

## Commercial National Financial Corporation Reports 1<sup>st</sup> Quarter 2016 Earnings

Ithaca, Michigan, April 27, 2016 (GLOBE NEWSWIRE) -- Commercial National Financial Corporation (Pink Sheets: CEFC) today announced 2016 first quarter net income of \$635,688, or \$.20 per share compared to 2015 first quarter net income of \$636,264, or \$.20 per share.

Total assets were \$408.2 million at March 31, 2016 compared to \$375.7 million at March 31, 2015. Total loans grew \$15.5 million, or 5.7% when comparing March 31, 2016 to March 31, 2015. The majority of loan growth occurred in the commercial loan portfolio. Residential loan growth continues to be challenging due to the lack of inventory of homes for sale. We are continuing our efforts to increase loan volume while maintaining our credit quality standards.

For the quarter ended March 31, 2016, net interest income decreased \$9,000, or .3% due to lower interest margin partially offset by higher average interest-earning assets compared to the quarter ended March 31, 2015. Provision for loan losses expense decreased by \$75,000 due to improved credit quality metrics. Loss share reimbursement revenue, a component of non-interest income, decreased by \$76,000 primarily due to its linkage to the lower provision for loan losses expense. Loss share reimbursement revenue represents an expected reimbursement from the FDIC of 80% of losses on covered loans acquired in 2010 in the FDIC-assisted transaction of MainStreet Savings Bank. Operating expenses decreased by \$32,000 primarily due to lower data processing expenses and gains on other real estate sales.

Commercial National Financial Corporation operates through a single subsidiary bank, Commercial Bank, with full-service banking offices in Alma, Greenville, Hastings, Ithaca, Lake Odessa, Middleton and St. Louis and loan production offices in Grand Rapids and Mount Pleasant, Michigan. 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,	
	<u>2016</u>	<u>2015</u>
Return on Equity (ROE)	10.67%	11.32%
Return on Assets (ROA)	.64	.69
Interest Margin	2.93	3.14

	March 31,	
	<u>2016</u>	<u>2015</u>
Non-performing Assets Ratio	.45%	.78%
Tier 1 Leverage Capital <sup>(1)</sup>	8.35	8.61
Total Risk-based Capital <sup>(1)</sup>	14.64	15.59
Book Value Per Share	\$7.41	\$7.10

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

Consolidated Statements of Income (unaudited):

	Quarter Ended March 31,	
	<u>2016</u>	<u>2015</u>
Interest Income	\$3,567,884	\$3,568,082
Interest Expense	<u>854,203</u>	<u>845,226</u>
Net Interest Income	2,713,681	2,722,856
Provision for loan losses	31,752	106,574
Non-interest income	352,714	443,004
Operating Expenses	<u>2,152,900</u>	<u>2,185,259</u>
Income before taxes	881,743	874,027
Income tax expense	<u>246,055</u>	<u>237,763</u>
Net Income	<u>\$635,688</u>	<u>\$636,264</u>
Net Income per share – basic	<u>\$0.20</u>	<u>\$0.20</u>
Net Income per share – diluted	<u>\$0.20</u>	<u>\$0.20</u>

Consolidated Balance Sheets (unaudited):

	March 31,	
	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
Cash and cash equivalents	\$28,479,701	\$ 15,943,546
Time deposits with other banks	35,588,000	18,563,000
Securities	36,323,874	47,232,016
Loans	290,022,094	274,474,544
Allowance for loan losses	<u>(2,593,972)</u>	<u>(2,604,074)</u>
Loans, net	287,428,122	271,870,470
Bank premises and equipment	4,243,159	4,380,464
Other assets	<u>16,183,760</u>	<u>17,723,661</u>
Total Assets	<u>\$408,246,616</u>	<u>\$375,713,157</u>
<b>Liabilities</b>		
Deposits	\$329,180,486	\$307,340,384
Other borrowings	41,377,962	30,990,757
Trust preferred	10,310,000	10,310,000
Other liabilities	<u>3,257,229</u>	<u>3,970,650</u>
Total Liabilities	384,125,677	352,611,791
<b>Equity</b>		
Common stock and paid in capital	13,572,835	13,572,835
Retained earnings	10,389,620	9,396,528
Accumulated OCI	<u>158,484</u>	<u>132,003</u>
Total Equity	<u>24,120,939</u>	<u>23,101,366</u>
Total Liabilities and Equity	<u>\$408,246,616</u>	<u>\$375,713,157</u>

Contact:

Kevin Twardy  
 CFO and COO  
 (989) 875-5528