

Commercial National Financial Corporation Reports 2nd Quarter 2019 Earnings

Ithaca, Michigan, July 25, 2019 (GLOBE NEWSWIRE) -- Commercial National Financial Corporation (Pink Sheets: CEFC) today announced second quarter 2019 net income of \$1,123,000, or \$.28 per share compared to second quarter 2018 net income of \$1,185,000, or \$.30 per share. Return on Equity (ROE) was 12.32% for the second quarter of 2019 compared to 14.17% for the second quarter of 2018.

Total assets were \$520.1 million at June 30, 2019 compared to \$507.4 million at June 30, 2018. Total loans of \$376.3 million decreased \$2.9 million, or .8% 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 commercial and construction loan closings to increase loan balances during the second half of 2019.

For the second quarter ended June 30, 2019, net interest income increased \$25,000, or .7%. During the next several quarters, we intend to use excess cash to reduce higher interest rate wholesale borrowings. Non-interest income rose by \$18,000, or 3.8% due to increased loan fees. Operating expenses increased by \$117,000, or 4.5% primarily due to higher wages and benefits expense and professional fees.

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 June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Return on Equity (ROE)	12.32%	14.17%	12.42%	13.60%
Return on Assets (ROA)	0.86%	0.91%	0.86%	0.87%
Net Interest Margin	2.95%	2.92%	2.93%	2.95%
	June 30,			
	2019	2018		
Non-performing Assets Ratio	0.56%	0.47%		
Tier 1 Leverage Capital ⁽¹⁾	8.71%	8.24%		
Total Risk-based Capital ⁽¹⁾	14.35%	13.97%		
Book Value Per Share	\$9.32	\$8.52		
Market Value Per Share	\$11.25	\$12.00		

⁽¹⁾Ratios are for Commercial Bank.

Consolidated Statements of Income (unaudited):

	Quarter Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Interest Income	\$ 5,068,460	\$ 4,777,678	\$ 10,042,146	\$ 9,513,890
Interest Expense	1,467,577	1,201,560	2,876,198	2,321,250
Net Interest Income	3,600,883	3,576,118	7,165,948	7,192,640
Provision for loan losses	-	-	-	-
Non-interest income	494,818	476,552	1,083,471	884,618
Operating Expenses	2,734,030	2,617,459	5,585,350	5,342,436
Income before taxes	1,361,671	1,435,211	2,664,069	2,734,822
Income tax expense	238,500	250,000	440,000	486,000
Net Income	\$ 1,123,171	\$ 1,185,211	\$ 2,224,069	\$ 2,248,822
Net Income per share – diluted	\$ 0.28	\$ 0.30	\$ 0.56	\$ 0.57
Dividends declared	\$ 0.13	\$ 0.13	\$ 0.26	\$ 0.26

Consolidated Balance Sheets (unaudited):

	June 30,	
	2019	2018
Assets		
Cash and cash equivalents	\$ 30,455,622	\$ 12,422,133
Time deposits with other banks	44,387,000	47,834,000
Securities	41,633,532	40,971,026
Loans	376,254,807	379,195,022
Allowance for loan losses	(2,742,679)	(2,655,800)
Loans, net	373,512,128	376,539,222
Premises and equipment, net	8,625,432	7,914,647
Other assets	21,508,487	21,765,211
Total Assets	\$ 520,122,201	\$ 507,446,239
Liabilities		
Deposits	\$ 409,887,337	\$ 401,676,958
Other borrowings	56,911,082	55,801,013
Trust preferred	13,403,000	13,403,000
Other liabilities	2,975,910	2,790,775
Total Liabilities	483,177,329	473,671,746
Equity		
Total Equity	36,944,872	33,774,493
Total Liabilities and Equity	\$ 520,122,201	\$ 507,446,239

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