

Commercial National Financial Corporation Reports 2nd Quarter 2024 Results

Ithaca, Michigan, July 26, 2024 (GLOBE NEWSWIRE) -- Commercial National Financial Corporation (Pink Sheets: CEFC) reported net income for the second quarter of 2024 of \$1,412,000 or \$0.36 per share compared to second quarter 2023 net income of \$1,543,000 or \$0.39 per share. Return on Equity (ROE) was 11.96% for the second quarter of 2024 compared to 14.44% for the second quarter of 2023.

Net interest income for the second quarter of 2024 slightly increased by \$38,000 or 0.8% compared to the respective 2023 period. Interest income increased by \$430,000 due to higher yields on loans and other interest-earning assets, as the federal funds rate was higher during the current period. The higher federal funds rate, as well as a noticeable shift in customers that moved from lower interest-bearing deposit accounts to higher interest-bearing checking and time deposit accounts, resulted in an increase in interest expense of \$392,000. Non-interest income increased by \$99,000 or 19.1% primarily due to higher interchange income and other miscellaneous income. Operating expenses increased by \$366,000 or 11.5% mainly due to higher wages and benefits expense.

Total assets were \$572.7 million as of June 30, 2024 compared to \$587.9 million as of June 30, 2023. The decrease in assets was due to the repayment of wholesale borrowings and trust preferred debt, along with a 1.4% decrease in deposit balances. The security portfolio decreased by \$12.4 million, as funds from matured securities were used to repay wholesale borrowings. While total loans decreased by \$9.1 million or 2.2%, loan quality remained strong with a non-performing assets ratio of 0.22%. Additionally, CEFC's wholly owned subsidiary, Commercial Bank, remains significantly above "well capitalized" for regulatory purposes.

We are very pleased to announce that our new banking office in Grand Rapids is officially open. We are excited to extend our full banking services to the Grand Rapids community and look forward to growing our loan and deposit base in the Grand Rapids area.

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

Selected Financial Data (unaudited):

	Three Months Ended		Six Months Ended	
	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>
Return on Equity (ROE)	11.96%	14.44%	10.96%	14.42%
Return on Assets (ROA)	0.98%	1.04%	0.89%	1.01%
Net Interest Margin	3.38%	3.23%	3.31%	3.26%
	<u>June 30, 2024</u>	<u>June 30, 2023</u>		
Non-Performing Assets Ratio	0.22%	0.18%		
Tier 1 Leverage Capital Ratio ⁽¹⁾	9.98%	9.37%		
Total Risk-Based Capital Ratio ⁽¹⁾	16.00%	15.22%		
Book Value Per Share	\$12.16	\$10.89		
Market Value Per Share	\$8.90	\$9.30		

⁽¹⁾Ratios are for Commercial Bank

Consolidated Statements of Income (unaudited):

	Three Months Ended		Six Months Ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Interest Income	\$ 6,709,614	\$ 6,279,754	\$ 13,325,088	\$ 12,355,813
Interest Expense	2,131,773	1,740,142	4,255,200	3,125,557
Net Interest Income	4,577,841	4,539,612	9,069,888	9,230,256
Provision for credit losses	(79,201)	(12,000)	(39,201)	109,000
Non-interest income	613,892	515,297	1,150,984	987,801
Operating Expenses	3,555,700	3,189,499	7,150,718	6,460,291
Income before taxes	1,715,234	1,877,410	3,109,355	3,648,766
Income tax expense	303,070	334,463	536,060	635,763
Net Income	<u>\$ 1,412,164</u>	<u>\$ 1,542,947</u>	<u>\$ 2,573,295</u>	<u>\$ 3,013,003</u>
Net Income per share – diluted	<u>\$ 0.36</u>	<u>\$ 0.39</u>	<u>\$ 0.65</u>	<u>\$ 0.76</u>
Dividends declared	<u>\$ 0.14</u>	<u>\$ 0.14</u>	<u>\$ 0.28</u>	<u>\$ 0.28</u>

Consolidated Balance Sheets (unaudited):

	June 30, 2024	June 30, 2023
Assets		
Cash and cash equivalents	\$ 47,039,228	\$ 39,832,080
Time deposits with other banks	1,992,000	4,482,000
Securities	80,159,284	92,532,540
Loans	412,197,881	421,267,286
Allowance for credit losses	(3,528,389)	(3,868,740)
Loans, net	408,669,492	417,398,546
Premises and equipment, net	9,920,094	8,624,817
Other assets	24,949,807	25,075,126
Total Assets	<u>\$ 572,729,905</u>	<u>\$ 587,945,109</u>
Liabilities		
Deposits	\$ 501,929,583	\$ 508,939,164
FHLB borrowings	9,000,000	19,000,000
Trust preferred	10,310,000	13,403,000
Other liabilities	3,269,872	3,422,503
Total Liabilities	524,509,455	544,764,667
Equity		
Total Equity	48,220,450	43,180,442
Total Liabilities and Equity	<u>\$ 572,729,905</u>	<u>\$ 587,945,109</u>

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