

## Commercial National Financial Corporation Reports 2<sup>nd</sup> Quarter 2023 Earnings

Ithaca, Michigan, July 25, 2023 (GLOBE NEWSWIRE) -- Commercial National Financial Corporation (Pink Sheets: CEFC) today announced second quarter 2023 net income of \$1,543,000, or \$.39 per share compared to second quarter 2022 net income of \$1,518,000, or \$.38 per share. Return on Equity (ROE) was 14.44% for the second quarter of 2023 compared to 14.23% for the second quarter of 2022.

For the second quarter of 2023, net interest income increased by \$81,000, or 1.8% compared to the second quarter of 2022 primarily due to a higher net interest margin, partially offset by lower average interest-earning assets. Total loans increased \$9.2 million, or 2.2% when comparing June 30, 2023 to June 30, 2022. Non-interest income increased by \$18,000, or 3.7% primarily due to higher miscellaneous income. Operating expenses increased by \$62,000, or 2% primarily due to higher wages and benefits expense.

Total assets were \$587.9 million at June 30, 2023 compared to \$625 million at June 30, 2022. The decrease was primarily due to the repayment of \$17.7 million of wholesale borrowings with excess liquidity as well as lower municipal and other public deposits. CEFC's wholly owned subsidiary, Commercial Bank, remains significantly above "well capitalized" for regulatory purposes.

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### Selected Financial Data (unaudited):

	Quarter Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Return on Equity (ROE)	14.44%	14.23%	14.42%	20.51%
Return on Assets (ROA)	1.04%	0.97%	1.01%	1.47%
Net Interest Margin	3.23%	3.00%	3.26%	3.68%
	June 30,			
	2023	2022		
Non-performing Assets Ratio	0.18%	0.11%		
Tier 1 Leverage Capital <sup>(1)</sup>	9.37%	8.49%		
Total Risk-based Capital <sup>(1)</sup>	15.22%	14.84%		
Book Value Per Share	\$10.89	\$9.81		
Market Value Per Share	\$9.30	\$11.44		

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

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

	Quarter Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Interest Income	\$ 6,279,754	\$ 5,043,640	\$ 12,355,813	\$ 11,920,195
Interest Expense	1,740,142	585,202	3,125,557	1,117,064
Net Interest Income	4,539,612	4,458,438	9,230,256	10,803,131
Provision for loan losses	(12,000)	-	109,000	-
Non-interest income	515,297	496,982	987,801	1,075,857
Operating Expenses	3,189,499	3,127,307	6,460,291	6,274,612
Income before taxes	1,877,410	1,828,113	3,648,766	5,604,376
Income tax expense	334,463	310,000	635,763	1,036,000
Net Income	<u>\$ 1,542,947</u>	<u>\$ 1,518,113</u>	<u>\$ 3,013,003</u>	<u>\$ 4,568,376</u>
Net Income per share – diluted	<u>\$ 0.39</u>	<u>\$ 0.38</u>	<u>\$ 0.76</u>	<u>\$ 1.15</u>
Dividends declared	<u>\$ 0.14</u>	<u>\$ 0.14</u>	<u>\$ 0.28</u>	<u>\$ 0.28</u>

**Consolidated Balance Sheets (unaudited):**

	June 30,	
	2023	2022
<b>Assets</b>		
Cash and cash equivalents	\$ 39,832,080	\$ 68,922,849
Time deposits with other banks	4,482,000	11,450,000
Securities	92,532,540	103,209,588
Loans	421,267,286	412,037,495
Allowance for loan losses	(3,868,740)	(3,831,495)
Loans, net	417,398,546	408,206,000
Premises and equipment, net	8,624,817	8,595,466
Other assets	25,075,126	24,602,640
Total Assets	<u>\$ 587,945,109</u>	<u>\$ 624,986,543</u>
<b>Liabilities</b>		
Deposits	\$ 508,939,164	\$ 545,892,457
FHLB borrowings	19,000,000	24,000,000
Trust preferred	13,403,000	13,403,000
Other liabilities	3,422,503	2,792,569
Total Liabilities	544,764,667	586,088,026
<b>Equity</b>		
Total Equity	43,180,442	38,898,517
Total Liabilities and Equity	<u>\$ 587,945,109</u>	<u>\$ 624,986,543</u>

Contact:

Kevin A. Twardy  
CFO  
989-875-5528