

Commercial National Financial Corporation Reports 4th Quarter 2018 Earnings

Ithaca, Michigan, January 23, 2019 (GLOBE NEWSWIRE) -- Commercial National Financial Corporation (Pink Sheets: CEFC) today announced fourth quarter 2018 net income of \$1,076,000, or \$.27 per share compared to fourth quarter 2017 net income of \$1,334,000, or \$.34 per share. Return on Equity (ROE) was 12.3% for the fourth quarter of 2018 compared to 15.9% for the fourth quarter of 2017.

Total assets were \$527.4 million at December 31, 2018 compared to \$526.4 million at December 31, 2017. Total loans of \$375 million decreased \$14.7 million, or 3.8% year-over-year. The lending environment remains very competitive in our markets and we experienced a number of large commercial loan payoffs during 2018.

For the quarter ended December 31, 2018, net interest income decreased \$448,000, or 11.2% as compared to the prior year's quarter primarily due to a higher cost of funds and lower loan interest income. The prior year's quarter included loan interest income of \$252,000 related to the payoff of several non-accrual loans. Non-interest income increased \$38,000, or 8.7% primarily due to higher mortgage banking revenue. Operating expenses increased by \$140,000, or 5.5% primarily due to higher wages and benefits expense. Federal income tax expense was lower by \$368,000 primarily due to the decrease in pre-tax income and in the statutory rate from 34% to 21%.

Commercial National Financial Corporation operates through a single subsidiary bank, Commercial Bank. Visit 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,	
	2018	2017	2018	2017
Return on Equity (ROE)	12.30%	15.91%	13.28%	10.41%
Return on Assets (ROA)	0.81%	1.00%	0.86%	0.65%
Net Interest Margin	2.88%	3.23%	2.92%	3.05%
	December 31,			
	2018	2017		
Non-performing Assets Ratio	0.35%	0.53%		
Tier 1 Leverage Capital ⁽¹⁾	8.42%	7.94%		
Total Risk-based Capital ⁽¹⁾	14.36%	13.43%		
Book Value Per Share	\$8.85	\$8.28		
Market Value Per Share	\$11.49	\$12.00		

⁽¹⁾Ratios are for Commercial Bank.

Consolidated Statements of Income (unaudited):

	Quarter Ended December 31,		Year Ended December 31,	
	2018	2017	2018	2017
Interest Income	\$ 4,941,598	\$ 5,084,876	\$ 19,248,659	\$ 19,140,345
Interest Expense	1,381,420	1,076,326	5,010,923	4,127,266
Net Interest Income	3,560,178	4,008,550	14,237,736	15,013,079
Provision for loan losses	-	(75,000)	-	(150,000)
Non-interest income	477,311	439,166	1,989,948	1,984,093
Operating Expenses	2,671,603	2,531,237	10,718,118	12,246,358
Income before taxes	1,365,886	1,991,479	5,509,566	4,900,814
Income tax expense	290,149	657,719	1,008,000	1,481,719
Net Income	<u>\$ 1,075,737</u>	<u>\$ 1,333,760</u>	<u>\$ 4,501,566</u>	<u>\$ 3,419,095</u>
Net Income per share – diluted	<u>\$ 0.27</u>	<u>\$ 0.34</u>	<u>\$ 1.14</u>	<u>\$ 0.86</u>
Dividends declared	<u>\$ 0.13</u>	<u>\$ 0.13</u>	<u>\$ 0.52</u>	<u>\$ 0.52</u>

Consolidated Balance Sheets (unaudited):

	December 31,	
	2018	2017
Assets		
Cash and cash equivalents	\$ 31,715,786	\$ 20,348,244
Time deposits with other banks	53,036,000	53,039,000
Securities	39,551,366	36,365,362
Loans	374,975,157	389,659,820
Allowance for loan losses	(2,672,568)	(2,680,743)
Loans, net	372,302,589	386,979,077
Premises and equipment, net	8,295,195	6,972,170
Other assets	22,466,636	22,669,726
Total Assets	<u>\$ 527,367,572</u>	<u>\$ 526,373,579</u>
Liabilities		
Deposits	\$ 421,030,232	\$ 416,622,495
Other borrowings	55,024,250	59,531,566
Trust preferred	13,403,000	13,403,000
Other liabilities	2,798,839	3,985,188
Total Liabilities	492,256,321	493,542,249
Equity		
Total Equity	35,111,251	32,831,330
Total Liabilities and Equity	<u>\$ 527,367,572</u>	<u>\$ 526,373,579</u>

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