

Commercial National Financial Corporation Reports 1st Quarter 2024 Earnings

Ithaca, Michigan, April 26, 2024 (GLOBE NEWSWIRE) -- Commercial National Financial Corporation (Pink Sheets: CEFC) reported net income for the first quarter of 2024 of \$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.

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,	
	2024	2023
Return on Equity (ROE)	9.95%	14.40%
Return on Assets (ROA)	0.79%	0.98%
Net Interest Margin	3.25%	3.28%

	March 31,	
	2024	2023
Non-Performing Assets Ratio	0.20%	0.13%
Tier 1 Leverage Capital Ratio ⁽¹⁾	9.70%	9.04%
Total Risk-Based Capital Ratio ⁽¹⁾	15.81%	15.06%
Book Value Per Share	\$11.89	\$10.66
Market Value Per Share	\$9.15	\$10.75

⁽¹⁾Ratios are for Commercial Bank

Consolidated Statements of Income (unaudited):

	Quarter Ended March 31,	
	2024	2023
Interest Income	\$ 6,615,474	\$ 6,076,059
Interest Expense	2,123,427	1,385,415
Net Interest Income	4,492,047	4,690,644
Provision for loan losses	40,000	121,000
Non-interest income	537,092	472,504
Operating Expenses	3,595,018	3,270,792
Income before taxes	1,394,121	1,771,356
Income tax expense	232,990	301,300
Net Income	<u>\$ 1,161,131</u>	<u>\$ 1,470,056</u>
Net Income per share – diluted	<u>\$ 0.29</u>	<u>\$ 0.37</u>
Dividends declared	<u>\$ 0.14</u>	<u>\$ 0.14</u>

Consolidated Balance Sheets (unaudited):

	March 31,	
	2024	2023
Assets		
Cash and cash equivalents	\$ 59,248,093	\$ 45,031,302
Time deposits with other banks	1,992,000	4,482,000
Securities	84,835,301	98,252,929
Loans	414,380,652	423,195,140
Allowance for loan losses	<u>(3,609,455)</u>	<u>(3,881,282)</u>
Loans, net	410,771,197	419,313,858
Premises and equipment, net	9,655,198	8,718,868
Other assets	25,205,622	25,101,915
Total Assets	<u>\$ 591,707,411</u>	<u>\$ 600,900,872</u>
Liabilities		
Deposits	\$ 516,760,150	\$ 523,072,519
FHLB borrowings	14,000,000	19,000,000
Trust preferred	10,310,000	13,403,000
Other liabilities	<u>3,490,066</u>	<u>3,170,449</u>
Total Liabilities	544,560,216	558,645,968
Equity		
Total Equity	<u>47,147,195</u>	<u>42,254,904</u>
Total Liabilities and Equity	<u>\$ 591,707,411</u>	<u>\$ 600,900,872</u>

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