

Commercial National Financial Corporation Reports 4th Quarter 2023 Earnings

Ithaca, Michigan, January 26, 2024 (GLOBE NEWSWIRE) -- Commercial National Financial Corporation (Pink Sheets: CEFC) today announced that net income for the fourth quarter of 2023 was \$1,458,000 or \$0.37 per share compared to fourth quarter 2022 net income of \$1,912,000 or \$0.48 per share. Return on Equity (ROE) was 13.34% for the fourth quarter of 2023 compared to 19.86% for the fourth quarter of 2022.

Net interest income for the fourth quarter of 2023 decreased by \$523,000 or 10.3% compared to the fourth quarter of 2022. While interest income increased due to higher market interest rates, interest expense on deposits increased at a higher pace during 2023, which resulted in lower net interest margins and reduced income. Additionally, non-interest income decreased by \$34,000 or 7.0%, as miscellaneous income was down, while operating expenses increased by \$53,000 or 1.6%, as occupancy and equipment costs were higher.

Total loans increased by \$6.1 million or 1.5% year-over-year, mainly due to new commercial loan originations. Total assets were \$579.2 million at December 31, 2023 compared to \$613.8 million at December 31, 2022. The decrease in assets was due to the repayment of wholesale borrowings with excess liquidity and lower deposit balances. CEFC's wholly owned subsidiary, Commercial Bank, remains significantly above "well capitalized" for regulatory purposes.

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 December 31, | | Year Ended December 31, | |
|---|----------------------------|---------|-------------------------|--------|
| | 2023 | 2022 | 2023 | 2022 |
| Return on Equity (ROE) | 13.34% | 19.86% | 14.40% | 19.20% |
| Return on Assets (ROA) | 0.99% | 1.22% | 1.04% | 1.29% |
| Net Interest Margin | 3.28% | 3.41% | 3.26% | 3.44% |
| | December 31, | | | |
| | 2023 | 2022 | | |
| Non-performing Assets Ratio | 0.16% | 0.11% | | |
| Tier 1 Leverage Capital ⁽¹⁾ | 9.63% | 8.68% | | |
| Total Risk-based Capital ⁽¹⁾ | 15.58% | 15.18% | | |
| Book Value Per Share | \$11.80 | \$9.91 | | |
| Market Value Per Share | \$9.26 | \$10.50 | | |

⁽¹⁾Ratios are for Commercial Bank.

Consolidated Statements of Income (unaudited):

| | Quarter Ended December 31, | | Year Ended December 31, | |
|--------------------------------|----------------------------|---------------------|-------------------------|---------------------|
| | 2023 | 2022 | 2023 | 2022 |
| Interest Income | \$ 6,580,148 | \$ 6,190,953 | \$ 25,392,219 | \$ 23,422,328 |
| Interest Expense | 2,014,110 | 1,101,926 | 7,026,000 | 3,005,219 |
| Net Interest Income | 4,566,038 | 5,089,027 | 18,366,219 | 20,417,109 |
| Provision for loan losses | (57,494) | - | (165,494) | - |
| Non-interest income | 456,500 | 490,764 | 1,998,998 | 2,207,795 |
| Operating Expenses | 3,281,896 | 3,229,000 | 13,005,407 | 12,747,566 |
| Income before taxes | 1,798,136 | 2,350,791 | 7,525,304 | 9,877,338 |
| Income tax expense | 340,000 | 439,000 | 1,352,663 | 1,796,000 |
| Net Income | <u>\$ 1,458,136</u> | <u>\$ 1,911,791</u> | <u>\$ 6,172,641</u> | <u>\$ 8,081,338</u> |
| Net Income per share – diluted | <u>\$ 0.37</u> | <u>\$ 0.48</u> | <u>\$ 1.56</u> | <u>\$ 2.04</u> |
| Dividends declared | <u>\$ 0.14</u> | <u>\$ 0.14</u> | <u>\$ 0.56</u> | <u>\$ 0.56</u> |

Consolidated Balance Sheets (unaudited):

| | December 31, | |
|--------------------------------|-----------------------|-----------------------|
| | 2023 | 2022 |
| Assets | | |
| Cash and cash equivalents | \$ 32,942,957 | \$ 61,071,786 |
| Time deposits with other banks | 3,735,000 | 8,960,000 |
| Securities | 94,306,770 | 101,705,429 |
| Loans | 417,403,567 | 411,293,661 |
| Allowance for loan losses | (3,570,271) | (4,154,073) |
| Loans, net | 413,833,296 | 407,139,588 |
| Premises and equipment, net | 9,252,193 | 8,795,376 |
| Other assets | 25,090,633 | 26,082,215 |
| Total Assets | <u>\$ 579,160,849</u> | <u>\$ 613,754,394</u> |
| Liabilities | | |
| Deposits | \$ 501,646,583 | \$ 538,732,322 |
| FHLB borrowings | 14,000,000 | 19,000,000 |
| Trust preferred | 13,403,000 | 13,403,000 |
| Other liabilities | 3,301,371 | 3,305,797 |
| Total Liabilities | 532,350,954 | 574,441,119 |
| Equity | | |
| Total Equity | 46,809,895 | 39,313,275 |
| Total Liabilities and Equity | <u>\$ 579,160,849</u> | <u>\$ 613,754,394</u> |

Contact:

Benjamin Z. Ogle

CFO

989-875-5562