



**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

**FIRST QUARTER REPORT  
MARCH 31, 2021**



**COMMERCIAL NATIONAL  
FINANCIAL CORPORATION**

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

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.

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



To Our Shareholders,

Net income for the first quarter of 2021 was \$1,712,000, or \$.43 per share compared to first quarter 2020 net income of \$803,000, or \$.20 per share. Return of Equity (ROE) was 16.42% for the first quarter of 2021 compared to 8.23% for the first quarter of 2020.

For the first quarter of 2021, net interest income increased \$583,000, or 15.5% compared to the first 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 \$74,000, or 14.5% primarily due to higher debit card fees. Operating expenses increased by \$2,000, or .08%.

The provision for loan losses expense was zero for the first quarter of 2021, compared to \$500,000 for the first quarter of 2020. The provision expense in the first quarter of 2020 was primarily due to additional environmental factor allocations related to worsening economic conditions from the Covid-19 pandemic.

Total assets were \$569.8 million at March 31, 2021 compared to \$511.3 million March 31, 2020. The increase was primarily due to \$60.4 million of Paycheck Protection Program loans outstanding at March 31, 2021 compared to zero at March 31, 2020. Total loans of \$444.8 million increased \$56.9 million, or 14.7% year over year.

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**

	3/31/2021	3/31/2020
	QUARTER ENDING	
Basic Earnings	\$ 0.43	\$ 0.20
Diluted Earnings	\$ 0.43	\$ 0.20
Return on Equity	16.42%	8.23%
Return on Assets	1.25%	0.64%
Net Interest Margin	3.35%	3.19%
Cash Dividends Paid	\$ 0.14	\$ 0.13
Book Value	\$ 10.68	\$ 9.94
Market Price	\$ 10.50	\$ 8.40
Dividend Yield	5.33%	6.19%
Allowance for Loan Loss to Total Loans	0.96%	0.84%

**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

	<b>3/31/2021</b>	<b>3/31/2020</b>
<b>Assets</b>	(Unaudited)	(Unaudited)
Cash and due from banks	\$ 28,978,961	\$ 23,643,952
Federal funds sold	<u>82,000</u>	<u>121,000</u>
Total cash & cash equivalents	29,060,961	23,764,952
Time deposits in banks	22,097,000	34,442,000
Securities	46,981,725	38,334,501
Loans	444,836,860	387,974,640
Less: Allowance for loan losses	<u>(4,256,978)</u>	<u>(3,255,076)</u>
Net Loans	440,579,882	384,719,564
Bank premises & equipment	8,087,637	8,349,490
Other assets	<u>22,967,038</u>	<u>21,713,027</u>
<b>Total Assets</b>	<b>\$ 569,774,243</b>	<b>\$ 511,323,534</b>
<b>Liabilities</b>		
Deposits		
Non-interest bearing	\$ 121,885,957	\$ 81,683,618
Interest bearing	<u>353,204,278</u>	<u>314,983,877</u>
Total Deposits	475,090,235	396,667,495
Repurchase agreements	-	7,269,303
Federal Home Loan Bank borrowings	35,400,000	51,480,000
Trust Preferred	13,403,000	13,403,000
Accrued expenses and other liabilities	<u>3,533,757</u>	<u>3,084,575</u>
<b>Total Liabilities</b>	527,426,992	471,904,373
<b>Shareholders' Equity</b>		
Common stock & paid-in-capital	20,517,679	20,517,679
Accumulated other comprehensive income, net of tax	668,316	792,176
Retained earnings	<u>21,161,256</u>	<u>18,109,306</u>
<b>Total Shareholders' Equity</b>	<u>42,347,251</u>	<u>39,419,161</u>
<b>Total Liabilities &amp; Shareholders' Equity</b>	<b>\$ 569,774,243</b>	<b>\$ 511,323,534</b>

## CONSOLIDATED STATEMENTS OF INCOME

	<b>QUARTER ENDING</b>	
	<b>3/31/2021</b>	<b>3/31/2020</b>
	(Unaudited)	(Unaudited)
<b>Interest Income</b>		
Interest & fees on loans	\$ 4,693,395	\$ 4,362,385
Interest on federal funds sold	5	672
Interest on deposits in banks	123,972	243,507
Interest & dividends on securities	<u>165,193</u>	<u>219,703</u>
Total Interest Income	4,982,565	4,826,267
<b>Interest Expense</b>		
Interest on deposits	427,302	711,223
Interest on FHLB advances	144,377	226,647
Trust Preferred	68,195	117,596
Interest on other borrowings	<u>-</u>	<u>10,985</u>
Total Interest Expense	639,874	1,066,451
<b>Net Interest Income</b>	4,342,691	3,759,816
Provision for loan losses	<u>-</u>	<u>500,000</u>
Net Interest Income after Provision	4,342,691	3,259,816
<b>Non-interest Income</b>		
Service charges and fees	232,066	200,401
Other income	<u>350,617</u>	<u>308,275</u>
Total Other Income	582,683	508,676
<b>Operating Expenses</b>		
Salaries & employee benefits	1,578,464	1,680,999
Occupancy & equipment expense	604,373	547,948
Other expenses	<u>641,015</u>	<u>592,623</u>
Total Operating Expenses	2,823,852	2,821,570
<b>Income Before Income Taxes</b>	2,101,522	946,922
Income Tax Expense	<u>390,000</u>	<u>143,500</u>
<b>Net Income</b>	<b>\$ 1,711,522</b>	<b>\$ 803,422</b>

## 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
Greg R. Hansen	Trisha A. Warner
Paul D. Harger	Jessica L. Wright
<b>Assistant Vice Presidents</b>	
Melanie S. Baxter	Heidi L. Miller
Nate R. Kirk, Jr.	Jamie L. Ogle
Roger K. Merritt	Denise L. Reese

## OFFICES

Alma- N. State St. 989-463-2185	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	Hastings 269-945-9561	Ithaca 989-875-4144
Mason- Cedar St. 517-676-0515		
**Mt. Pleasant 989-775-0355	**Grand Rapids 616-608-0022	

\*\*Loan production office only