



**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, 2022**



**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 2022 was \$1,518,113, or \$.38 per share compared to the second quarter of 2021 net income of \$1,411,813, or \$.36 per share. Return on Equity (ROE) was 14.23% for the second quarter of 2022 compared to 13.15% for the second quarter of 2021.

For the second quarter of 2022, net interest income increased \$386,000, or 9.5% compared to the second quarter of 2021 primarily due to higher interest-earning assets as well as from the recovery of interest on non-accrual loan payoffs. Total loans, excluding Paycheck Protection Program ("PPP") loans, increased \$25.9 million, or 6.7% when comparing June 30, 2022 to June 30, 2021. Non-interest income decreased by \$106,000, or 17.6% due to lower miscellaneous income, partially offset by higher debit card fees. Operating expenses increased by \$172,000, or 5.8% primarily due to higher wages and benefits expense.

Total assets were \$625 million at June 30, 2022 compared to \$587.6 million at June 30, 2021. The increase was primarily due to core deposits growth, partially offset by lower wholesale borrowings. At June 30, 2022, Paycheck Protection Program loans outstanding were approximately \$1.8 million compared to \$60 million at June 30, 2021.

We are pleased to announce that our Ithaca branch office remodeling is complete. Customers have been impressed with the appearance and functionality.

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**

	6/30/2022	6/30/2021
<b>QUARTER ENDING</b>		
Basic Earnings	\$ 0.38	\$ 0.36
Diluted Earnings	\$ 0.38	\$ 0.36
Return on Average Equity	14.23%	13.15%
Return on Average Assets	0.97%	0.97%
Net Interest Margin	3.02%	2.99%
<b>YEAR TO DATE</b>		
Basic Earnings	\$ 1.15	\$ 0.79
Diluted Earnings	\$ 1.15	\$ 0.79
Return on Average Equity	20.51%	14.76%
Return on Average Assets	1.47%	1.11%
Cash Dividends Paid	\$ 0.28	\$ 0.28
Book Value	\$ 9.81	\$ 10.87
Market Price	\$ 11.44	\$ 10.75
Dividend Yield	4.90%	5.21%
Allowance for Loan Loss to Total Loans	0.93%	0.95%
Net Interest Margin	3.68%	3.17%

**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

	<b>6/30/2022</b>	<b>6/30/2021</b>
<b>Assets</b>	(Unaudited)	(Unaudited)
Cash and due from banks	\$ 68,760,849	\$ 51,212,114
Federal funds sold	<u>162,000</u>	<u>131,000</u>
<b>Total cash &amp; cash equivalents</b>	68,922,849	51,343,114
Time deposits in banks	11,450,000	20,854,000
Securities	103,209,588	44,822,995
Loans	412,037,495	444,406,884
Less: Allowance for loan losses	<u>(3,831,495)</u>	<u>(4,238,164)</u>
<b>Net loans</b>	408,206,000	440,168,720
Bank premises & equipment	8,595,466	8,134,522
Other assets	<u>24,602,640</u>	<u>22,308,977</u>
<b>Total Assets</b>	<u>\$ 624,986,543</u>	<u>\$ 587,632,328</u>
<b>Liabilities</b>		
Deposits		
Non-interest bearing	\$ 134,327,034	\$ 125,477,878
Interest bearing	<u>411,565,423</u>	<u>367,407,271</u>
<b>Total deposits</b>	545,892,457	492,885,149
		-
Federal Home Loan Bank borrowings	24,000,000	35,400,000
Trust Preferred	13,403,000	13,403,000
Accrued expenses and other liabilities	<u>2,792,569</u>	<u>2,842,747</u>
<b>Total Liabilities</b>	586,088,026	544,530,896
<b>Shareholders' Equity</b>		
Common stock & paid-in-capital	20,517,672	20,517,671
Accumulated other comprehensive income (loss), net of tax	(9,227,659)	565,835
Retained earnings	<u>27,608,504</u>	<u>22,017,926</u>
<b>Total Shareholders' Equity</b>	<u>38,898,517</u>	<u>43,101,432</u>
<b>Total Liabilities &amp; Shareholders' Equity</b>	<u>\$ 624,986,543</u>	<u>\$ 587,632,328</u>

## CONSOLIDATED STATEMENTS OF INCOME

	<b>QUARTER ENDING</b>		<b>YEAR TO DATE</b>	
	<b>6/30/2022</b>	<b>6/30/2021</b>	<b>6/30/2022</b>	<b>6/30/2021</b>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Interest Income</b>				
Interest & fees on loans	\$ 4,327,994	\$ 4,414,171	\$ 10,722,708	\$ 9,107,566
Interest & dividends on securities	523,049	146,019	888,836	311,212
Interest on deposits in banks	191,902	120,640	307,921	244,612
Interest on federal funds sold	<u>695</u>	<u>5</u>	<u>730</u>	<u>10</u>
<b>Total Interest Income</b>	5,043,640	4,680,835	11,920,195	9,663,400
<b>Interest Expense</b>				
Interest on deposits	367,688	398,062	692,713	825,364
Interest on FHLB borrowings	122,808	142,865	258,053	287,242
Trust Preferred	94,692	67,717	166,284	135,912
Interest on other borrowings	<u>14</u>	<u>4</u>	<u>14</u>	<u>4</u>
<b>Total Interest Expense</b>	585,202	608,648	1,117,064	1,248,522
<b>Net Interest Income</b>	4,458,438	4,072,187	10,803,131	8,414,878
Provision for loan losses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Interest Income after Provision</b>	4,458,438	4,072,187	10,803,131	8,414,878
<b>Non-interest Income</b>				
Service charges and fees	269,714	247,949	522,639	480,015
Other income	<u>227,268</u>	<u>355,283</u>	<u>553,218</u>	<u>705,900</u>
<b>Total Other Income</b>	496,982	603,232	1,075,857	1,185,915
<b>Operating Expenses</b>				
Salaries & employee benefits	1,914,393	1,783,648	3,858,347	3,362,112
Occupancy & equipment expense	564,767	551,085	1,151,427	1,155,458
Other expenses	<u>648,147</u>	<u>620,873</u>	<u>1,264,838</u>	<u>1,261,888</u>
<b>Total Operating Expenses</b>	3,127,307	2,955,606	6,274,612	5,779,458
<b>Income Before Income Taxes</b>	1,828,113	1,719,813	5,604,376	3,821,335
Income Tax Expense	<u>310,000</u>	<u>308,000</u>	<u>1,036,000</u>	<u>698,000</u>
<b>Net Income</b>	<u>\$ 1,518,113</u>	<u>\$ 1,411,813</u>	<u>\$ 4,568,376</u>	<u>\$ 3,123,335</u>

## 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	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	
<b>Assistant Vice Presidents</b>	
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	
<b>Officers</b>	
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.	**Mt. Pleasant	**Grand Rapids
989-463-2185	989-775-0355	616-405-4626

\*Loan operations center only

\*\*Loan production office only