

Commercial National Financial Corporation Reports
2nd Quarter 2020 Earnings

Ithaca, Michigan, July 29, 2020 (GLOBE NEWSWIRE) -- Commercial National Financial Corporation (Pink Sheets: CEFC) today announced second quarter 2020 net income of \$1,147,000, or \$.29 per share compared to second quarter 2019 net income of \$1,123,000, or \$.28 per share. Return on Equity (ROE) was 11.54% for the second quarter of 2020 compared to 12.32% for the second quarter of 2019.

For the second quarter of 2020, net interest income increased \$348,000, or 9.7% compared to the second quarter of 2019 primarily due to net interest margin improvement as well as from growth in interest-earning assets related to Paycheck Protection Program loans. Non-interest income increased by \$17,000, or 3.3%. Operating expenses decreased by \$100,000, or 3.7% primarily due to lower professional fees, occupancy and equipment expenses.

The provision for loan losses expense was \$450,000 for the second quarter of 2020, compared to none for the second quarter of 2019. The provision expense in the current quarter relates to additional environmental factor allocations and increased classified loans.

Total assets were \$554.8 million at June 30, 2020 compared to \$520.1 million at June 30, 2019. The increase was primarily due to \$30.9 million of Paycheck Protection Program loans outstanding at June 30, 2020 compared to zero at June 30, 2019. Total loans of \$415.6 million increased \$39.4 million, or 10.5% year over year.

We are saddened by the recent passing of our Chairman of the Board and good friend, Mr. Scott Sheldon. Mr. Sheldon was a board member of the Bank for over 35 years and he will be truly missed. Please keep the Sheldon family in your thoughts and prayers as they go through this difficult time.

Due to the recent passing of Mr. Scott Sheldon, the Board of Directors appointed Mr. Richard Prestage as Chairman of both the Bank and holding company boards. Mr. Prestage has been a board member for over 15 years.

Selected Financial Data (unaudited):

	Quarter Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Return on Equity (ROE)	11.54%	12.32%	9.90%	12.42%
Return on Assets (ROA)	0.84%	0.86%	0.74%	0.86%
Net Interest Margin	3.07%	2.95%	3.13%	2.93%
	June 30,			
	2020	2019		
Non-performing Assets Ratio	0.79%	0.56%		
Tier 1 Leverage Capital ⁽¹⁾	8.75%	8.71%		
Total Risk-based Capital ⁽¹⁾	14.59%	14.35%		
Book Value Per Share	\$10.12	\$9.32		
Market Value Per Share	\$9.40	\$11.25		

⁽¹⁾Ratios are for Commercial Bank.

Consolidated Statements of Income (unaudited):

	Quarter Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Interest Income	\$ 4,859,900	\$ 5,068,460	\$ 9,686,167	\$ 10,042,146
Interest Expense	911,150	1,467,577	1,977,601	2,876,198
Net Interest Income	3,948,750	3,600,883	7,708,566	7,165,948
Provision for loan losses	450,000	-	950,000	-
Non-interest income	511,391	494,818	994,026	1,083,471
Operating Expenses	2,633,726	2,734,030	5,429,255	5,585,350
Income before taxes	1,376,415	1,361,671	2,323,337	2,664,069
Income tax expense	229,500	238,500	373,000	440,000
Net Income	\$ 1,146,915	\$ 1,123,171	\$ 1,950,337	\$ 2,224,069
Net Income per share – diluted	\$ 0.29	\$ 0.28	\$ 0.49	\$ 0.56
Dividends declared	\$ 0.14	\$ 0.13	\$ 0.28	\$ 0.26

Consolidated Balance Sheets (unaudited):

	June 30,	
	2020	2019
Assets		
Cash and cash equivalents	\$ 45,982,221	\$ 30,455,622
Time deposits with other banks	28,288,000	44,387,000
Securities	38,972,896	41,633,532
Loans	415,605,705	376,254,807
Allowance for loan losses	(3,733,130)	(2,742,679)
Loans, net	411,872,575	373,512,128
Premises and equipment, net	8,242,515	8,625,432
Other assets	21,472,268	21,508,487
Total Assets	\$ 554,830,475	\$ 520,122,201
Liabilities		
Deposits	\$ 447,477,547	\$ 409,887,337
Other borrowings	49,954,378	56,911,082
Trust preferred	13,403,000	13,403,000
Other liabilities	3,853,904	2,975,910
Total Liabilities	514,688,829	483,177,329
Equity		
Total Equity	40,141,646	36,944,872
Total Liabilities and Equity	\$ 554,830,475	\$ 520,122,201

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