



**NEWS RELEASE**

**COMMERCIAL NATIONAL REPORTS MARCH 31, 2017 CORE EARNINGS IMPROVEMENT**

LATROBE, PA, April 27, 2017 - Commercial National Financial Corporation (OTC Markets:CNAF) (Company), parent Company of Commercial Bank & Trust of PA, has reported results for the quarter ended March 31, 2017. The Company earned \$1,014,000 (or \$0.35 per average share outstanding) in the first quarter 2017 compared to \$1,246,000 (or \$0.44 per average share outstanding) in the first quarter of 2016 which included \$469,000 in realized net securities gains. No realized net securities gains were generated during 2017's first quarter. First quarter 2017 earnings represent a \$259,000, or 34.31% improvement over the \$755,000 in earnings produced during the fourth quarter of 2016. This sequential quarter core earnings improvement was due to earning asset growth and successful new operating expense control efficiencies.

The Company's annualized return on average assets and average equity for the quarter ended March 31, 2017 were 1.07% and 7.29%, respectively, compared to 1.26% and 8.84%, respectively, for the quarter ended March 31, 2016. Tier one risk-based, total risk-based, leverage and common equity tier one capital ratios for March 31, 2017 were 21.12%, 21.63%, 14.32% and 21.12%, respectively. First quarter tax equivalent net interest margin was 4.41%. No loan loss provisioning has been needed over the past thirty-seven consecutive fiscal quarters. Earning asset credit quality metrics remain outstanding relative to banking industry norms. During 2017's first quarter 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.

As disclosed each year in the Annual Report to Shareholders, on March 31, 2017, the Company employed 100 people in full-time and part-time positions. Forty-eight (48) employees are represented by the United Auto Workers, Local 1799. 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.

COMMERCIAL NATIONAL FINANCIAL CORPORATION  
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION  
(Unaudited)

(Dollars in thousands, except per share data)

	<u>March 31,</u> <u>2017</u>	<u>December 31</u> <u>2016</u>	<u>March 31,</u> <u>2016</u>
<b>ASSETS</b>			
Cash and due from banks on demand	\$ 4,954	\$ 5,006	\$ 4,240
Interest bearing deposits with banks	59	8,788	883
Cash and Cash Equivalents	<u>5,013</u>	<u>13,794</u>	<u>5,123</u>
Securities available for sale	162,101	128,197	173,018
Restricted investments in bank stock	1,554	111	1,311
Loans	212,406	201,664	182,896
Allowance for loan losses	<u>(1,288)</u>	<u>(1,318)</u>	<u>(1,604)</u>
Net loans	211,118	200,346	181,292
Premises and equipment	3,035	3,155	3,254
Investment in life insurance	18,818	18,682	18,300
Other assets	<u>3,118</u>	<u>2,134</u>	<u>3,306</u>
Total assets	<u>\$ 404,757</u>	<u>\$ 366,419</u>	<u>\$ 385,604</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Liabilities</b>			
Deposits			
Non-interest bearing	\$ 116,428	\$ 118,439	\$ 113,801
Interest bearing	<u>191,076</u>	<u>191,182</u>	<u>193,842</u>
Total deposits	307,504	309,621	307,643
Short-term borrowings	38,606	-	18,000
Other liabilities	<u>2,431</u>	<u>1,842</u>	<u>3,035</u>
Total liabilities	<u>348,541</u>	<u>311,463</u>	<u>328,678</u>
<b>Shareholders' equity</b>			
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	59,440	59,170	58,608
Accumulated other comprehensive income	2,120	1,130	3,662
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>56,216</u>	<u>54,956</u>	<u>56,926</u>
Total liabilities and shareholders' equity	<u>\$ 404,757</u>	<u>\$ 366,419</u>	<u>\$ 385,604</u>

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

	<u>Three Months Ended March 31, 2017</u>	<u>Three Months Ended March 31, 2016</u>
<b>INTEREST INCOME</b>		
Interest and fees on loans	\$ 2,223	\$ 1,963
Interest and dividends on securities:		
Taxable	688	687
Exempt from federal income taxes	670	1,026
Other	12	14
Total Interest income	<u>3,593</u>	<u>3,690</u>
<b>INTEREST EXPENSE</b>		
Interest on deposits	71	81
Interest on short term borrowings	42	43
Total Interest expense	<u>113</u>	<u>124</u>
NET INTEREST INCOME	3,480	3,566
PROVISION FOR LOAN LOSSES	<u>-</u>	<u>-</u>
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	<u>3,480</u>	<u>3,566</u>
<b>OTHER OPERATING INCOME</b>		
Asset management and trust income	309	299
Service charges on deposit accounts	185	196
Net Security gains (losses)	-	469
Loss on sale of OREO	(6)	-
Income from investment in life insurance	136	119
Other income	101	104
Total other operating income	<u>725</u>	<u>1,187</u>
<b>OTHER OPERATING EXPENSES</b>		
Salaries and employee benefits	1,748	1,910
Net occupancy expense	218	251
Furniture and equipment	125	117
Pennsylvania shares tax	122	128
Legal and professional	84	96
FDIC Insurance	27	47
Other expenses	685	727
Total other operating expenses	<u>3,009</u>	<u>3,276</u>
INCOME BEFORE INCOME TAXES	1,196	1,477
Income tax expense	<u>182</u>	<u>231</u>
Net income	<u>\$ 1,014</u>	<u>\$ 1,246</u>
Average Shares Outstanding	2,860,953	2,860,953
Earnings Per Share	\$ 0.35	\$ 0.44

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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