

Commercial National Financial Corporation Reports 3rd Quarter 2023 Earnings

Ithaca, Michigan, October 27, 2023 (GLOBE NEWSWIRE) -- Commercial National Financial Corporation (Pink Sheets: CEFC) today announced that net income for the third quarter of 2023 was \$1,702,000 or \$0.43 per share compared to third quarter 2022 net income of \$1,601,000 or \$0.40 per share. Return on Equity (ROE) was 15.42% for the third quarter of 2023 compared to 15.72% for the third quarter of 2022.

For the third quarter of 2023, net interest income increased by \$45,000 or 1.0% compared to the third quarter of 2022 primarily due to a higher net interest margin, partially offset by lower average interest-earning assets. Total loans decreased by \$2.5 million or 0.6% year over year, mainly due to a large commercial loan payoff during the third quarter of 2023. Non-interest income decreased by \$86,000 or 13.5% primarily due to lower miscellaneous income. Operating expenses slightly increased by \$19,000 or 0.6% primarily due to higher miscellaneous expense.

Total assets were \$587.8 million at September 30, 2023 compared to \$613.1 million at September 30, 2022. The decrease was primarily due to the repayment of wholesale borrowings with excess liquidity and lower municipal and other public deposits. 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 September 30, | | Nine Months Ended September 30, | |
|---|-----------------------------|---------|---------------------------------|--------|
| | 2023 | 2022 | 2023 | 2022 |
| Return on Equity (ROE) | 15.42% | 15.72% | 14.77% | 19.00% |
| Return on Assets (ROA) | 1.14% | 1.02% | 1.06% | 1.32% |
| Net Interest Margin | 3.25% | 3.02% | 3.25% | 3.45% |
| | September 30, | | | |
| | 2023 | 2022 | | |
| Non-performing Assets Ratio | 0.16% | 0.11% | | |
| Tier 1 Leverage Capital ⁽¹⁾ | 9.49% | 8.59% | | |
| Total Risk-based Capital ⁽¹⁾ | 15.58% | 14.74% | | |
| Book Value Per Share | \$10.73 | \$9.39 | | |
| Market Value Per Share | \$7.99 | \$10.75 | | |

⁽¹⁾Ratios are for Commercial Bank.

Consolidated Statements of Income (unaudited):

| | Quarter Ended September 30, | | Nine Months Ended September 30, | |
|--------------------------------|-----------------------------|--------------|---------------------------------|---------------|
| | 2023 | 2022 | 2023 | 2022 |
| Interest Income | \$ 6,456,258 | \$ 5,311,180 | \$ 18,812,071 | \$ 17,231,375 |
| Interest Expense | 1,886,333 | 786,229 | 5,011,890 | 1,903,293 |
| Net Interest Income | 4,569,925 | 4,524,951 | 13,800,181 | 15,328,082 |
| Provision for loan losses | (217,000) | - | (108,000) | - |
| Non-interest income | 554,697 | 641,174 | 1,542,498 | 1,717,031 |
| Operating Expenses | 3,263,220 | 3,243,954 | 9,723,511 | 9,518,566 |
| Income before taxes | 2,078,402 | 1,922,171 | 5,727,168 | 7,526,547 |
| Income tax expense | 376,900 | 321,000 | 1,012,663 | 1,357,000 |
| Net Income | \$ 1,701,502 | \$ 1,601,171 | \$ 4,714,505 | \$ 6,169,547 |
| Net Income per share – diluted | \$ 0.43 | \$ 0.40 | \$ 1.19 | \$ 1.56 |
| Dividends declared | \$ 0.14 | \$ 0.14 | \$ 0.42 | \$ 0.42 |

Consolidated Balance Sheets (unaudited):

| | September 30, | |
|--------------------------------|----------------|----------------|
| | 2023 | 2022 |
| Assets | | |
| Cash and cash equivalents | \$ 42,306,192 | \$ 53,518,943 |
| Time deposits with other banks | 4,482,000 | 9,458,000 |
| Securities | 95,491,438 | 102,600,641 |
| Loans | 414,449,979 | 416,905,083 |
| Allowance for loan losses | (3,647,087) | (4,055,878) |
| Loans, net | 410,802,892 | 412,849,205 |
| Premises and equipment, net | 8,819,331 | 8,853,644 |
| Other assets | 25,886,826 | 25,825,343 |
| Total Assets | \$ 587,788,679 | \$ 613,105,776 |
| Liabilities | | |
| Deposits | \$ 509,123,260 | \$ 540,250,306 |
| FHLB borrowings | 19,000,000 | 19,000,000 |
| Trust preferred | 13,403,000 | 13,403,000 |
| Other liabilities | 3,699,482 | 3,210,208 |
| Total Liabilities | 545,225,742 | 575,863,514 |
| Equity | | |
| Total Equity | 42,562,937 | 37,242,262 |
| Total Liabilities and Equity | \$ 587,788,679 | \$ 613,105,776 |

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