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## **NEWS RELEASE**

### **COMMERCIAL NATIONAL REPORTS SEPTEMBER 30, 2017 EARNINGS INCREASES**

LATROBE, PA, October 25, 2017 - Commercial National Financial Corporation (OTC Markets:CNAF)(Company), parent Company of Commercial Bank & Trust of PA, has reported results for the quarter ended September 30, 2017. The Company earned \$1,162,000 (or \$0.41 per average share outstanding) in the third quarter 2017 compared to \$823,000 (or \$0.29 per average share outstanding) in the third quarter 2016. The Company earned \$3,318,000 (or \$1.16 per average share outstanding) for the nine-month period ended September 30, 2017 and \$3,280,000 (or \$1.15 per average share outstanding) for the nine-month period ended September 30, 2016 which included \$1,188,000 in realized net securities gains. No realized net securities gains were generated during 2017's first nine months. Third quarter 2017 earnings represented a 41.19% improvement over those of 2016's third quarter.

The Company's annualized return on average assets and average equity for the quarter ended September 30, 2017 were 1.10% and 7.91%, respectively, compared to 0.90% and 5.59%, respectively, for the quarter ended September 30, 2016. The Company's annualized return on average assets and average equity for the nine-month period ended September 30, 2017 were 1.09% and 7.72%, respectively, compared to 1.15% and 7.57%, respectively, for the nine-month period ended September 30, 2016. Tier one risk-based, total risk-based, leverage and common equity tier one capital ratios for September 30, 2017 were 20.93%, 21.42%, 13.10% and 20.93%, respectively. Third quarter tax equivalent net interest margin was 4.28%. During 2017's first nine months the Company's capital leverage was progressively improved resulting in a material strengthening of ongoing core earnings. The Company's strong capital position, supplemented by recent and reasonably anticipated core earnings, remains supportive of the regular \$0.26 quarterly common stock cash dividend payments to shareholders.

Direct and beneficial ownership by executive officers and directors of the Company's outstanding shares totaled 700,192 shares, or 24.47% on September 30, 2017.

As disclosed each year in the Annual Report to Shareholders, on September 30, 2017, the Company employed 100 people in full-time and part-time positions. Forty-seven (47) employees are represented by the United Auto Workers, Local 1799. Of that bargaining unit total, Thirty-five (35) employees are full-time and twelve (12) employees are part-time. The Company has had unionized employees since 1972. In 2013, the Company and the bargaining unit entered into a labor agreement that will expire in February 2019. The Commonwealth of Pennsylvania and the National Labor Relations Board both afford protection to the organized status of pre-existing collective bargaining units. The Company has been advised that bargaining unit status may limit the Company's strategic options relative to those of non-unionized insured depository institutions. The Company continues to consider this as a factor in its strategic and capital management decisions.

The Company operates nine community banking facilities in Greensburg, Hempfield Township, Latrobe, Ligonier, North Huntingdon, Unity Township and West Newton, Pennsylvania and also maintains a commercial business development sales force throughout its entire market area. The Company operates an asset management and trust division of Commercial Bank & Trust of PA headquartered in Greensburg, Pennsylvania. Commercial Bank & Trust of PA also serves its customer base from an Internet banking site ([www.cbthebank.com](http://www.cbthebank.com)) and an automated TouchTone Teller banking system.

#### **Safe Harbor Statement**

*Forward-looking statements (statements which are not historical facts) in this release are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. For this purpose, any statements contained herein that are not statements of historical fact may be deemed to be forward-looking statements. Without limiting the generality of the foregoing, words such as "may," "will," "to," "expect," "believe," "anticipate," "intend," "could," "would," "estimate," or "continue" or the negative or other variations thereof or comparable terminology are intended to identify forward-looking statements. These statements are based on information currently available to the Company, and the Company assumes no obligation to update these statements as circumstances change. Investors are cautioned that all forward-looking statements involve risk and uncertainties, including changes in general economic and financial market conditions, unforeseen credit problems, and the Company's ability to execute its business plans. The actual results of future events could differ materially from those stated in any forward-looking statements herein.*

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COMMERCIAL NATIONAL FINANCIAL CORPORATION  
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

(Unaudited)

(Dollars in thousands, except per share data)

	September 30, 2017	December 31 2016	September 30, 2016
<b>ASSETS</b>			
Cash and due from banks on demand	\$ 6,709	\$ 5,006	\$ 6,046
Interest bearing deposits with banks	245	8,788	11,052
Total cash and cash equivalents	<u>6,954</u>	<u>13,794</u>	<u>17,098</u>
Securities available for sale	180,326	128,197	135,544
Restricted investments in bank stock	<u>1,923</u>	<u>111</u>	<u>111</u>
Loans	215,218	201,664	197,181
Allowance for loan losses	<u>(1,289)</u>	<u>(1,318)</u>	<u>(1,610)</u>
Net loans	213,929	200,346	195,571
Premises and equipment	3,060	3,155	3,235
Investment in Life Insurance	19,087	18,682	18,479
Other assets	<u>3,319</u>	<u>2,134</u>	<u>2,437</u>
Total assets	<u><u>\$ 428,598</u></u>	<u><u>\$ 366,419</u></u>	<u><u>\$ 372,475</u></u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
Liabilities:			
Deposits:			
Non-interest bearing	\$ 124,110	\$ 118,439	\$ 117,114
Interest bearing	<u>193,195</u>	<u>191,182</u>	<u>191,934</u>
Total deposits	317,305	309,621	309,048
Short-term borrowings	48,425	-	-
Other liabilities	<u>3,633</u>	<u>1,842</u>	<u>4,192</u>
Total liabilities	<u>369,363</u>	<u>311,463</u>	<u>313,240</u>
Shareholders' equity:			
Common stock, par value \$2 per share; 10,000,000 shares authorized; 3,600,000 shares issued; 2,860,953 shares outstanding in 2017 and 2016	7,200	7,200	7,200
Retained earnings	60,257	59,170	59,155
Accumulated other comprehensive income	4,322	1,130	5,424
Less treasury stock, at cost, 739,047 shares in 2017 and 2016	<u>(12,544)</u>	<u>(12,544)</u>	<u>(12,544)</u>
Total shareholders' equity	<u>59,235</u>	<u>54,956</u>	<u>59,235</u>
Total liabilities and shareholders' equity	<u><u>\$ 428,598</u></u>	<u><u>\$ 366,419</u></u>	<u><u>\$ 372,475</u></u>

COMMERCIAL NATIONAL FINANCIAL CORPORATION  
CONSOLIDATED STATEMENTS OF INCOME  
(Dollars in thousands, except per share data)

	Three Months Ended September 30		Nine Months Ended September 30	
	2017 (unaudited)	2016 (unaudited)	2017 (unaudited)	2016 (unaudited)
INTEREST INCOME:				
Interest and fees on loans	\$ 2,300	\$ 2,079	\$ 6,800	\$ 6,054
Interest and dividends on securities:				
Taxable	1,035	562	2,712	1,830
Exempt from federal income taxes	693	692	2,049	2,442
Other	24	19	59	69
Total Interest income	<u>4,052</u>	<u>3,352</u>	<u>11,620</u>	<u>10,395</u>
INTEREST EXPENSE:				
Interest on deposits	83	75	227	234
Interest on short-term borrowings	162	-	341	50
Total Interest expense	<u>245</u>	<u>75</u>	<u>568</u>	<u>284</u>
NET INTEREST INCOME	3,807	3,277	11,052	10,111
PROVISION FOR LOAN LOSSES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	<u>3,807</u>	<u>3,277</u>	<u>11,052</u>	<u>10,111</u>
OTHER OPERATING INCOME:				
Asset management and trust income	324	382	953	1,007
Service charges on deposit accounts	200	204	582	604
Net Security gains	-	-	-	1,188
Loss on sale of OREO	-	-	(6)	-
Income from investment in life insurance	126	104	397	328
Other income	58	40	200	191
Total other operating income	<u>708</u>	<u>730</u>	<u>2,126</u>	<u>3,318</u>
OTHER OPERATING EXPENSES:				
Salaries and employee benefits	1,785	1,773	5,297	5,542
Net occupancy expense	219	187	655	647
Furniture and equipment	86	135	269	391
Pennsylvania shares tax	128	118	378	365
Legal and professional	95	79	272	275
FDIC insurance expense	32	46	88	143
Other expenses	803	725	2,304	2,237
Total other operating expenses	<u>3,148</u>	<u>3,063</u>	<u>9,263</u>	<u>9,600</u>
INCOME BEFORE INCOME TAXES	1,367	944	3,915	3,829
Income tax expense	<u>205</u>	<u>121</u>	<u>597</u>	<u>549</u>
Net income	<u>\$ 1,162</u>	<u>\$ 823</u>	<u>\$ 3,318</u>	<u>\$ 3,280</u>
Average Shares Outstanding	2,860,953	2,860,953	2,860,953	2,860,953
Earnings Per Share	\$ 0.41	\$ 0.29	\$ 1.16	\$ 1.15