COMMERCIAL NATIONAL FINANCIAL CORPORATION

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EQUAL HOUSING LENDER

SECOND QUARTER REPORT
JUNE 30, 2026

COMMERCIAL NATIONAL FINANCIAL CORPORATION

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

To Our Shareholders,

Net income was $1,641,000 or $0.42 per share for the second quarter of 2026 compared to $1,607,000 or $0.41 per share for the second quarter of 2025. Return on Equity was 11.60% for the second quarter of 2026 compared to 12.36% for the second quarter of 2025.

Net interest income for the second quarter of 2026 increased by $194,000 or 3.9% compared to the respective 2025 period. Interest income decreased by $100,000, mainly due to a decrease in loans. Interest expense decreased by $294,000, mainly due to a decrease in funding costs. Non-interest income increased by $77,000, while operating expenses increased by $206,000, which was mainly due to higher wages and benefits expense.

Total assets remained consistent at $553 million as of June 30, 2026 compared to the respective 2025 period. Total securities grew by $37 million, as excess cash was invested into the securities portfolio, which included $17 million from reduced loan balances. While loans decreased during the period, loan quality remained strong with a non-performing assets ratio of 0.26%. Total deposits decreased by $17 million and were mostly replaced with borrowings from the Federal Home Loan Bank. Additionally, CEFC's wholly owned subsidiary, Commercial Bank, remained "well capitalized" for regulatory purposes.

CEFC announced a share repurchase program in May of 2025, which remains in effect indefinitely. As of June 30, 2026, CEFC has repurchased 87,514 shares since the inception of the repurchase program and has allocated an additional $1.2 million for future share repurchases. CEFC may repurchase shares under the program at its discretion, taking into account factors such as the share price, market conditions, share availability, and other relevant considerations. There is no guarantee that any specific number of shares will be repurchased, and CEFC may modify, renew, suspend, or terminate the program at any time without prior notice. For further information about the stock repurchase program, please contact our primary market maker, Nick Bicking at D.A. Davidson & Co., at 614-710-7060.

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

	6/30/2026	6/30/2025
QUARTER ENDING		
Basic Earnings	$ 0.42	$ 0.41
Diluted Earnings	$ 0.42	$ 0.41
Return on Average Equity	11.60%	12.36%
Return on Average Assets	1.19%	1.16%
Net Interest Margin	4.00%	3.80%
YEAR TO DATE		
Basic Earnings	$ 0.85	$ 0.77
Diluted Earnings	$ 0.85	$ 0.77
Return on Average Equity	$ 11.74	11.84%
Return on Average Assets	$ 1.21	1.09%
Net Interest Margin	3.99%	3.74%
Dividends Declared	$ 0.30	$ 0.28
Cash Dividends Paid	$ 0.29	$ 0.28
Book Value	$ 14.66	$ 13.21
Market Price	$ 15.00	$ 10.50
Dividend Yield	4.00%	5.33%
Allowance for Credit Losses to Total Loans	0.91%	0.89%
Common Shares Outstanding	3,877,789	3,965,303

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.
Member SIPC

Stock Symbol: CEFC

CONSOLIDATED BALANCE SHEETS

	6/30/2026 (Unaudited)	6/30/2025 (Unaudited)
Assets		
Cash and due from banks	$ 37,586,165	$ 55,001,227
Time deposits in banks	-	1,494,000
Securities	117,326,887	80,346,101
Loans	367,025,176	383,769,712
Less: Allowance for credit losses	(3,327,794)	(3,432,412)
Net loans	363,697,382	380,337,300
Bank premises & equipment	9,848,688	9,858,626
Other assets	24,786,092	25,056,597
Total Assets	$ 553,245,214	$ 552,093,851
Liabilities		
Deposits		
Non-interest bearing	$ 112,025,735	$ 108,243,381
Interest bearing	355,604,735	376,737,757
Total deposits	467,630,470	484,981,138
Federal Home Loan Bank borrowings	18,000,000	4,000,000
Trust Preferred	7,310,000	7,310,000
Accrued expenses and other liabilities	3,468,980	3,415,374
Total Liabilities	496,409,450	499,706,512
Shareholders' Equity		
Common stock & paid-in-capital	19,357,956	20,517,672
Accumulated other comprehensive income (loss), net of tax	(6,974,554)	(7,963,438)
Retained earnings	44,452,362	39,833,105
Total Shareholders' Equity	56,835,764	52,387,339
Total Liabilities & Shareholders' Equity	$ 553,245,214	$ 552,093,851

CONSOLIDATED STATEMENTS OF INCOME

	QUARTER ENDING		YEAR TO DATE	
	6/30/2026 (Unaudited)	6/30/2025 (Unaudited)	6/30/2026 (Unaudited)	6/30/2025 (Unaudited)
Interest Income				
Interest & fees on loans	$ 4,973,229	$ 5,228,142	$ 9,924,887	$ 10,427,903
Interest & dividends on securities	1,139,550	781,773	2,160,750	1,525,978
Interest on deposits in banks	329,223	531,891	765,083	1,063,218
Total Interest Income	6,442,002	6,541,806	12,850,720	13,017,099
Interest Expense				
Interest on deposits	1,009,265	1,434,888	2,028,339	2,903,121
Interest on FHLB borrowings	153,379	13,996	295,691	26,949
Trust Preferred (net)	104,114	115,261	206,676	269,305
Interest on other borrowings	3,663	61	6,803	61
Total Interest Expense	1,270,421	1,564,206	2,537,509	3,199,436
Net Interest Income	5,171,581	4,977,600	10,313,211	9,817,663
Provision for credit losses	(6,342)	(34,213)	(46,342)	(34,213)
Net Interest Income after Provision	5,177,923	5,011,813	10,359,553	9,851,876
Non-interest Income				
Service charges and fees	319,356	314,329	589,224	583,573
Other income	300,212	228,337	543,647	429,039
Total Other Income	619,568	542,666	1,132,871	1,012,612
Operating Expenses				
Salaries & employee benefits	2,318,560	2,187,541	4,557,524	4,372,852
Occupancy & equipment expense	735,079	696,417	1,514,511	1,423,121
Other expenses	748,101	711,970	1,378,735	1,376,208
Total Operating Expenses	3,801,740	3,595,928	7,450,770	7,172,181
Income Before Income Taxes	1,995,751	1,958,551	4,041,654	3,692,307
Income Tax Expense	354,700	351,475	723,700	655,950
Net Income	$ 1,641,051	$ 1,607,076	$ 3,317,954	$ 3,036,357

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
Kimberly S. Campbell
Gregory R. Hansen
Sarah J. Doherty

First Vice Presidents
Corey S. Bailey
Matthew O. Fletcher

Vice Presidents
Garth W. Anderson
Heidi L. Miller
Melanie S. Baxter
Jamie L. Ogle
Mark C. Dingee
Janine K. Palmer
Joshua J. Geoghan
Elizabeth H. Sinko
Paul D. Harger
Sheena M. Williams
Amy S. Homich

Assistant Vice Presidents
Raquel Q. Brown
Nate R. Kirk, Jr.
Cody R. Dishaw
Tammy L. McCollum
Tricia C. Frost
Roger K. Merritt
Kristy K. Jones

Officers
Ron Johnson
Elizabeth A. Nedry
Emily K. Haines
Heather H. Warren
Darlene K. Misenhelder

OFFICES

Alma- Wright Ave. 989-463-3901	Grand Rapids 616-367-3000	Greenville 616-754-7166
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