

**Commercial National Financial Corporation Reports
2nd Quarter 2018 Earnings**

Ithaca, Michigan, July 25, 2018 (GLOBE NEWSWIRE) -- Commercial National Financial Corporation (Pink Sheets: CEFC) today announced second quarter 2018 net income of \$1,185,000, or \$.30 per share compared to second quarter 2017 net income of \$1,043,000, or \$.26 per share.

Total assets were \$507.4 million at June 30, 2018 compared to \$522.7 million at June 30, 2017. Total loans of \$379.2 million decreased \$3.8 million, or 1% year over year. The lending environment remains very competitive in our markets and we experienced several large commercial loan payoffs in the first six months of 2018. However, our commercial loan pipeline is growing and we continue to develop new and existing customer relationships.

For the quarter ended June 30, 2018, net interest income decreased \$60,000, or 1.7%. The increase in interest income from the higher interest rate environment was more than offset by a higher cost of funds. Non-interest income decreased \$101,000, or 17.6% primarily due to significantly lower mortgage banking revenue. We continue to see challenges in residential loan demand due to the limited supply of housing inventory. Operating expenses decreased by \$105,000, or 3.9% due to lower expense in a number of other expense categories. Federal income tax expense was lower by \$214,000 primarily due to the decrease in the statutory rate from 34% to 21%.

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,	
	2018	2017	2018	2017
Return on Equity (ROE)	14.17%	13.08%	13.60%	5.21%
Return on Assets (ROA)	0.91%	0.79%	0.87%	0.32%
Net Interest Margin	2.92%	2.96%	2.95%	2.96%
	June 30,			
	2018	2017		
Non-performing Assets Ratio	0.47%	0.45%		
Tier 1 Leverage Capital ⁽¹⁾	8.24%	7.80%		
Total Risk-based Capital ⁽¹⁾	13.97%	13.58%		
Book Value Per Share	\$8.52	\$8.13		
Market Value Per Share	\$12.00	\$11.20		

⁽¹⁾ Ratios are for Commercial Bank.

Consolidated Statements of Income (unaudited):

	Quarter Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Interest Income	\$ 4,777,678	\$ 4,679,237	\$ 9,513,890	\$ 9,239,893
Interest Expense	1,201,560	1,043,565	2,321,250	2,003,399
Net Interest Income	3,576,118	3,635,672	7,192,640	7,236,494
Provision for loan losses	-	(15,814)	-	-
Non-interest income	476,552	578,012	884,618	998,535
Operating Expenses	2,617,459	2,722,594	5,342,436	7,112,120
Income before taxes	1,435,211	1,506,904	2,734,822	1,122,909
Income tax expense	250,000	464,000	486,000	286,000
Net Income	\$ 1,185,211	\$ 1,042,904	\$ 2,248,822	\$ 836,909
Net Income per share – diluted	\$ 0.30	\$ 0.26	\$ 0.57	\$ 0.21
Dividends declared	\$ 0.13	\$ 0.13	\$ 0.26	\$ 0.26

Consolidated Balance Sheets (unaudited):

	June 30,	
	2018	2017
Assets		
Cash and cash equivalents	\$ 12,422,133	\$ 22,326,706
Time deposits with other banks	47,834,000	51,568,000
Securities	40,971,026	37,991,116
Loans	379,195,022	383,028,784
Allowance for loan losses	(2,655,800)	(2,790,614)
Loans, net	376,539,222	380,238,170
Premises and equipment, net	7,914,647	7,162,001
Other assets	21,765,211	23,392,621
Total Assets	\$ 507,446,239	\$ 522,678,614
Liabilities		
Deposits	\$ 401,676,958	\$ 416,484,452
Other borrowings	55,801,013	56,114,030
Trust preferred	13,403,000	13,403,000
Other liabilities	2,790,775	4,429,113
Total Liabilities	473,671,746	490,430,595
Equity		
Total Equity	33,774,493	32,248,019
Total Liabilities and Equity	\$ 507,446,239	\$ 522,678,614

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