



**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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**THIRD QUARTER REPORT  
SEPTEMBER 30, 2024**



**COMMERCIAL NATIONAL  
FINANCIAL CORPORATION**

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

**[www.commercial-bank.com](http://www.commercial-bank.com)**



To Our Shareholders,

Net income for the third quarter of 2024 was \$1,408,000 or \$0.36 per share compared to third quarter 2023 net income of \$1,702,000 or \$0.43 per share. Return on Equity (ROE) was 11.32% for the third quarter of 2024 compared to 15.42% for the third quarter of 2023.

Net interest income for the third quarter of 2024 increased by \$107,000 or 2.3% compared to the respective 2023 period. Interest income increased by \$288,000 due to higher yields on loans and other interest-earning assets, while interest expense only increased by \$181,000. Non-interest income remained relatively consistent at \$550,000. Operating expenses increased by \$255,000 or 7.8% mainly due to higher wages and benefits expense.

Total assets were \$574.3 million as of September 30, 2024 compared to \$587.8 million as of September 30, 2023. The decrease in assets was due to the repayment of wholesale borrowings and trust preferred debt, along with a 0.7% decrease in deposit balances. The security portfolio decreased by \$18.3 million, as funds from matured securities were used to repay wholesale borrowings. While total loans decreased by \$6.9 million or 1.7%, loan quality remained strong with a non-performing assets ratio of 0.21%. Additionally, CEFC's wholly owned subsidiary, Commercial Bank, remains significantly above "well capitalized" for regulatory purposes.

Our new banking office in Grand Rapids was opened earlier this year and we are excited to offer our full banking services to the Grand Rapids community.

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**

|  | 9/30/2024 | 9/30/2023 |
|--|-----------|-----------|
| <b>QUARTER ENDING</b>                      |           |           |
| Basic Earnings                             | \$ 0.36   | \$ 0.43   |
| Diluted Earnings                           | \$ 0.36   | \$ 0.43   |
| Return on Average Equity                   | 11.32%    | 15.42%    |
| Return on Average Assets                   | 0.98%     | 1.14%     |
| Net Interest Margin                        | 3.47%     | 3.25%     |
| <b>YEAR TO DATE</b>                        |           |           |
| Basic Earnings                             | \$ 1.00   | \$ 1.19   |
| Diluted Earnings                           | \$ 1.00   | \$ 1.19   |
| Return on Average Equity                   | 11.09%    | 14.77%    |
| Return on Average Assets                   | 0.92%     | 1.06%     |
| Cash Dividends Paid                        | \$ 0.42   | \$ 0.42   |
| Book Value                                 | \$ 12.80  | \$ 10.73  |
| Market Price                               | \$ 9.03   | \$ 7.99   |
| Dividend Yield                             | 6.20%     | 7.01%     |
| Allowance for Credit Losses to Total Loans | 0.87%     | 0.88%     |
| Net Interest Margin                        | 3.37%     | 3.25%     |

**INVESTMENT BROKER**

**D.A. Davidson & Co.**

|              |  |                |
|--------------|--|----------------|
| Nick Bicking | <a href="mailto:nbicking@dadco.com">nbicking@dadco.com</a> | (614) 710-7060 |
| Tom Dooley   | <a href="mailto:tdooley@dadco.com">tdooley@dadco.com</a>   | (614) 710-7061 |

Brokerage & Advisory services offered through D.A. Davidson & Co. are not affiliated with Commercial Bank.

**Stock Symbol: CEFC**

## CONSOLIDATED BALANCE SHEETS

|   | <b>9/30/2024</b>             | <b>9/30/2023</b>             |
|---|------------------------------|------------------------------|
|   | (Unaudited)                  | (Unaudited)                  |
| <b>Assets</b>   |                              |                              |
| Cash and due from banks                                   | \$ 55,606,415                | \$ 42,306,192                |
| Time deposits in banks                                    | 1,992,000                    | 4,482,000                    |
| Securities  | 77,226,328                   | 95,491,438                   |
| Loans   | 407,594,529                  | 414,449,979                  |
| Less: Allowance for credit losses                         | <u>(3,528,332)</u>           | <u>(3,647,087)</u>           |
| <b>Net loans</b>  | 404,066,197                  | 410,802,892                  |
| Bank premises & equipment                                 | 10,092,279                   | 8,819,331                    |
| Other assets  | <u>25,285,806</u>            | <u>25,886,826</u>            |
| <b>Total Assets</b>                                       | <u><u>\$ 574,269,025</u></u> | <u><u>\$ 587,788,679</u></u> |
| <b>Liabilities</b>  |                              |                              |
| Deposits  |                              |                              |
| Non-interest bearing                                      | \$ 112,346,014               | \$ 114,059,023               |
| Interest bearing  | <u>393,267,252</u>           | <u>395,064,237</u>           |
| <b>Total deposits</b>                                     | 505,613,266                  | 509,123,260                  |
| Federal Home Loan Bank borrowings                         | 4,000,000                    | 19,000,000                   |
| Trust Preferred   | 10,310,000                   | 13,403,000                   |
| Accrued expenses and other liabilities                    | <u>3,598,596</u>             | <u>3,699,482</u>             |
| <b>Total Liabilities</b>                                  | 523,521,862                  | 545,225,742                  |
| <b>Shareholders' Equity</b>                               |                              |                              |
| Common stock & paid-in-capital                            | 20,517,672                   | 20,517,672                   |
| Accumulated other comprehensive income (loss), net of tax | (6,351,046)                  | (11,316,077)                 |
| Retained earnings   | <u>36,580,537</u>            | <u>33,361,342</u>            |
| <b>Total Shareholders' Equity</b>                         | <u>50,747,163</u>            | <u>42,562,937</u>            |
| <b>Total Liabilities &amp; Shareholders' Equity</b>       | <u><u>\$ 574,269,025</u></u> | <u><u>\$ 587,788,679</u></u> |

## CONSOLIDATED STATEMENTS OF INCOME

|  | <b>QUARTER ENDING</b>      |                            | <b>YEAR TO DATE</b>        |                            |
|--|----------------------------|----------------------------|----------------------------|----------------------------|
|  | <b>9/30/2024</b>           | <b>9/30/2023</b>           | <b>9/30/2024</b>           | <b>9/30/2023</b>           |
|  | (Unaudited)                | (Unaudited)                | (Unaudited)                | (Unaudited)                |
| <b>Interest Income</b>                     |                            |                            |                            |                            |
| Interest & fees on loans                   | \$ 5,569,862               | \$ 5,378,829               | \$ 16,548,174              | \$ 15,606,632              |
| Interest & dividends on securities         | 584,588                    | 546,105                    | 1,778,341                  | 1,677,637                  |
| Interest on deposits in banks              | <u>590,033</u>             | <u>531,324</u>             | <u>1,743,056</u>           | <u>1,527,802</u>           |
| <b>Total Interest Income</b>               | 6,744,483                  | 6,456,258                  | 20,069,571                 | 18,812,071                 |
| <b>Interest Expense</b>                    |                            |                            |                            |                            |
| Interest on deposits                       | 1,844,569                  | 1,556,466                  | 5,553,780                  | 4,077,987                  |
| Interest on FHLB borrowings                | 29,254                     | 82,059                     | 143,756                    | 243,502                    |
| Trust Preferred (net)                      | 193,421                    | 247,808                    | 621,638                    | 690,370                    |
| Interest on other borrowings               | <u>41</u>                  | <u>-</u>                   | <u>3,311</u>               | <u>31</u>                  |
| <b>Total Interest Expense</b>              | 2,067,285                  | 1,886,333                  | 6,322,485                  | 5,011,890                  |
| <b>Net Interest Income</b>                 | 4,677,198                  | 4,569,925                  | 13,747,086                 | 13,800,181                 |
| Provision for credit losses                | <u>229</u>                 | <u>(217,000)</u>           | <u>(38,972)</u>            | <u>(108,000)</u>           |
| <b>Net Interest Income after Provision</b> | 4,676,969                  | 4,786,925                  | 13,786,058                 | 13,908,181                 |
| <b>Non-interest Income</b>                 |                            |                            |                            |                            |
| Service charges and fees                   | 290,151                    | 280,199                    | 870,680                    | 828,540                    |
| Other income                               | <u>259,461</u>             | <u>274,498</u>             | <u>829,916</u>             | <u>713,958</u>             |
| <b>Total Other Income</b>                  | 549,612                    | 554,697                    | 1,700,596                  | 1,542,498                  |
| <b>Operating Expenses</b>                  |                            |                            |                            |                            |
| Salaries & employee benefits               | 2,177,597                  | 1,996,676                  | 6,616,555                  | 5,988,013                  |
| Occupancy & equipment expense              | 676,419                    | 605,178                    | 1,994,296                  | 1,799,315                  |
| Other expenses                             | <u>664,211</u>             | <u>661,366</u>             | <u>2,058,094</u>           | <u>1,936,183</u>           |
| <b>Total Operating Expenses</b>            | 3,518,227                  | 3,263,220                  | 10,668,945                 | 9,723,511                  |
| <b>Income Before Income Taxes</b>          | 1,708,354                  | 2,078,402                  | 4,817,709                  | 5,727,168                  |
| Income Tax Expense                         | <u>300,020</u>             | <u>376,900</u>             | <u>836,080</u>             | <u>1,012,663</u>           |
| <b>Net Income</b>                          | <u><u>\$ 1,408,334</u></u> | <u><u>\$ 1,701,502</u></u> | <u><u>\$ 3,981,629</u></u> | <u><u>\$ 4,714,505</u></u> |

## OFFICERS OF COMMERCIAL BANK

|   |                     |
|---|---------------------|
| <b>President &amp; CEO</b>                                  |                     |
| Kevin D. Collison   |                     |
| <b>Executive Vice President &amp; Chief Lending Officer</b> |                     |
| Andrew P. Shafley   |                     |
| <b>Chief Financial Officer</b>                              |                     |
| Benjamin Z. Ogle  |                     |
| <b>Senior Vice Presidents</b>                               |                     |
| Sarah J. Doherty  | Gregory R. Hansen   |
| <b>First Vice Presidents</b>                                |                     |
| Corey S. Bailey   | Matthew O. Fletcher |
| <b>Vice Presidents</b>                                      |                     |
| Garth W. Anderson   | Jayme L. Kosal      |
| Kimberly S. Campbell  | Heidi L. Miller     |
| Paul D. Harger  | Jamie L. Ogle       |
| Aaron J. Hartman  | Janine K. Palmer    |
| Amy S. Homich   | Denise L. Reese     |
| <b>Assistant Vice Presidents</b>                            |                     |
| Melanie S. Baxter   | Tammy L. McCollum   |
| Andrea G. Carr  | Roger K. Merritt    |
| Nate R. Kirk, Jr.   | Billie G. Smith     |
| Sheena M. Williams  |                     |
| <b>Officers</b>   |                     |
| Cody R. Dishaw  | Kelsey R. Moore     |
| Tricia C. Frost   | Heather H. Warren   |

## OFFICES

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

\*Loan operations center only