

Commercial National Financial Corporation Reports 3rd Quarter 2020 Earnings

Ithaca, Michigan, October 28, 2020 (GLOBE NEWSWIRE) -- Commercial National Financial Corporation (Pink Sheets: CEFC) today announced third quarter 2020 net income of \$1,177,000, or \$.30 per share compared to third quarter 2019 net income of \$1,478,000, or \$.37 per share. Return on Equity (ROE) was 11.50% for the third quarter of 2020 compared to 15.57% for the third quarter of 2019.

For the third quarter of 2020, net interest income increased \$155,000, or 4.1% compared to the third quarter of 2019 primarily due to the growth in Paycheck Protection Program loans. These loans were authorized by the CARES Act approved by Congress in late March. Non-interest income decreased by \$211,000, or 27.2% primarily due to lower loan fees. Operating expenses increased by \$36,000, or 1.3% primarily due to the absence of FDIC insurance expense small bank assessment credits that were received in the prior year.

The provision for loan losses expense was \$300,000 for the third quarter of 2020, compared to none for the third quarter of 2019. The provision expense in the current quarter relates to additional environmental factor allocations and increased classified loans.

Total assets were \$548.1 million at September 30, 2020 compared to \$512.1 million at September 30, 2019. The increase was primarily due to \$33 million of Paycheck Protection Program loans outstanding at September 30, 2020 compared to zero at September 30, 2019. Total loans of \$409.7 million increased \$27.8 million, or 7.3% year over year.

The Board of Directors recently appointed Brent Hardman to the Bank and Holding Company Boards. Brent is co-owner and Chief Executive Officer of Powell Fabrication & Manufacturing LLC located in St. Louis, Michigan.

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,	
	2020	2019	2020	2019
Return on Equity (ROE)	11.50%	15.57%	10.45%	13.51%
Return on Assets (ROA)	0.85%	1.14%	0.78%	0.95%
Net Interest Margin	3.01%	3.12%	3.09%	3.00%
	September 30,			
	2020	2019		
Non-performing Assets Ratio	0.77%	0.75%		
Tier 1 Leverage Capital ⁽¹⁾	8.84%	9.08%		
Total Risk-based Capital ⁽¹⁾	15.39%	14.10%		
Book Value Per Share	\$10.27	\$9.59		
Market Value Per Share	\$9.11	\$10.20		

⁽¹⁾Ratios are for Commercial Bank.

Consolidated Statements of Income (unaudited):

	Quarter Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Interest Income	\$ 4,715,503	\$ 5,060,484	\$ 14,401,670	\$ 15,102,630
Interest Expense	807,886	1,308,200	2,785,487	4,184,398
Net Interest Income	3,907,617	3,752,284	11,616,183	10,918,232
Provision for loan losses	300,000	-	1,250,000	-
Non-interest income	566,672	778,132	1,560,698	1,861,603
Operating Expenses	2,772,687	2,736,680	8,201,942	8,322,030
Income before taxes	1,401,602	1,793,736	3,724,939	4,457,805
Income tax expense	224,500	315,500	597,500	755,500
Net Income	\$ 1,177,102	\$ 1,478,236	\$ 3,127,439	\$ 3,702,305
Net Income per share – diluted	\$ 0.30	\$ 0.37	\$ 0.79	\$ 0.93
Dividends declared	\$ 0.14	\$ 0.13	\$ 0.42	\$ 0.39

Consolidated Balance Sheets (unaudited):

	September 30,	
	2020	2019
Assets		
Cash and cash equivalents	\$ 51,221,763	\$ 29,548,841
Time deposits with other banks	22,839,000	33,703,000
Securities	38,306,539	39,462,218
Loans	409,697,305	381,898,344
Allowance for loan losses	(4,043,266)	(2,753,679)
Loans, net	405,654,039	379,144,665
Premises and equipment, net	8,217,624	8,584,696
Other assets	21,884,842	21,686,072
Total Assets	\$ 548,123,807	\$ 512,129,492
Liabilities		
Deposits	\$ 451,610,662	\$ 396,407,431
Other borrowings	39,480,000	61,188,333
Trust preferred	13,403,000	13,403,000
Other liabilities	2,904,766	3,120,848
Total Liabilities	507,398,428	474,119,612
Equity		
Total Equity	40,725,379	38,009,880
Total Liabilities and Equity	\$ 548,123,807	\$ 512,129,492

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