

Commercial National Financial Corporation Reports 4th Quarter 2020 Earnings

Ithaca, Michigan, January 28, 2021 (GLOBE NEWSWIRE) -- Commercial National Financial Corporation (Pink Sheets: CEFC) today announced fourth quarter 2020 net income of \$1,237,000, or \$.31 per share compared to fourth quarter 2019 net income of \$1,316,000, or \$.33 per share. Return on Equity (ROE) was 11.91% for the fourth quarter of 2020 compared to 13.51% for the fourth quarter of 2019.

For the fourth quarter of 2020, net interest income increased \$133,000, or 3.5% compared to the fourth quarter of 2019 primarily due to interest and accretion of fees from Paycheck Protection Program loans. These loans were authorized by the CARES Act approved by Congress in late March in response to the Covid-19 pandemic. Operating expenses increased by \$59,000, or 2.1% primarily due to the absence of FDIC insurance expense small bank assessment credits that were received in the prior year.

The provision for loan losses expense was \$200,000 for the fourth quarter of 2020, compared to none for the fourth quarter of 2019. The provision expense primarily relates to specific reserve allocations to pandemic-affected borrowers.

Total assets were \$547.8 million at December 31, 2020 compared to \$504.9 million at December 31, 2019. The increase was primarily due to \$31.6 million of Paycheck Protection Program loans outstanding at December 31, 2020 compared to zero at December 31, 2019. Total loans of \$409.1 million increased \$23.4 million, or 6.1% year over year.

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 December 31,		Twelve Months Ended December 31,	
	2020	2019	2020	2019
Return on Equity (ROE)	11.91%	13.51%	10.82%	13.51%
Return on Assets (ROA)	0.90%	1.02%	0.81%	0.97%
Net Interest Margin	3.02%	3.15%	3.07%	3.03%
	December 31,			
	2020	2019		
Non-performing Assets Ratio	1.35%	0.70%		
Tier 1 Leverage Capital ⁽¹⁾	8.99%	9.26%		
Total Risk-based Capital ⁽¹⁾	15.50%	14.18%		
Book Value Per Share	\$10.42	\$9.77		
Market Value Per Share	\$9.25	\$11.45		

⁽¹⁾Ratios are for Commercial Bank.

Consolidated Statements of Income (unaudited):

	Quarter Ended December 31,		Twelve Months Ended December 31,	
	2020	2019	2020	2019
Interest Income	\$ 4,626,763	\$ 4,958,167	\$ 19,028,433	\$ 20,060,797
Interest Expense	722,502	1,186,712	3,507,989	5,371,110
Net Interest Income	3,904,261	3,771,455	15,520,444	14,689,687
Provision for loan losses	200,000	-	1,450,000	-
Non-interest income	606,595	612,663	2,216,653	2,510,428
Operating Expenses	2,812,374	2,753,346	11,063,677	11,111,539
Income before taxes	1,498,482	1,630,772	5,223,420	6,088,576
Income tax expense	261,500	314,500	859,000	1,070,000
Net Income	\$ 1,236,982	\$ 1,316,272	\$ 4,364,420	\$ 5,018,576
Net Income per share – diluted	\$ 0.31	\$ 0.33	\$ 1.10	\$ 1.27
Dividends declared	\$ 0.14	\$ 0.13	\$ 0.56	\$ 0.52

Consolidated Balance Sheets (unaudited):

	December 31,	
	2020	2019
Assets		
Cash and cash equivalents	\$ 42,773,240	\$ 21,807,616
Time deposits with other banks	24,337,000	31,956,000
Securities	45,738,432	38,214,458
Loans	409,106,743	385,691,917
Allowance for loan losses	(4,215,192)	(2,751,767)
Loans, net	404,891,551	382,940,150
Premises and equipment, net	8,148,851	8,343,479
Other assets	21,890,497	21,676,803
Total Assets	\$ 547,779,571	\$ 504,938,506
Liabilities		
Deposits	\$ 450,901,065	\$ 390,063,519
Other borrowings	39,480,000	59,501,813
Trust preferred	13,403,000	13,403,000
Other liabilities	2,658,928	3,216,264
Total Liabilities	506,442,993	466,184,596
Equity		
Total Equity	41,336,578	38,753,910
Total Liabilities and Equity	\$ 547,779,571	\$ 504,938,506

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