

Commercial National Financial Corporation Reports 3rd Quarter 2024 Results

Ithaca, Michigan, October 25, 2024 (GLOBE NEWSWIRE) -- Commercial National Financial Corporation (Pink Sheets: CEFC) reported net income for the third quarter of 2024 of \$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.

Visit www.commercial-bank.com to view the latest news releases and other information about CEFC and Commercial Bank.

Selected Financial Data (unaudited):

	Three Months Ended		Nine Months Ended	
	<u>Sep 30, 2024</u>	<u>Sep 30, 2023</u>	<u>Sep 30, 2024</u>	<u>Sep 30, 2023</u>
Return on Equity (ROE)	11.32%	15.42%	11.09%	14.77%
Return on Assets (ROA)	0.98%	1.14%	0.92%	1.06%
Net Interest Margin	3.47%	3.25%	3.37%	3.25%
	<u>Sep 30, 2024</u>	<u>Sep 30, 2023</u>		
Non-Performing Assets Ratio	0.21%	0.16%		
Tier 1 Leverage Capital Ratio ⁽¹⁾	10.17%	9.49%		
Total Risk-Based Capital Ratio ⁽¹⁾	16.35%	15.58%		
Book Value Per Share	\$12.80	\$10.73		
Market Value Per Share	\$9.03	\$7.99		

⁽¹⁾Ratios are for Commercial Bank

Consolidated Statements of Income (unaudited):

	Three Months Ended		Nine Months Ended	
	Sep 30, 2024	Sep 30, 2023	Sep 30, 2024	Sep 30, 2023
Interest Income	\$ 6,744,483	\$ 6,456,258	\$ 20,069,571	\$ 18,812,071
Interest Expense	2,067,285	1,886,333	6,322,485	5,011,890
Net Interest Income	4,677,198	4,569,925	13,747,086	13,800,181
Provision for credit losses	229	(217,000)	(38,972)	(108,000)
Non-interest income	549,612	554,697	1,700,596	1,542,498
Operating Expenses	3,518,227	3,263,220	10,668,945	9,723,511
Income before taxes	1,708,354	2,078,402	4,817,709	5,727,168
Income tax expense	300,020	376,900	836,080	1,012,663
Net Income	<u>\$ 1,408,334</u>	<u>\$ 1,701,502</u>	<u>\$ 3,981,629</u>	<u>\$ 4,714,505</u>
Net Income per share – diluted	<u>\$ 0.36</u>	<u>\$ 0.43</u>	<u>\$ 1.00</u>	<u>\$ 1.19</u>
Dividends declared	<u>\$ 0.14</u>	<u>\$ 0.14</u>	<u>\$ 0.42</u>	<u>\$ 0.42</u>

Consolidated Balance Sheets (unaudited):

	Sep 30, 2024	Sep 30, 2023
Assets		
Cash and cash equivalents	\$ 55,606,415	\$ 42,306,192
Time deposits with other banks	1,992,000	4,482,000
Securities	77,226,328	95,491,438
Loans	407,594,529	414,449,979
Allowance for credit losses	<u>(3,528,332)</u>	<u>(3,647,087)</u>
Loans, net	404,066,197	410,802,892
Premises and equipment, net	10,092,279	8,819,331
Other assets	25,285,806	25,886,826
Total Assets	<u>\$ 574,269,025</u>	<u>\$ 587,788,679</u>
Liabilities		
Deposits	\$ 505,613,266	\$ 509,123,260
FHLB borrowings	4,000,000	19,000,000
Trust preferred	10,310,000	13,403,000
Other liabilities	<u>3,598,596</u>	<u>3,699,482</u>
Total Liabilities	523,521,862	545,225,742
Equity		
Total Equity	<u>50,747,163</u>	<u>42,562,937</u>
Total Liabilities and Equity	<u>\$ 574,269,025</u>	<u>\$ 587,788,679</u>

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