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## **NEWS RELEASE**

### **COMMERCIAL NATIONAL REPORTS HIGHER EARNINGS FOR 2019**

LATROBE, PA, January 27, 2020 - Commercial National Financial Corporation (OTC Markets:CNAF) (Company), parent Company of Commercial Bank & Trust of PA, has reported results for the quarter ended December 31, 2019. The Company earned \$1,219,000 (or \$0.43 per average share outstanding) in the fourth quarter 2019 compared to \$1,143,000 (or \$0.40 per average share outstanding) in the fourth quarter of 2018. The Company earned \$4,736,000 (or \$1.66 per average share outstanding) for the twelve-month period ended December 31, 2019 and \$4,345,000 (or \$1.52 per average share outstanding) for the twelve-month period ended December 31, 2018. Fourth quarter earnings increased 6.65% and full year earnings increased 9.00%.

The Company's annualized return on average assets for 2019 rose to 1.12%. Fourth quarter tax equivalent net interest margin at 4.13% was indicative of the Company's very successful administration of balance sheet optionality relative to emerging financial market conditions. Asset quality metrics remained outstanding across-the-board. The effective tax rate for 2019 was only 10.62%. Tier one risk-based, total risk-based, leverage and common equity tier one capital ratios at year-end 2019 were all exceedingly strong at 20.80%, 21.32%, 13.26% and 20.80% respectively. Low cost liquidity sources remained ample as evidenced by the Company's appropriately sized AFS bond portfolio's extensive net unrealized market value gains which represented 6.92% of book value at year-end 2019. All of the aforementioned financial diagnostics favorably compare to prevailing banking industry norms and are reflective of Commercial National Financial Corporation's admirable safety and soundness over an extended number of years.

Cash dividends paid per share in 2019 reached a new all-time record high of \$2.54. Dividends paid during 2019 included four regular quarterly payments of \$0.26 per share plus a special \$1.00 per share dividend and a special \$0.50 per share dividend. The Company's cash dividend payouts to shareholders were fully supported by current year earnings in conjunction with undistributed earnings from 2018 and 2017. Total cash dividends paid in 2019 constituted a \$7,267,000 return of capital to the Company's shareholders. The Company's underlying core earnings together with its substantial capital provide the capacity to maintain the regular \$0.26 per share quarterly common stock cash dividend payments to shareholders. As circumstances allow, special extra cash dividends will continue to be periodically considered by the Board of Directors.

Direct and beneficial ownership by executive officers and directors of the Company's outstanding shares totaled 476,175 shares, or 16.64% on December 31, 2019.

As disclosed each year in the Annual Report to Shareholders, on December 31, 2019, the Company employed 98 people in full-time and part-time positions. Forty-six (46) employees are represented by the United Auto Workers, Local 1799. Of that bargaining unit total, thirty-seven (37) employees are full-time and nine (9) employees are part-time. The Company has had unionized employees since 1972. In October 2018, the agreement between the Company and the bargaining unit was negotiated and subsequently ratified by the bargaining unit with an effective date of February 16, 2019. The labor agreement will expire in February 2024. 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)

	December 31 2019	December 31 2018
<b>ASSETS</b>		
Cash and due from banks on demand	\$ 4,510	\$ 5,642
Interest bearing deposits with banks	47	59
Total cash and cash equivalents	<u>4,557</u>	<u>5,701</u>
Securities available for sale	150,838	159,741
Restricted investments in bank stock	899	1,411
Loans	238,407	227,747
Allowance for loan losses	<u>(1,374)</u>	<u>(1,349)</u>
Net loans	237,033	226,398
Premises and equipment	3,262	2,800
Investment in Life Insurance	20,310	19,767
Other assets	<u>2,675</u>	<u>3,808</u>
Total assets	<u>\$ 419,574</u>	<u>\$ 419,626</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Liabilities:		
Deposits:		
Non-interest bearing	\$ 133,362	\$ 128,437
Interest bearing	198,986	197,482
Total deposits	<u>332,348</u>	<u>325,919</u>
Short-term borrowings	20,200	32,822
Other liabilities	4,102	1,351
Total liabilities	<u>356,650</u>	<u>360,092</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 2019 and 2018.	7,200	7,200
Retained earnings	60,554	63,085
Accumulated other comprehensive income	7,714	1,793
Less treasury stock, at cost, 739,047 shares in 2019 and 2018	<u>(12,544)</u>	<u>(12,544)</u>
Total shareholders' equity	<u>62,924</u>	<u>59,534</u>
Total liabilities and shareholders' equity	<u>\$ 419,574</u>	<u>\$ 419,626</u>

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

	Three Months Ended December 31		Twelve Months Ended December 31	
	2019	2018	2019	2018
INTEREST INCOME:				
Interest and fees on loans	2,690	2,509	\$ 10,520	\$ 9,391
Interest and dividends on securities:				
Taxable	1,041	1,089	4,183	4,323
Exempt from federal income taxes	429	523	1,997	2,098
Other	25	26	116	77
Total Interest income	<u>4,185</u>	<u>4,147</u>	<u>16,816</u>	<u>15,889</u>
INTEREST EXPENSE:				
Interest on deposits	179	200	749	573
Interest on short-term borrowings	149	234	837	618
Total Interest expense	<u>328</u>	<u>434</u>	<u>1,586</u>	<u>1,191</u>
NET INTEREST INCOME	3,857	3,713	15,230	14,698
PROVISION FOR LOAN LOSSES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	<u>3,857</u>	<u>3,713</u>	<u>15,230</u>	<u>14,698</u>
OTHER OPERATING INCOME:				
Asset management and trust income	337	311	1,429	1,306
Service charges on deposit accounts	184	189	724	736
Net Security gains/losses	75	-	68	(11)
Gain on sale of OREO	-	-	4	-
Income from investment in life insurance	130	127	510	505
Other income	31	43	163	213
Total other operating income	<u>757</u>	<u>670</u>	<u>2,898</u>	<u>2,749</u>
OTHER OPERATING EXPENSES				
Salaries and employee benefits	1,911	1,852	7,552	7,273
Net occupancy expense	179	221	799	860
Furniture and equipment	104	120	413	489
Pennsylvania shares tax	143	142	569	554
Legal and professional	121	133	396	456
FDIC Insurance expense	-	29	56	113
Other expenses	759	745	3,044	3,002
Total other operating expenses	<u>3,217</u>	<u>3,242</u>	<u>12,829</u>	<u>12,747</u>
INCOME BEFORE INCOME TAXES	1,397	1,141	5,299	4,700
Income tax (benefit) expense	<u>178</u>	<u>(2)</u>	<u>563</u>	<u>355</u>
Net income	<u>\$ 1,219</u>	<u>\$ 1,143</u>	<u>\$ 4,736</u>	<u>\$ 4,345</u>
Average Shares Outstanding	2,860,953	2,860,953	2,860,953	2,860,953
Earnings Per Share	0.43	0.40	1.66	1.52