

Commercial National Financial Corporation Reports 1st Quarter 2023 Earnings

Ithaca, Michigan, April 26, 2023 (GLOBE NEWSWIRE) -- Commercial National Financial Corporation (Pink Sheets: CEFC) today announced first quarter 2023 net income of \$1,470,000, or \$.37 per share compared to first quarter 2022 net income of \$3,050,000, or \$.77 per share. Return on Equity (ROE) was 14.40% for the first quarter of 2023 compared to 26.26% for the first quarter of 2022.

For the first quarter of 2023, net interest income decreased by \$1.65 million, or 26.1% compared to the first quarter of 2022 primarily due to substantially lower Paycheck Protection Program (PPP) loan fee accretion by approximately \$2.5 million (\$.50 per share, after taxes). When excluding PPP loan fee accretion, net interest income increased by \$866,000, or 22.7% primarily due to an increase in net interest margin. Total loans, excluding PPP loans, increased \$16.3 million, or 4% when comparing March 31, 2023 to March 31, 2022. The provision for credit losses expense increased from zero to \$121,000 primarily due to general reserves being added corresponding to loan growth during the first quarter of 2023 as required by the new credit losses accounting standard adopted January 1, 2023. Non-interest income decreased by \$106,000, or 18.4% primarily due to lower miscellaneous income. Operating expenses increased by \$123,000, or 3.9% primarily due to higher wages and miscellaneous expense.

Total assets were \$600.9 million at March 31, 2023 compared to \$627.4 million at March 31, 2022. The decrease was primarily due to the repayment of \$18.6 million of brokered certificates of deposit and \$15.4 million of Federal Home Loan Bank borrowings with excess liquidity. At March 31, 2023, PPP loans outstanding were approximately \$.5 million compared to \$3.8 million at March 31, 2022. CEFC's wholly owned subsidiary, Commercial Bank, remains significantly above "well capitalized" for regulatory purposes.

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

Selected Financial Data (unaudited):

	Quarter Ended March 31,	
	2023	2022
Return on Equity (ROE)	14.40%	26.26%
Return on Assets (ROA)	0.98%	1.99%
Net Interest Margin	3.28%	4.37%

	March 31,	
	2023	2022
Non-performing Assets Ratio	0.13%	0.70%
Tier 1 Leverage Capital ⁽¹⁾	9.04%	8.59%
Total Risk-based Capital ⁽¹⁾	15.06%	14.94%
Book Value Per Share	\$10.66	\$11.51
Market Value Per Share	\$10.75	\$13.30

⁽¹⁾Ratios are for Commercial Bank.

Consolidated Statements of Income (unaudited):

	Quarter Ended March 31,	
	2023	2022
Interest Income	\$ 6,076,059	\$ 6,876,555
Interest Expense	1,385,415	531,862
Net Interest Income	4,690,644	6,344,693
Provision for credit losses	121,000	-
Non-interest income	472,504	578,875
Operating Expenses	3,270,792	3,147,305
Income before taxes	1,771,356	3,776,263
Income tax expense	301,300	726,000
Net Income	<u>\$ 1,470,056</u>	<u>\$ 3,050,263</u>
Net Income per share – diluted	<u>\$ 0.37</u>	<u>\$ 0.77</u>
Dividends declared	<u>\$ 0.14</u>	<u>\$ 0.14</u>

Consolidated Balance Sheets (unaudited):

	March 31,	
	2023	2022
Assets		
Cash and cash equivalents	\$ 45,031,302	\$ 67,543,910
Time deposits with other banks	4,482,000	14,380,000
Securities	98,252,929	108,533,063
Loans	423,195,140	410,228,551
Allowance for credit losses	(3,881,282)	(3,831,809)
Loans, net	419,313,858	406,396,742
Premises and equipment, net	8,718,868	8,377,785
Other assets	25,101,915	22,165,771
Total Assets	<u>\$ 600,900,872</u>	<u>\$ 627,397,271</u>
Liabilities		
Deposits	\$ 523,072,519	\$ 531,049,989
FHLB borrowings	19,000,000	34,400,000
Trust preferred	13,403,000	13,403,000
Other liabilities	3,170,449	2,886,462
Total Liabilities	558,645,968	581,739,451
Equity		
Total Equity	42,254,904	45,657,820
Total Liabilities and Equity	<u>\$ 600,900,872</u>	<u>\$ 627,397,271</u>

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