



**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

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**FOURTH QUARTER REPORT
DECEMBER 31, 2024**



**COMMERCIAL NATIONAL
FINANCIAL CORPORATION**

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

www.commercial-bank.com



To Our Shareholders,

Net income for the fourth quarter of 2024 was \$1,882,000 or \$.47 per share compared to fourth quarter 2023 net income of \$1,458,000 or \$.37 per share. Return on Equity (ROE) was 14.73% for the fourth quarter of 2024 compared to 13.34% for the fourth quarter of 2023.

The federal funds rate cuts helped alleviate interest margin pressure during the fourth quarter of 2024, as net interest income increased by \$362,000 or 7.9% compared to the respective 2023 period. Interest income increased by \$112,000, as yields on loans and securities remained above prior period levels. Interest expense decreased by \$250,000, as deposit rates were reduced following the federal funds rate cuts. Non-interest income improved by \$250,000 for the current quarter, while operating expenses increased by \$151,000, which were mainly due to higher wages and benefits expense.

Total assets were \$567 million as of December 31, 2024 compared to \$579 million as of December 31, 2023. The decrease in assets was due to the repayment of wholesale borrowings and trust preferred debt totaling \$13 million, along with a 0.6% decrease in deposit balances. The security portfolio decreased by \$12 million, as funds from matured securities were used to repay wholesale borrowings. While total loans decreased by \$22 million or 5.2% due to the high interest rate environment and early loan payoffs, loan quality remained strong with a non-performing assets ratio of 0.28%. Additionally, CEFC's wholly owned subsidiary, Commercial Bank, remains significantly above "well capitalized" for regulatory purposes.

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

| | 12/31/2024 | 12/31/2023 |
|--|------------|------------|
| QUARTER ENDING | | |
| Basic Earnings | \$ 0.47 | \$ 0.37 |
| Diluted Earnings | \$ 0.47 | \$ 0.37 |
| Return on Average Equity | 14.73% | 13.34% |
| Return on Average Assets | 1.31% | 0.99% |
| Net Interest Margin | 3.66% | 3.28% |
| YEAR TO DATE | | |
| Basic Earnings | \$ 1.48 | \$ 1.56 |
| Diluted Earnings | \$ 1.48 | \$ 1.56 |
| Return on Average Equity | 12.04% | 14.40% |
| Return on Average Assets | 1.02% | 1.04% |
| Cash Dividends Paid | \$ 0.56 | \$ 0.56 |
| Book Value | \$ 12.74 | \$ 11.80 |
| Market Price | \$ 9.85 | \$ 9.26 |
| Dividend Yield | 5.69% | 6.05% |
| Allowance for Credit Losses to Total Loans | 0.88% | 0.86% |
| Net Interest Margin | 3.44% | 3.26% |

INVESTMENT BROKER

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.

Stock Symbol: CEFC

CONSOLIDATED BALANCE SHEETS

| | 12/31/2024 | 12/31/2023 |
|---|------------------------------|------------------------------|
| | (Unaudited) | (Unaudited) |
| Assets | | |
| Cash and due from banks | \$ 55,588,156 | \$ 32,942,957 |
| Time deposits in banks | 1,743,000 | 3,735,000 |
| Securities | 82,075,403 | 94,306,770 |
| Loans | 395,651,055 | 417,403,567 |
| Less: Allowance for credit losses | <u>(3,482,203)</u> | <u>(3,570,271)</u> |
| Net loans | 392,168,852 | 413,833,296 |
| Bank premises & equipment | 10,037,771 | 9,252,193 |
| Other assets | <u>25,029,745</u> | <u>25,090,633</u> |
| Total Assets | <u><u>\$ 566,642,927</u></u> | <u><u>\$ 579,160,849</u></u> |
| Liabilities | | |
| Deposits | | |
| Non-interest bearing | \$ 105,514,274 | \$ 113,608,030 |
| Interest bearing | <u>392,993,175</u> | <u>388,038,553</u> |
| Total deposits | 498,507,449 | 501,646,583 |
| Federal Home Loan Bank borrowings | 4,000,000 | 14,000,000 |
| Trust Preferred | 10,310,000 | 13,403,000 |
| Accrued expenses and other liabilities | <u>3,295,393</u> | <u>3,301,371</u> |
| Total Liabilities | 516,112,842 | 532,350,954 |
| Shareholders' Equity | | |
| Common stock & paid-in-capital | 20,517,672 | 20,517,672 |
| Accumulated other comprehensive income (loss), net of tax | (7,894,620) | (7,972,113) |
| Retained earnings | <u>37,907,033</u> | <u>34,264,336</u> |
| Total Shareholders' Equity | <u>50,530,085</u> | <u>46,809,895</u> |
| Total Liabilities & Shareholders' Equity | <u><u>\$ 566,642,927</u></u> | <u><u>\$ 579,160,849</u></u> |

CONSOLIDATED STATEMENTS OF INCOME

| | QUARTER ENDING | | YEAR TO DATE | |
|--|----------------------------|----------------------------|----------------------------|----------------------------|
| | 12/31/2024 | 12/31/2023 | 12/31/2024 | 12/31/2023 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| Interest Income | | | | |
| Interest & fees on loans | \$ 5,445,832 | \$ 5,440,838 | \$ 21,994,006 | \$ 21,047,470 |
| Interest & dividends on securities | 626,991 | 603,203 | 2,405,332 | 2,280,840 |
| Interest on deposits in banks | <u>619,794</u> | <u>536,107</u> | <u>2,362,850</u> | <u>2,063,909</u> |
| Total Interest Income | 6,692,617 | 6,580,148 | 26,762,188 | 25,392,219 |
| Interest Expense | | | | |
| Interest on deposits | 1,568,544 | 1,686,164 | 7,122,324 | 5,764,151 |
| Interest on FHLB borrowings | 13,698 | 76,971 | 157,454 | 320,473 |
| Trust Preferred (net) | 182,145 | 250,975 | 803,783 | 941,345 |
| Interest on other borrowings | <u>173</u> | <u>-</u> | <u>3,484</u> | <u>31</u> |
| Total Interest Expense | 1,764,560 | 2,014,110 | 8,087,045 | 7,026,000 |
| Net Interest Income | 4,928,057 | 4,566,038 | 18,675,143 | 18,366,219 |
| Provision for credit losses | <u>(55,008)</u> | <u>(57,494)</u> | <u>(93,980)</u> | <u>(165,494)</u> |
| Net Interest Income after Provision | 4,983,065 | 4,623,532 | 18,769,123 | 18,531,713 |
| Non-interest Income | | | | |
| Service charges and fees | 276,729 | 277,257 | 1,147,409 | 1,105,797 |
| Other income | <u>430,061</u> | <u>179,243</u> | <u>1,259,977</u> | <u>893,201</u> |
| Total Other Income | 706,790 | 456,500 | 2,407,386 | 1,998,998 |
| Operating Expenses | | | | |
| Salaries & employee benefits | 2,061,162 | 1,961,678 | 8,677,717 | 7,949,691 |
| Occupancy & equipment expense | 690,248 | 621,321 | 2,684,544 | 2,420,636 |
| Other expenses | <u>681,809</u> | <u>698,897</u> | <u>2,739,903</u> | <u>2,635,080</u> |
| Total Operating Expenses | 3,433,219 | 3,281,896 | 14,102,164 | 13,005,407 |
| Income Before Income Taxes | 2,256,636 | 1,798,136 | 7,074,345 | 7,525,304 |
| Income Tax Expense | <u>374,998</u> | <u>340,000</u> | <u>1,211,078</u> | <u>1,352,663</u> |
| Net Income | <u><u>\$ 1,881,638</u></u> | <u><u>\$ 1,458,136</u></u> | <u><u>\$ 5,863,267</u></u> | <u><u>\$ 6,172,641</u></u> |

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 | Amy S. Homich |
| Kimberly S. Campbell | Heidi L. Miller |
| Paul D. Harger | Jamie L. Ogle |
| Aaron J. Hartman | Janine K. Palmer |
| Denise L. Reese | |
| Assistant Vice Presidents | |
| Melanie S. Baxter | Tammy L. McCollum |
| Andrea G. Carr | Roger K. Merritt |
| Nate R. Kirk, Jr. | Billie G. Smith |
| Sheena M. Williams | |
| Officers | |
| Cody R. Dishaw | Tricia C. Frost |
| Heather H. Warren | |

OFFICES

| | | |
|--------------------------------------|----------------------------|----------------------------------|
| Alma- Wright Ave. 989-463-3901 | Greenville 616-754-7166 | Grand Rapids 616-367-3000 |
| Hastings 269-945-9561 | Ithaca 989-875-4144 | Mason- Cedar St. 517-676-0515 |
| Mason- Jefferson St. 517-676-0500 | Middleton 989-236-7236 | Okemos 517-337-5000 |
| *Alma- N. State St. 989-463-2185 | | St. Louis 989-681-5738 |

*Loan operations center only