

Commercial National Financial Corporation Reports 3rd Quarter 2019 Earnings

Ithaca, Michigan, October 24, 2019 (GLOBE NEWSWIRE) -- Commercial National Financial Corporation (Pink Sheets: CEFC) today announced third quarter 2019 net income of \$1,478,000, or \$.37 per share compared to third quarter 2018 net income of \$1,177,000, or \$.30 per share. Return on Equity (ROE) was 15.57% for the third quarter of 2019 compared to 13.68% for the third quarter of 2018.

Total assets were \$512.1 million at September 30, 2019 compared to \$519.1 million at September 30, 2018. The decrease in total assets is primarily due to intentionally decreasing brokered certificates of deposit with excess liquidity. This resulted in an improved net interest margin which was 3.12% in the third quarter of 2019 as compared to 2.88% in the third quarter of 2018. Total loans of \$381.9 million increased \$.1 million, or .04% year over year. The lending environment remains very competitive in our markets and we experienced several large commercial loan payoffs during the past twelve months. However, our loan pipeline is growing and we expect loans to increase during the next several quarters.

For the third quarter ended September 30, 2019, net interest income increased \$267,000, or 7.7% primarily due to the net interest margin improvement discussed above. Non-interest income rose by \$150,000, or 23.9% primarily due to increased loan fees. Operating expenses increased by \$33,000, or 1.2% 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 to view the latest consolidated Annual Report, news releases and other information about CEFC and Commercial Bank.

Selected Financial Data (unaudited):

	Quarter Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Return on Equity (ROE)	15.57%	13.68%	13.51%	13.62%
Return on Assets (ROA)	1.14%	0.91%	0.95%	0.88%
Net Interest Margin	3.12%	2.88%	3.00%	2.93%
	September 30,			
	2019	2018		
Non-performing Assets Ratio	0.75%	0.40%		
Tier 1 Leverage Capital ⁽¹⁾	9.08%	8.51%		
Total Risk-based Capital ⁽¹⁾	14.10%	13.94%		
Book Value Per Share	\$9.59	\$8.67		
Market Value Per Share	\$10.20	\$12.47		

⁽¹⁾Ratios are for Commercial Bank.

Consolidated Statements of Income (unaudited):

	Quarter Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Interest Income	\$ 5,060,484	\$ 4,793,171	\$ 15,102,630	\$ 14,307,061
Interest Expense	1,308,200	1,308,253	4,184,398	3,629,503
Net Interest Income	3,752,284	3,484,918	10,918,232	10,677,558
Provision for loan losses	-	-	-	-
Non-interest income	778,132	628,019	1,861,603	1,512,637
Operating Expenses	2,736,680	2,704,079	8,322,030	8,046,515
Income before taxes	1,793,736	1,408,858	4,457,805	4,143,680
Income tax expense	315,500	231,851	755,500	717,851
Net Income	\$ 1,478,236	\$ 1,177,007	\$ 3,702,305	\$ 3,425,829
Net Income per share – diluted	\$ 0.37	\$ 0.30	\$ 0.93	\$ 0.86
Dividends declared	\$ 0.13	\$ 0.13	\$ 0.39	\$ 0.39

Consolidated Balance Sheets (unaudited):

	September 30,	
	2019	2018
Assets		
Cash and cash equivalents	\$ 29,548,841	\$ 21,135,682
Time deposits with other banks	33,703,000	49,052,000
Securities	39,462,218	38,988,839
Loans	381,898,344	381,715,154
Allowance for loan losses	(2,753,679)	(2,668,424)
Loans, net	379,144,665	379,046,730
Premises and equipment, net	8,584,696	8,114,616
Other assets	21,686,072	22,733,983
Total Assets	\$ 512,129,492	\$ 519,071,850
Liabilities		
Deposits	\$ 396,407,431	\$ 413,177,885
Other borrowings	61,188,333	55,269,515
Trust preferred	13,403,000	13,403,000
Other liabilities	3,120,848	2,855,188
Total Liabilities	474,119,612	484,705,588
Equity		
Total Equity	38,009,880	34,366,262
Total Liabilities and Equity	\$ 512,129,492	\$ 519,071,850

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