

Commercial National Financial Corporation Reports 3rd Quarter 2015 Earnings

Ithaca, Michigan, October 27, 2015 (GLOBE NEWSWIRE) -- Commercial National Financial Corporation (Pink Sheets: CEFC) today announced 2015 third quarter net income of \$762,000, or \$0.23 per share compared to 2014 third quarter net income of \$697,000, or \$0.21 per share.

Total loans grew \$12.8 million, or 4.7% when comparing September 30, 2015 to September 30, 2014. We are continuing our efforts to increase loan volume while maintaining our credit quality standards. For the quarter ended September 30, 2015, operating expenses were lower by \$66,000 or 3% primarily due to lower staffing levels and lower collection expenses. Net interest income increased \$25,000 or .9% due to higher average interest-earning assets. Provision for loan losses decreased by \$15,000 due to improved credit quality metrics.

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 Sept. 30,		Nine Months Ended Sept. 30,	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Return on Equity (ROE)	12.92%	12.49%	12.04%	11.38%
Return on Assets (ROA)	.80	.74	.74	.66
Interest Margin	3.02	3.01	3.07	3.01
	September 30,			
	<u>2015</u>	<u>2014</u>		
Non-performing Assets Ratio	.68%	1.05%		
Tier 1 Leverage Capital ⁽¹⁾	8.65	8.44		
Total Risk-based Capital ⁽¹⁾	14.84	15.33		
Book Value Per Share	\$7.29	\$6.85		

⁽¹⁾ Capital ratios are for Commercial Bank.

Consolidated Statements of Income (unaudited):

	Quarter Ended Sept. 30,		Nine Months Ended Sept. 30,	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Interest Income	\$3,520,947	\$3,556,978	\$10,552,086	\$10,668,772
Interest Expense	<u>848,951</u>	<u>909,774</u>	<u>2,510,648</u>	<u>2,780,584</u>
Net Interest Income	2,671,996	2,647,204	8,041,438	7,888,188
Provision for loan losses	1,840	17,274	214,256	484,204
Non-interest income	485,786	486,975	1,363,697	1,724,417
Operating Expenses	<u>2,117,701</u>	<u>2,184,257</u>	<u>6,288,904</u>	<u>6,634,441</u>
Income before taxes	1,038,241	932,648	2,901,975	2,493,930
Income tax expense	<u>275,874</u>	<u>235,645</u>	<u>815,883</u>	<u>642,766</u>
Net Income	<u>\$762,367</u>	<u>\$697,003</u>	<u>\$2,086,092</u>	<u>\$1,851,194</u>
Net Income per share – basic	<u>\$0.23</u>	<u>\$0.21</u>	<u>\$.64</u>	<u>\$.57</u>
Net Income per share – diluted	<u>\$0.23</u>	<u>\$0.21</u>	<u>\$.64</u>	<u>\$.57</u>

Consolidated Balance Sheets (unaudited):

	September 30,	
	<u>2015</u>	<u>2014</u>
Assets		
Cash and cash equivalents	\$11,585,726	\$ 9,241,069
Time deposits with other banks	28,354,000	24,534,000
Securities	36,429,571	51,870,911
Loans	285,328,243	272,574,722
Allowance for loan losses	<u>(2,444,689)</u>	<u>(2,452,292)</u>
Loans, net	282,883,554	270,122,430
Bank premises and equipment	4,378,991	4,386,714
Other assets	<u>17,614,013</u>	<u>15,696,187</u>
Total Assets	<u>\$381,245,855</u>	<u>\$375,851,311</u>
Liabilities		
Deposits	\$301,416,186	\$320,508,437
Other borrowings	41,968,565	21,109,627
Trust preferred	10,310,000	10,310,000
Other liabilities	<u>3,843,478</u>	<u>1,648,493</u>
Total Liabilities	357,538,229	353,576,557
Equity		
Common stock and paid in capital	13,572,835	13,572,835
Retained earnings	10,000,572	9,029,232
Accumulated OCI	<u>134,219</u>	<u>(327,313)</u>
Total Equity	<u>23,707,626</u>	<u>22,274,754</u>
Total Liabilities and Equity	<u>\$381,245,855</u>	<u>\$375,851,311</u>

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