

**Commercial National Financial Corporation Reports  
4<sup>th</sup> Quarter 2019 Earnings**

Ithaca, Michigan, January 23, 2020 (GLOBE NEWSWIRE) -- Commercial National Financial Corporation (Pink Sheets: CEFC) today announced fourth quarter 2019 net income of \$1,316,000, or \$.33 per share compared to fourth quarter 2018 net income of \$1,076,000, or \$.27 per share. Return on Equity (ROE) was 13.51% for the fourth quarter of 2019 compared to 12.30% for the fourth quarter of 2018.

Total assets were \$504.9 million at December 31, 2019 compared to \$527.4 million at December 31, 2018. The decrease in total assets and deposits is primarily due to intentionally decreasing brokered certificates of deposit with excess liquidity. This contributed to an improved net interest margin which was 3.15% in the fourth quarter of 2019 as compared to 2.88% in the fourth quarter of 2018. Total loans of \$385.7 million increased \$10.7 million, or 2.9% year over year. We continue to focus on growing loans and core deposits while maintaining our underwriting standards.

For the fourth quarter ended December 31, 2019, net interest income increased \$211,000, or 5.9% primarily due to the net interest margin improvement discussed above. Non-interest income rose by \$111,000, or 23.2% primarily due to increased loan fees. Operating expenses increased by \$57,000, or 2.1% primarily due to higher wages and benefits expense and professional fees, partially offset by lower FDIC insurance expense related to the small bank assessment credits.

Commercial National Financial Corporation operates through a single subsidiary bank, Commercial Bank. Visit [www.commercial-bank.com](http://www.commercial-bank.com) to view the latest consolidated Annual Report, news releases and other information about CEFC and Commercial Bank.

**Selected Financial Data (unaudited):**

	Quarter Ended December 31,		Year Ended December 31,	
	2019	2018	2019	2018
Return on Equity (ROE)	13.51%	12.30%	13.51%	13.28%
Return on Assets (ROA)	1.02%	0.81%	0.97%	0.86%
Net Interest Margin	3.15%	2.88%	3.03%	2.92%
	December 31,			
	2019	2018		
Non-performing Assets Ratio	0.70%	0.35%		
Tier 1 Leverage Capital <sup>(1)</sup>	9.26%	8.42%		
Total Risk-based Capital <sup>(1)</sup>	14.18%	14.36%		
Book Value Per Share	\$9.77	\$8.85		
Market Value Per Share	\$11.45	\$11.49		

<sup>(1)</sup>Ratios are for Commercial Bank.

**Consolidated Statements of Income (unaudited):**

	Quarter Ended December 31,		Year Ended December 31,	
	2019	2018	2019	2018
Interest Income	\$ 4,958,167	\$ 4,941,598	\$ 20,060,797	\$ 19,248,659
Interest Expense	1,186,712	1,381,420	5,371,110	5,010,923
Net Interest Income	3,771,455	3,560,178	14,689,687	14,237,736
Provision for loan losses	-	-	-	-
Non-interest income	588,131	477,311	2,449,734	1,989,948
Operating Expenses	2,728,814	2,671,603	11,050,845	10,718,118
Income before taxes	1,630,772	1,365,886	6,088,576	5,509,566
Income tax expense	314,500	290,149	1,070,000	1,008,000
Net Income	\$ 1,316,272	\$ 1,075,737	\$ 5,018,576	\$ 4,501,566
Net Income per share – diluted	\$ 0.33	\$ 0.27	\$ 1.27	\$ 1.14
Dividends declared	\$ 0.13	\$ 0.13	\$ 0.52	\$ 0.52

**Consolidated Balance Sheets (unaudited):**

	December 31,	
	2019	2018
<b>Assets</b>		
Cash and cash equivalents	\$ 21,807,616	\$ 31,715,786
Time deposits with other banks	31,956,000	53,036,000
Securities	38,214,458	39,551,366
Loans	385,691,917	374,975,157
Allowance for loan losses	(2,751,767)	(2,672,568)
Loans, net	382,940,150	372,302,589
Premises and equipment, net	8,343,479	8,295,195
Other assets	21,676,803	22,466,636
Total Assets	\$ 504,938,506	\$ 527,367,572
<b>Liabilities</b>		
Deposits	\$ 390,063,519	\$ 421,030,232
Other borrowings	59,501,813	55,024,250
Trust preferred	13,403,000	13,403,000
Other liabilities	3,216,264	2,798,839
Total Liabilities	466,184,596	492,256,321
<b>Equity</b>		
Total Equity	38,753,910	35,111,251
Total Liabilities and Equity	\$ 504,938,506	\$ 527,367,572

Contact:

Kevin A. Twardy  
CFO and COO  
989-875-5528