

Commercial National Financial Corporation Reports 2nd Quarter 2015 Earnings

Ithaca, Michigan, July 23, 2015 (GLOBE NEWSWIRE) -- Commercial National Financial Corporation (Pink Sheets: CEFC) today announced 2015 second quarter net income of \$687,000, or \$0.21 per share compared to 2014 second quarter net income of \$612,000, or \$0.19 per share.

Total loans grew \$12.8 million, or 4.8% when comparing June 30, 2015 to June 30, 2014. We are continuing our efforts to increase loan volume while maintaining our credit quality standards. For the quarter ended June 30, 2015, provision for loan loss expense and loss share reimbursement revenue were significantly lower due to improved credit quality metrics in the loss share loan portfolio. Operating expenses decreased \$226,000 or 10.2% due to lower collection expenses and continued measures taken to reduce other expense categories.

Commercial National Financial Corporation operates through a single subsidiary bank, Commercial Bank, with full-service banking offices in Alma, Greenville, Hastings, Ithaca, Lake Odessa, Middleton and St. Louis and a loan production office in Mt. Pleasant, Michigan. 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 June 30,		Six Months Ended June 30,	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Return on Equity (ROE)	11.85%	11.32%	11.59%	10.80%
Return on Assets (ROA)	.74	.65	.71	.62
Interest Margin	3.06	2.98	3.10	3.00
Efficiency Ratio	64.08	63.23	66.29	67.96

	June 30,	
	<u>2015</u>	<u>2014</u>
Non-performing Assets Ratio	.69%	1.09%
Tier 1 Leverage Capital ⁽¹⁾	8.72	8.25
Total Risk-based Capital ⁽¹⁾	15.24	15.54
Book Value Per Share	\$7.13	\$6.75

⁽¹⁾ Capital ratios are for Commercial Bank.

Consolidated Statements of Income (unaudited):

	Quarter Ended June 30,		Six Months Ended June 30,	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Interest Income	\$3,463,057	\$3,549,685	\$7,031,139	\$7,111,794
Interest Expense	<u>816,471</u>	<u>917,025</u>	<u>1,661,697</u>	<u>1,870,810</u>
Net Interest Income	2,646,586	2,632,660	5,369,442	5,240,984
Provision for loan losses	105,842	421,017	212,416	466,930
Non-interest income	434,907	835,966	877,911	1,237,442
Operating Expenses	<u>1,985,944</u>	<u>2,212,108</u>	<u>4,171,203</u>	<u>4,450,184</u>
Income before taxes	989,707	835,501	1,863,734	1,561,312
Income tax expense	<u>302,246</u>	<u>223,061</u>	<u>540,009</u>	<u>407,121</u>
Net Income	<u>\$687,461</u>	<u>\$612,440</u>	<u>\$1,323,725</u>	<u>\$1,154,191</u>
Net Income per share – basic	<u>\$0.21</u>	<u>\$0.19</u>	<u>\$.41</u>	<u>\$.35</u>
Net Income per share – diluted	<u>\$0.21</u>	<u>\$0.19</u>	<u>\$.41</u>	<u>\$.35</u>

Consolidated Balance Sheets (unaudited):

June 30,

	<u>2015</u>	<u>2014</u>
Assets		
Cash and cash equivalents	\$11,401,612	\$ 12,972,845
Time deposits with other banks	19,554,000	19,708,000
Securities	45,270,704	60,248,028
Loans	281,550,807	268,756,392
Allowance for loan losses	<u>(2,574,503)</u>	<u>(2,634,965)</u>
Loans, net	278,976,304	266,121,427
Bank premises and equipment	4,328,993	4,439,964
Other assets	<u>17,043,294</u>	<u>15,843,870</u>
Total Assets	<u>\$376,574,907</u>	<u>\$379,334,134</u>
Liabilities		
Deposits	\$300,460,835	\$324,998,710
Other borrowings	38,940,920	20,302,809
Trust preferred	10,310,000	10,310,000
Other liabilities	<u>3,669,096</u>	<u>1,756,580</u>
Total Liabilities	353,380,851	357,368,099
Equity		
Common stock and paid in capital	13,572,835	13,572,835
Retained earnings	9,661,097	8,755,120
Accumulated OCI	<u>(39,876)</u>	<u>(361,920)</u>
Total Equity	<u>23,194,056</u>	<u>21,966,035</u>
Total Liabilities and Equity	<u>\$376,574,907</u>	<u>\$379,334,134</u>

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