3,498,750	8,414,878	6,758,566
<b>Non-interest Income</b>				
Service charges and fees	247,949	192,916	480,015	393,317
Other income	355,283	341,794	705,900	650,069
Total Other Income	603,232	534,710	1,185,915	1,043,386
<b>Operating Expenses</b>				
Salaries & employee benefits	1,783,648	1,568,680	3,362,112	3,249,679
Occupancy & equipment expense	551,085	517,388	1,155,458	1,065,336
Other expenses	620,873	570,978	1,261,888	1,163,601
Total Operating Expenses	2,955,606	2,657,046	5,779,458	5,478,616
<b>Income Before Income Taxes</b>	1,719,813	1,376,414	3,821,335	2,323,336
Income Tax Expense	308,000	229,500	698,000	373,000
<b>Net Income</b>	\$ 1,411,813	\$ 1,146,914	\$ 3,123,335	\$ 1,950,336

## OFFICERS OF COMMERCIAL BANK

<b>President &amp; CEO</b>	
Kevin D. Collison	
<b>Executive Vice President &amp; Chief Lending Officer</b>	
Andrew P. Shafley	
<b>Chief Financial Officer &amp; Chief Operating Officer</b>	
Kevin A. Twardy	
<b>First Vice President</b>	
Matthew O. Fletcher	
<b>Vice Presidents</b>	
Garth W. Anderson	Jayme L. Kosal
Corey S. Bailey	Michael D. Miller
Kathleen R. Baker	Benjamin Z. Ogle
Jason D. Beebe	Sandra Panella
Debra K. Bunting	Heather A. Schaeffer
Chelsey A. Foster	Linda M. Vaughn
Jacky Halliwill	Trisha A. Warner
Greg R. Hansen	Jessica L. Wright
Paul D. Harger	
<b>Assistant Vice Presidents</b>	
Sara F. Bajema	Heidi L. Miller
Melanie S. Baxter	Jamie L. Ogle
Nate R. Kirk, Jr.	Denise L. Reese
Roger K. Merritt	Courtney A. Samson

## OFFICES

Ithaca 989-875-4144	Okemos 517-337-5000	Middleton 989-236-7236
Alma- Wright Ave. 989-463-3901	Greenville 616-754-7166	St. Louis 989-681-5738
Mason- Jefferson St. 517-676-0500	Mason- Cedar St. 517-676-0515	Hastings 269-945-9561
**Alma- N. State St. 989-463-2185		
**Mt. Pleasant 989-775-0355	**Grand Rapids 616-608-0022	

\*\*Loan production office only