



**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
- Daniel C. Walcutt

Visit 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



**FIRST QUARTER REPORT
MARCH 31, 2024**



**COMMERCIAL NATIONAL
FINANCIAL CORPORATION**

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

To Our Shareholders,

Net income for the first quarter of 2024 was \$1,161,000 or \$0.29 per share compared to first quarter 2023 net income of \$1,470,000 or \$0.37 per share. Return on Equity (ROE) was 9.95% for the first quarter of 2024 compared to 14.40% for the first quarter of 2023.

Net interest income for the first quarter of 2024 decreased by \$199,000 or 4.2% compared to the respective 2023 period. While interest income increased by \$539,000 due to higher yields on loans and other interest-earning assets, interest expense increased at a higher rate of \$738,000, which resulted in slightly lower net interest margin and reduced income. The main contributing factors resulting in higher interest expense was an increase in the federal funds rate, along with a noticeable shift in customers moving from noninterest-bearing to interest-bearing checking and time deposit accounts. Noninterest income increased by \$65,000 or 13.7% primarily due to higher interchange income and other miscellaneous income. Operating expenses increased by \$324,000 or 9.9% mainly due to higher wages and benefit costs.

Total assets were \$591.7 million as of March 31, 2024 compared to \$600.9 million as of March 2023. The decrease in assets was due to the repayment of wholesale borrowings and trust preferred debt, along with a 1.2% decrease in deposit balances. While total loans decreased by \$8.8 million or 2.1%, loan quality remained strong with a non-performing assets ratio of 0.20%. Additionally, CEFC's wholly owned subsidiary, Commercial Bank, remains significantly above "well capitalized" for regulatory purposes.

We are also very pleased to announce that the construction of our new Grand Rapids office is nearing completion, with an anticipated opening date in early June of 2024. We continue to look for opportunities to expand our community bank and look forward to growing our loan and deposit base during 2024.

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

	3/31/2024	3/31/2023
	QUARTER ENDING	
Basic Earnings	\$ 0.29	\$ 0.37
Diluted Earnings	\$ 0.29	\$ 0.37
Return on Equity	9.95%	14.40%
Return on Assets	0.79%	0.98%
Net Interest Margin	3.25%	3.28%
Cash Dividends Paid	\$ 0.14	\$ 0.14
Book Value	\$ 11.89	\$ 10.66
Market Price	\$ 9.15	\$ 10.75
Dividend Yield	6.12%	5.21%
Allowance for Credit Losses to Total Loans	0.87%	0.92%

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

	3/31/2024	3/31/2023
Assets	(Unaudited)	(Unaudited)
Cash and due from banks	\$ 59,248,093	\$ 45,031,302
Federal funds sold	-	-
Total cash & cash equivalents	59,248,093	45,031,302
Time deposits in banks	1,992,000	4,482,000
Securities	84,835,301	98,252,929
Loans	414,380,652	423,195,140
Less: Allowance for credit losses	(3,609,455)	(3,881,282)
Net loans	410,771,197	419,313,858
Bank premises & equipment	9,655,198	8,718,868
Other assets	25,205,622	25,101,915
Total Assets	\$ 591,707,411	\$ 600,900,872
Liabilities		
Deposits		
Non-interest bearing	\$ 107,507,933	\$ 125,402,522
Interest bearing	409,252,217	397,669,997
Total deposits	516,760,150	523,072,519
Federal Home Loan Bank borrowings	14,000,000	19,000,000
Trust Preferred	10,310,000	13,403,000
Accrued expenses and other liabilities	3,490,066	3,170,449
Total Liabilities	544,560,216	558,645,968
Shareholders' Equity		
Common stock & paid-in-capital	20,517,672	20,517,672
Accumulated other comprehensive income (loss), net of tax	(8,240,801)	(9,489,946)
Retained earnings	34,870,324	31,227,178
Total Shareholders' Equity	47,147,195	42,254,904
Total Liabilities & Shareholders' Equity	\$ 591,707,411	\$ 600,900,872

CONSOLIDATED STATEMENTS OF INCOME

	QUARTER ENDING	
	3/31/2024	3/31/2023
	(Unaudited)	(Unaudited)
Interest Income		
Interest & fees on loans	\$ 5,456,307	\$ 4,969,366
Interest & dividends on securities	598,521	594,226
Interest on deposits in banks	560,646	512,467
Interest on federal funds sold	-	-
Total Interest Income	6,615,474	6,076,059
Interest Expense		
Interest on deposits	1,826,711	1,083,326
Interest on FHLB borrowings	59,065	80,276
Trust Preferred (net)	237,559	221,782
Interest on other borrowings	92	31
Total Interest Expense	2,123,427	1,385,415
Net Interest Income	4,492,047	4,690,644
Provision for credit losses	40,000	121,000
Net Interest Income after Provision	4,452,047	4,569,644
Non-interest Income		
Service charges and fees	294,859	263,953
Other income	242,233	208,551
Total Other Income	537,092	472,504
Operating Expenses		
Salaries & employee benefits	2,218,942	2,000,889
Occupancy & equipment expense	671,739	612,096
Other expenses	704,337	657,807
Total Operating Expenses	3,595,018	3,270,792
Income Before Income Taxes	1,394,121	1,771,356
Income Tax Expense	232,990	301,300
Net Income	\$ 1,161,131	\$ 1,470,056

OFFICERS OF COMMERCIAL BANK

President & CEO	
Kevin D. Collison	
Executive Vice President & Chief Lending Officer	
Andrew P. Shafley	
Chief Financial Officer	
Benjamin Z. Ogle	
Senior Vice Presidents	
Sarah J. Doherty	Gregory R. Hansen
First Vice Presidents	
Corey S. Bailey	Matthew O. Fletcher
Vice Presidents	
Garth W. Anderson	Aaron J. Hartman
Marisa G. Bramer	Amy S. Homich
Kimberly S. Campbell	Jayme L. Kosal
Jacky Halliwill	Heidi L. Miller
Paul D. Harger	Todd J. Moeggenborg
Linda M. Vaughn	Denise L. Reese
Assistant Vice Presidents	
Melanie S. Baxter	Tammy L. McCollum
Andrea G. Carr	Roger K. Merritt
Nate R. Kirk, Jr.	Jamie L. Ogle
Sheena M. Williams	
Officers	
Seth F. Duvall	Kelsey R. Moore
Tricia C. Frost	Heather H. Warren

OFFICES

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

*Loan operations center only