

## Commercial National Financial Corporation Reports 2<sup>nd</sup> Quarter 2017 Earnings

Ithaca, Michigan, July 27, 2017 (GLOBE NEWSWIRE) -- Commercial National Financial Corporation (Pink Sheets: CEFC) today announced second quarter 2017 net income of \$1,043,000, or \$.26 per share compared to second quarter 2016 net income of \$689,000, or \$.21 per share. Second quarter 2016 net income would have been \$750,000, or \$.23 per share when excluding merger-related expenses of the merger with Capital Directions, Inc., the holding company for Mason State Bank.

Total assets were \$522.7 million at June 30, 2017 compared to \$397.9 million at June 30, 2016. Total loans grew \$86.8 million, or 29.3% year over year. Most of the loan growth was related to the merger with Mason State Bank with the remainder related to commercial loan originations. We are continuing our efforts to increase loan volume while maintaining our credit quality standards.

For the quarter ended June 30, 2017, net interest income increased \$865,000, or 31.2% primarily due to the growth in loans mentioned above as compared to the June 30, 2016 quarter. Non-interest income increased \$159,000 or 37.8% over the same time frame primarily due to higher service charges and other income levels as a result of combining both banks. In addition, a \$61,000 gain was recognized related to the settlement and termination of the Shared Loss Agreement with the FDIC. Operating expenses increased by \$507,000 mostly due to combining both banks. The increase in operating expenses also included \$42,000 related to the upcoming closing of the Lake Odessa and Leslie branches.

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 June 30,		Six Months Ended June 30,	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Return on Equity (ROE)	13.08%	11.39%	5.21%	11.03%
Return on Assets (ROA)	.79	.69	.32	.67
Net Interest Margin	2.76	2.93	2.76	2.93
	June 30,			
	<u>2017</u>	<u>2016</u>		
Non-performing Assets Ratio	.45%	.42%		
Tier 1 Leverage Capital <sup>(1)</sup>	7.80	8.35		
Total Risk-based Capital <sup>(1)</sup>	13.58	14.50		
Book Value Per Share	\$8.13	\$7.52		
Market Value Per Share	11.20	9.65		

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

### Consolidated Statements of Income (\$ in 000's except per share data):

	Quarter Ended June 30,		Six Months Ended June 30,	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Interest Income	\$4,679	\$3,611	\$9,240	\$7,179
Interest Expense	<u>1,043</u>	<u>840</u>	<u>2,003</u>	<u>1,695</u>
Net Interest Income	3,636	2,771	7,237	5,484
Provision for loan losses	(16)	11	-	43
Non-interest income	578	419	998	772
Operating Expenses	<u>2,723</u>	<u>2,216</u>	<u>7,112</u>	<u>4,368</u>

Income before taxes	1,507	963	1,123	1,845
Income tax expense	<u>464</u>	<u>274</u>	<u>286</u>	<u>520</u>
Net Income	<u>\$1,043</u>	<u>\$ 689</u>	<u>\$ 837</u>	<u>\$1,325</u>
Net Income per share – basic	<u>\$0.26</u>	<u>\$0.21</u>	<u>\$ 0.21</u>	<u>\$ 0.41</u>
Net Income per share – diluted	<u>\$0.26</u>	<u>\$0.21</u>	<u>\$ 0.21</u>	<u>\$ 0.41</u>
Dividends declared	<u>\$0.13</u>	<u>\$0.13</u>	<u>\$ 0.26</u>	<u>\$ 0.26</u>

Consolidated Balance Sheets (\$ in 000's):

	June 30,	
	<u>2017</u>	<u>2016</u>
<b>Assets</b>		
Cash and cash equivalents	\$22,327	\$13,830
Time deposits with other banks	51,568	41,548
Securities	37,991	28,979
Loans	383,029	296,230
Allowance for loan losses	<u>(2,791)</u>	<u>(2,705)</u>
Loans, net	380,238	293,525
Bank premises and equipment	7,162	4,261
Other assets	<u>23,393</u>	<u>15,789</u>
Total Assets	<u>\$522,679</u>	<u>\$397,932</u>
<b>Liabilities</b>		
Deposits	\$416,485	\$318,033
Other borrowings	56,114	41,761
Trust preferred	13,403	10,310
Other liabilities	<u>4,429</u>	<u>3,362</u>
Total Liabilities	490,431	373,466
<b>Equity</b>		
Common stock and paid in capital	21,237	13,573
Retained earnings	10,889	10,656
Accumulated OCI	<u>122</u>	<u>237</u>
Total Equity	<u>32,248</u>	<u>24,466</u>
Total Liabilities and Equity	<u>\$522,679</u>	<u>\$397,932</u>

Contact:

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