

## Commercial National Financial Corporation Reports 1<sup>st</sup> Quarter 2020 Earnings

Ithaca, Michigan, April 29, 2020 (GLOBE NEWSWIRE) -- Commercial National Financial Corporation (Pink Sheets: CEFC) today announced first quarter 2020 net income of \$803,000, or \$.20 per share compared to first quarter 2019 net income of \$1,101,000, or \$.28 per share. Return on Equity (ROE) was 8.23% for the first quarter of 2020 compared to 12.60% for the first quarter of 2019.

For the first quarter of 2020, net interest income increased \$195,000, or 5.5% primarily due to net interest margin improvement and growth in loans as compared to the first quarter of 2019. Non-interest income decreased by \$106,000, or 18% primarily due to lower other income. Operating expenses decreased by \$56,000, or 2% primarily due to lower professional fees.

The provision for loan losses expense was \$500,000 for the first quarter of 2020, compared to none for the first quarter of 2019. The increase is primarily due to additional environmental factor allocations related to worsening economic conditions from the Covid-19 pandemic. Commercial Bank is making 90-day payment deferrals available to loan customers. We are also making Paycheck Protection Program loans authorized by the CARES Act approved by Congress in late March.

Total assets were \$511.3 million at March 31, 2020 compared to \$527.6 million at March 31, 2019. The decrease in total assets and deposits is primarily due to intentionally decreasing higher cost brokered certificates of deposit with excess liquidity. This contributed to an improved net interest margin. Total loans of \$388 million increased \$10 million, or 2.6% year over year.

The Board of Directors has undergone some recent changes. In April, Tim Gaylord retired from the Board. We would like to thank Tim for his years of dedicated service and wish him well in retirement. To fill his position, the Board appointed Tim Coscarelly. Tim has significant experience in commercial real estate management and development and is active in charitable organizations in the Mount Pleasant, Michigan community.

### Selected Financial Data (unaudited):

	Quarter Ended March 31,	
	2020	2019
Return on Equity (ROE)	8.23%	12.60%
Return on Assets (ROA)	0.64%	0.85%
Net Interest Margin	3.19%	2.93%

	March 31,	
	2020	2019
Non-performing Assets Ratio	0.70%	0.49%
Tier 1 Leverage Capital <sup>(1)</sup>	9.37%	8.57%
Total Risk-based Capital <sup>(1)</sup>	14.23%	14.27%
Book Value Per Share	\$9.94	\$9.07
Market Value Per Share	\$8.40	\$11.35

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

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

	Quarter Ended March 31,	
	2020	2019
Interest Income	\$ 4,826,267	\$ 4,973,686
Interest Expense	1,066,451	1,408,621
Net Interest Income	3,759,816	3,565,065
Provision for loan losses	500,000	-
Non-interest income	482,635	588,653
Operating Expenses	2,795,529	2,851,320
Income before taxes	946,922	1,302,398
Income tax expense	143,500	201,500
Net Income	\$ 803,422	\$ 1,100,898
Net Income per share – diluted	\$ 0.20	\$ 0.28
Dividends declared	\$ 0.14	\$ 0.13

**Consolidated Balance Sheets (unaudited):**

	March 31,	
	2020	2019
<b>Assets</b>		
Cash and cash equivalents	\$ 23,764,952	\$ 35,029,958
Time deposits with other banks	34,442,000	46,875,000
Securities	38,334,501	39,792,107
Loans	387,974,640	378,025,529
Allowance for loan losses	(3,255,076)	(2,672,096)
Loans, net	384,719,564	375,353,433
Premises and equipment, net	8,349,490	8,577,836
Other assets	21,713,027	22,016,752
Total Assets	\$ 511,323,534	\$ 527,645,086
<b>Liabilities</b>		
Deposits	\$ 396,667,495	\$ 423,767,554
Other borrowings	58,749,303	51,874,954
Trust preferred	13,403,000	13,403,000
Other liabilities	3,084,575	2,634,945
Total Liabilities	471,904,373	491,680,453
<b>Equity</b>		
Total Equity	39,419,161	35,964,633
Total Liabilities and Equity	\$ 511,323,534	\$ 527,645,086

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