



900 Ligonier Street
P.O. Box 429
Latrobe, PA 15650
724-539-3501
www.cbthebank.com

NEWS RELEASE

COMMERCIAL NATIONAL REPORTS SEPTEMBER 30, 2016 EARNINGS

LATROBE, PA, October 31, 2016 - 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, 2016. The Company earned \$823,000 (or \$0.29 per average share outstanding) in the third quarter 2016 compared to \$628,000 (or \$0.22 per average share outstanding) in the third quarter 2015. The Company earned \$3,280,000 (or \$1.15 per average share outstanding) for the nine-month period ended September 30, 2016 and \$4,615,000 (or \$1.61 per average share outstanding) for the nine-month period ended September 30, 2015.

The Company's annualized return on average assets and average equity for the quarter ended September 30, 2016 were 0.90% and 5.59%, respectively, compared to 0.65% and 4.71%, respectively, for the quarter ended September 30, 2015. The Company's annualized return on average assets and average equity for the nine-month period ended September 30, 2016 were 1.15% and 7.57%, respectively, compared to 1.61% and 10.94%, respectively, for the nine-month period ended September 30, 2015. Tier one risk-based, total risk-based, leverage and common equity tier one capital ratios for September 30, 2016 were 23.14%, 23.83%, 14.86% and 23.14%, respectively. Third quarter tax equivalent net interest margin was 4.39%. No loan loss provisioning has been needed over the past thirty-five consecutive fiscal quarters.

As disclosed each year in the Annual Report to Shareholders, on September 30, 2016, the Company employed 105 people in full-time and part-time positions. Fifty-two (52) 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)

	September 30, 2016	December 31, 2015	September 30, 2015
ASSETS			
Cash and due from banks on demand	\$ 6,046	\$ 6,092	\$ 7,195
Interest bearing deposits with banks	11,052	3,032	47
Total cash and cash equivalents	<u>17,098</u>	<u>9,124</u>	<u>7,242</u>
Securities available for sale	135,544	184,442	178,932
Restricted investments in bank stock	<u>111</u>	<u>992</u>	<u>714</u>
Loans	197,181	182,751	184,003
Allowance for loan losses	<u>(1,610)</u>	<u>(1,603)</u>	<u>(1,617)</u>
Net loans	195,571	181,148	182,386
Premises and equipment	3,235	3,298	3,191
Investment in Life Insurance	18,479	18,181	18,002
Other assets	<u>2,437</u>	<u>2,317</u>	<u>3,028</u>
Total assets	<u><u>\$ 372,475</u></u>	<u><u>\$ 399,502</u></u>	<u><u>\$ 393,495</u></u>
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities:			
Deposits:			
Non-interest bearing	\$ 117,114	\$ 115,197	\$ 113,309
Interest bearing	191,934	204,716	206,012
Total deposits	<u>309,048</u>	<u>319,913</u>	<u>319,321</u>
Short-term borrowings	-	22,158	18,776
Other liabilities	4,192	2,311	1,757
Total liabilities	<u>313,240</u>	<u>344,382</u>	<u>339,854</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 2016 and 2015	7,200	7,200	7,200
Retained earnings	59,155	58,106	57,776
Accumulated other comprehensive income	5,424	2,358	1,209
Less treasury stock, at cost, 739,047 shares in 2016 and 2015	<u>(12,544)</u>	<u>(12,544)</u>	<u>(12,544)</u>
Total shareholders' equity	<u>59,235</u>	<u>55,120</u>	<u>53,641</u>
Total liabilities and shareholders' equity	<u><u>\$ 372,475</u></u>	<u><u>\$ 399,502</u></u>	<u><u>\$ 393,495</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	
	2016 (unaudited)	2015 (unaudited)	2016 (unaudited)	2015 (unaudited)
INTEREST INCOME:				
Interest and fees on loans	\$ 2,079	\$ 1,975	\$ 6,054	\$ 5,886
Interest and dividends on securities:				
Taxable	562	623	1,830	1,398
Exempt from federal income taxes	692	1,081	2,442	3,390
Other	19	2	69	63
Total Interest income	<u>3,352</u>	<u>3,681</u>	<u>10,395</u>	<u>10,737</u>
INTEREST EXPENSE:				
Interest on deposits	75	96	234	307
Interest on short-term borrowings	-	12	50	15
Total Interest expense	<u>75</u>	<u>108</u>	<u>284</u>	<u>322</u>
NET INTEREST INCOME	3,277	3,573	10,111	10,415
PROVISION FOR LOAN LOSSES	-	-	-	-
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	<u>3,277</u>	<u>3,573</u>	<u>10,111</u>	<u>10,415</u>
OTHER OPERATING INCOME:				
Asset management and trust income	382	301	1,007	1,061
Service charges on deposit accounts	204	227	604	676
Net Security gains	-	15	1,188	3,605
Income from investment in life insurance	104	118	328	352
Other income	40	41	191	183
Total other operating income	<u>730</u>	<u>702</u>	<u>3,318</u>	<u>5,877</u>
OTHER OPERATING EXPENSES:				
Salaries and employee benefits	1,773	1,758	5,542	5,273
Net occupancy expense	187	190	647	632
Furniture and equipment	135	128	391	387
Pennsylvania shares tax	118	133	365	380
Legal and professional	79	95	275	301
FDIC insurance expense	46	48	143	144
Other expenses	725	754	2,237	2,158
Total other operating expenses	<u>3,063</u>	<u>3,106</u>	<u>9,600</u>	<u>9,275</u>
INCOME BEFORE INCOME TAXES	944	1,169	3,829	7,017
Income tax expense	121	541	549	2,402
Net income	<u>\$ 823</u>	<u>\$ 628</u>	<u>\$ 3,280</u>	<u>\$ 4,615</u>
Average Shares Outstanding	2,860,953	2,860,953	2,860,953	2,860,953
Earnings Per Share	\$ 0.29	\$ 0.22	\$ 1.15	\$ 1.61

In addition to Latrobe, Pennsylvania where it is headquartered, the Company operates ten community banking facilities in Greensburg, Hempfield Township, 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) 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.

Contact Information:

Wendy S. Piper
Senior Vice President
Secretary/Treasurer
wpiper@cbthebank.com
724-537-9923