

## Commercial National Financial Corporation Reports 3<sup>rd</sup> Quarter 2017 Earnings

Ithaca, Michigan, October 26, 2017 (GLOBE NEWSWIRE) -- Commercial National Financial Corporation (Pink Sheets: CEFC) today announced third quarter 2017 net income of \$1,248,000 or \$.31 per share compared to third quarter 2016 net income of \$673,000, or \$.21 per share. Third quarter 2016 net income would have been \$809,000, or \$.25 per share when excluding merger-related expenses for the merger with Capital Directions, Inc., the holding company for Mason State Bank.

Total assets were \$528.8 million at September 30, 2017 compared to \$399.8 million at September 30, 2016. Total loans grew \$87.3 million, or 29.2% year over year. Most of the loan growth was related to the merger with Mason State Bank with the remainder related to commercial loan originations. We are continuing our efforts to increase loan volume while maintaining our credit quality standards.

For the quarter ended September 30, 2017, net interest income increased \$879,000, or 30.4% primarily due to the growth in loans mentioned above as compared to the September 30, 2016 quarter. In addition, \$141,000 of interest income recorded was related to the payoff of several non-accrual loans. The provision for loan losses decreased \$76,000 due to a lower trend in historical losses as well as net recoveries recorded for the quarter and year-to-date periods. Non-interest income increased \$140,000, or 34.5% for the quarter ended September 30, 2017 compared to September 30, 2016 quarter primarily due to combining both banks. Operating expenses increased by \$286,000, or 12.3% mostly due to combining both banks.

Commercial National Financial Corporation operates through a single subsidiary bank, Commercial Bank. Visit [www.commercial-bank.com](http://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,	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Return on Equity (ROE)	15.19%	10.86%	8.56%	10.97%
Return on Assets (ROA)	.94	.68	.53	.67
Net Interest Margin	3.06	3.04	2.99	2.99
	September 30,			
	<u>2017</u>	<u>2016</u>		
Non-performing Assets Ratio	.52%	.56%		
Tier 1 Leverage Capital <sup>(1)</sup>	7.97	8.53		
Total Risk-based Capital <sup>(1)</sup>	13.43	14.22		
Book Value Per Share	\$8.31	\$7.60		
Market Value Per Share	11.70	10.55		

<sup>(1)</sup> Ratios are for Commercial Bank.

Consolidated Statements of Income (\$ in 000's except per share data):

	Quarter Ended		Nine Months Ended	
	September 30,		September 30,	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Interest Income	\$4,816	\$3,619	\$14,055	\$10,798
Interest Expense	<u>1,048</u>	<u>731</u>	<u>3,051</u>	<u>2,425</u>
Net Interest Income	3,768	2,888	11,004	8,373
Provision for loan losses	(75)	1	(75)	45
Non-interest income	546	406	1,545	1,178
Operating Expenses	<u>2,603</u>	<u>2,317</u>	<u>9,715</u>	<u>6,685</u>
Income before taxes	1,786	976	2,909	2,821
Income tax expense	<u>538</u>	<u>303</u>	<u>824</u>	<u>823</u>
Net Income	<u>\$1,248</u>	<u>\$673</u>	<u>\$2,085</u>	<u>\$1,998</u>
Net Income per share – basic	<u>\$0.31</u>	<u>\$0.21</u>	<u>\$ 0.53</u>	<u>\$ 0.61</u>
Net Income per share – diluted	<u>\$0.31</u>	<u>\$0.21</u>	<u>\$ 0.53</u>	<u>\$ 0.61</u>
Dividends declared	<u>\$0.13</u>	<u>\$0.13</u>	<u>\$ 0.39</u>	<u>\$ 0.39</u>

Consolidated Balance Sheets (\$ in 000's):

	September 30,	
	<u>2017</u>	<u>2016</u>
<b>Assets</b>		
Cash and cash equivalents	\$20,787	\$18,049
Time deposits with other banks	53,039	35,818
Securities	38,561	26,973
Loans	388,750	301,420
Allowance for loan losses	<u>(2,767)</u>	<u>(2,744)</u>
Loans, net	385,983	298,676
Bank premises and equipment	6,947	4,520
Other assets	<u>23,506</u>	<u>15,796</u>
Total Assets	<u>\$528,823</u>	<u>\$399,832</u>
<b>Liabilities</b>		
Deposits	\$418,006	\$319,470
Other borrowings	60,331	42,222
Trust preferred	13,403	10,310
Other liabilities	<u>4,133</u>	<u>3,123</u>
Total Liabilities	495,873	375,125
<b>Equity</b>		
Common stock and paid in capital	21,237	13,573
Retained earnings	11,622	10,906
Accumulated OCI	<u>91</u>	<u>228</u>
Total Equity	<u>32,950</u>	<u>24,707</u>
Total Liabilities and Equity	<u>\$528,823</u>	<u>\$399,832</u>

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