



**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

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**FOURTH QUARTER REPORT  
DECEMBER 31, 2021**



**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 fourth quarter of 2021 was \$1,765,000, or \$.45 per share compared to fourth quarter 2020 net income of \$1,237,000, or \$.31 per share. Return on Equity (ROE) was 15.62% for the fourth quarter of 2021 compared to 11.91% for the fourth quarter of 2020.

For the fourth quarter of 2021, net interest income increased \$590,000, or 15.1% compared to the fourth quarter of 2020 primarily due to higher accretion on Paycheck Protection Program (PPP) loans as well as from a higher average balance of interest-earning assets. Non-interest income decreased by \$75,000, or 12.3% primarily due to lower miscellaneous income, partially offset by higher debit card interchange revenue. Operating expenses increased by \$326,000, or 11.6 % primarily due to higher compensation and benefits expense. During 2021, we hired additional commercial lending and treasury employees.

The provision for loan losses expense was negative \$275,000 for the fourth quarter of 2021, compared to expense of \$200,000 for the fourth quarter of 2020. The negative provision expense in the fourth quarter of 2021 was primarily due to improved economic conditions and lower allocations to classified loans as compared to the fourth quarter of 2020.

Total assets were \$610.8 million at December 31, 2021 compared to \$547.8 million at December 31, 2020. The increase was primarily due to core deposit growth, partially offset by lower wholesale borrowings. At December 31, 2021 Paycheck Protection Program loans outstanding were approximately \$50 million compared to \$31 million at December 31, 2020.

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**

	12/31/2021	12/31/2020
<b>QUARTER ENDING</b>		
Basic Earnings	\$ 0.45	\$ 0.31
Diluted Earnings	\$ 0.45	\$ 0.31
Return on Average Equity	15.62%	11.91%
Return on Average Assets	1.14%	0.90%
Net Interest Margin	3.11%	3.02%
<b>YEAR TO DATE</b>		
Basic Earnings	\$ 1.61	\$ 1.10
Diluted Earnings	\$ 1.61	\$ 1.10
Return on Average Equity	14.63%	10.82%
Return on Average Assets	1.09%	0.81%
Cash Dividends Paid	\$ 0.56	\$ 0.55
Book Value	\$ 11.32	\$ 10.42
Market Price	\$ 13.00	\$ 9.25
Dividend Yield	4.31%	5.95%
Allowance for Loan Loss to Total Loans	0.85%	1.03%
Net Interest Margin	3.10%	3.07%

**INVESTMENT BROKERS**

**Stifel, Nicolaus & Company, Incorporated**

Kyle Travis- Financial Advisor  
1-616-224-1559

Products & services are offered through Stifel. Stifel is not affiliated with Commercial Bank. Member SIPC/NYSE

**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.  
Member SIPC

**Stock Symbol: CEFC**

## CONSOLIDATED BALANCE SHEETS

	<b>12/31/2021</b>	<b>12/31/2020</b>
<b>Assets</b>	(Unaudited)	(Unaudited)
Cash and due from banks	\$ 28,584,832	\$ 42,565,240
Federal funds sold	<u>129,000</u>	<u>208,000</u>
<b>Total cash &amp; cash equivalents</b>	28,713,832	42,773,240
Time deposits in banks	20,854,000	24,337,000
Securities	81,934,068	45,738,432
Loans	451,571,794	409,106,744
Less: Allowance for loan losses	<u>(3,820,897)</u>	<u>(4,215,192)</u>
<b>Net loans</b>	447,750,897	404,891,552
Bank premises & equipment	8,479,525	8,148,851
Other assets	<u>23,070,012</u>	<u>21,890,496</u>
<b>Total Assets</b>	<u>\$ 610,802,334</u>	<u>\$ 547,779,571</u>
<b>Liabilities</b>		
Deposits		
Non-interest bearing	\$ 123,311,848	\$ 118,764,346
Interest bearing	<u>391,746,843</u>	<u>332,136,719</u>
<b>Total deposits</b>	515,058,691	450,901,065
Federal Home Loan Bank borrowings	34,400,000	39,480,000
Trust Preferred	13,403,000	13,403,000
Accrued expenses and other liabilities	<u>3,047,041</u>	<u>2,658,928</u>
<b>Total Liabilities</b>	565,908,732	506,442,993
<b>Shareholders' Equity</b>		
Common stock & paid-in-capital	20,517,672	20,517,679
Accumulated other comprehensive income, net of tax	225,517	814,023
Retained earnings	<u>24,150,413</u>	<u>20,004,876</u>
<b>Total Shareholders' Equity</b>	44,893,602	41,336,578
<b>Total Liabilities &amp; Shareholders' Equity</b>	<u>\$ 610,802,334</u>	<u>\$ 547,779,571</u>

## CONSOLIDATED STATEMENTS OF INCOME

	QUARTER ENDING		YEAR TO DATE	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Interest Income</b>				
Interest & fees on loans	\$ 4,672,949	\$ 4,317,824	\$ 18,160,796	\$ 17,522,587
Interest on federal funds sold	10	8	30	706
Interest on deposits in banks	125,306	144,373	497,729	739,022
Interest & dividends on securities	<u>263,627</u>	<u>164,558</u>	<u>723,834</u>	<u>766,118</u>
<b>Total Interest Income</b>	5,061,892	4,626,763	19,382,389	19,028,433
<b>Interest Expense</b>				
Interest on deposits	362,631	490,367	1,568,325	2,377,681
Interest on FHLB advances	138,251	161,302	568,315	768,993
Trust Preferred	67,076	70,833	269,635	345,223
Interest on other borrowings	<u>-</u>	<u>-</u>	<u>9</u>	<u>16,092</u>
<b>Total Interest Expense</b>	567,958	722,502	2,406,284	3,507,989
<b>Net Interest Income</b>	4,493,929	3,904,261	16,976,105	15,520,444
Provision for loan losses	<u>(275,000)</u>	<u>200,000</u>	<u>(500,000)</u>	<u>1,450,000</u>
<b>Net Interest Income after Provision</b>	4,768,929	3,704,261	17,476,105	14,070,444
<b>Non-interest Income</b>				
Service charges and fees	253,418	239,025	984,589	856,791
Other income	<u>278,366</u>	<u>367,570</u>	<u>1,338,909</u>	<u>1,359,862</u>
<b>Total Other Income</b>	531,784	606,595	2,323,498	2,216,653
<b>Operating Expenses</b>				
Salaries & employee benefits	1,948,972	1,685,032	7,164,629	6,555,618
Occupancy & equipment expense	588,164	564,618	2,354,115	2,172,224
Other expenses	<u>600,809</u>	<u>562,724</u>	<u>2,504,752</u>	<u>2,335,835</u>
<b>Total Operating Expenses</b>	3,137,945	2,812,374	12,023,496	11,063,677
<b>Income Before Income Taxes</b>	2,162,768	1,498,482	7,776,107	5,223,420
Income Tax Expense	<u>398,000</u>	<u>261,500</u>	<u>1,410,000</u>	<u>859,000</u>
<b>Net Income</b>	<u>\$ 1,764,768</u>	<u>\$ 1,236,982</u>	<u>\$ 6,366,107</u>	<u>\$ 4,364,420</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 &amp; Chief Operating Officer</b>	
Kevin A. Twardy	
<b>First Vice President</b>	
Matthew O. Fletcher	
<b>Vice Presidents</b>	
Garth W. Anderson	Paul D. Harger
Corey S. Bailey	Jayme L. Kosal
Kathleen R. Baker	Michael D. Miller
Jason D. Beebe	Benjamin Z. Ogle
Chelsey A. Foster	Sandra Panella
Trisha A. Gough	Heather A. Schaeffer
Jacky Halliwill	Linda M. Vaughn
Greg R. Hansen	Jessica L. Wright
<b>Assistant Vice Presidents</b>	
Sara F. Bajema	Heidi L. Miller
Melanie S. Baxter	Jamie L. Ogle
Nate R. Kirk, Jr.	Denise L. Reese
Tammy L. McCollum	Courtney A. Samson
Roger K. Merritt	
<b>Officers</b>	
Tricia C. Frost	Kayla M. Grzeskowiak

## OFFICES

Ithaca	Okemos	Middleton
989-875-4144	517-337-5000	989-236-7236
Alma- Wright Ave.	Greenville	St. Louis
989-463-3901	616-754-7166	989-681-5738
Mason- Jefferson St.	Mason- Cedar St.	Hastings
517-676-0500	517-676-0515	269-945-9561
**Alma- N. State St.		
989-463-2185		
**Mt. Pleasant		**Grand Rapids
989-775-0355		616-608-0022

\*\*Loan production office only