

## Commercial National Financial Corporation Reports 1<sup>st</sup> Quarter 2018 Earnings

Ithaca, Michigan, April 20, 2018 (GLOBE NEWSWIRE) -- Commercial National Financial Corporation (Pink Sheets: CEFC) today announced first quarter 2018 net income of \$1,064,000, or \$.27 per share compared to a first quarter 2017 net loss of \$206,000, or \$.05 per share. Excluding merger-related expenses for the merger with Capital Directions, Inc., the holding company for Mason State Bank, 2017 first quarter net income was \$803,000, or \$.21 per share.

Total assets were \$530 million at March 31, 2018 compared to \$535.9 million at March 31, 2017. Total loans were approximately flat year over year. The lending environment remains very competitive in our markets. We are continuing our efforts to increase loan volume while maintaining our credit quality standards.

For the quarter ended March 31, 2018, net interest income increased \$16,000, or .4%. Increases in interest income from the higher interest rate environment were mostly offset by a higher cost of funds. The provision for loan losses decreased \$16,000 due to a lower trend in historical losses. Non-interest income decreased \$12,000, or 3% primarily due to lower service charges. Operating expenses decreased by \$1,665,000, or 37.9% mostly due to the absence of one-time merger-related expenses in the current quarter as well as from the realization of other cost saving opportunities.

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 March 31,	
	2018	2017
Return on Equity (ROE)	13.01%	(2.61)%
Return on Assets (ROA)	0.83%	(0.16)%
Net Interest Margin	2.99%	2.95%
	March 31,	
	2018	2017
Non-performing Assets Ratio	0.50%	0.48%
Tier 1 Leverage Capital <sup>(1)</sup>	8.16%	7.76%
Total Risk-based Capital <sup>(1)</sup>	13.52%	13.34%
Book Value Per Share	\$ 8.37	\$ 7.99
Market Value Per Share	\$ 12.50	\$ 11.37

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

**Consolidated Statements of Income (unaudited):**

	Quarter Ended March 31,	
	2018	2017
Interest Income	\$ 4,736,212	\$ 4,560,656
Interest Expense	1,119,690	959,834
Net Interest Income	3,616,522	3,600,822
Provision for loan losses	-	15,814
Non-interest income	408,066	420,523
Operating Expenses	2,724,977	4,389,526
Income before taxes	1,299,611	(383,995)
Income tax expense	236,000	(178,000)
Net Income	\$ 1,063,611	\$ (205,995)
Net Income per share – basic	\$ 0.27	\$ (0.05)
Net Income per share – diluted	\$ 0.27	\$ (0.05)
Dividends declared	\$ 0.13	\$ 0.13

**Consolidated Balance Sheets (unaudited):**

	March 31,	
	2018	2017
<b>Assets</b>		
Cash and cash equivalents	\$ 27,692,664	\$ 39,635,041
Time deposits with other banks	50,559,000	41,293,000
Securities	36,591,591	38,948,461
Loans	387,682,296	387,305,804
Allowance for loan losses	(2,672,577)	(2,752,545)
Loans, net	385,009,719	384,553,259
Bank premises and equipment	7,650,007	7,122,992
Other assets	22,516,191	24,300,812
Total Assets	\$ 530,019,172	\$ 535,853,565
<b>Liabilities</b>		
Deposits	\$ 422,355,163	\$ 435,628,474
Other borrowings	57,758,842	50,290,819
Trust preferred	13,403,000	13,403,000
Other liabilities	3,311,055	4,846,800
Total Liabilities	496,828,060	504,169,093
<b>Equity</b>		
Total Equity	33,191,112	31,684,472
Total Liabilities and Equity	\$ 530,019,172	\$ 535,853,565

**Contact:**

Kevin A. Twardy  
CFO and COO  
989-875-5528