

NEWS RELEASE

Contact: Wendy S. Piper
Senior Vice President, Secretary and Treasurer
724-537-9923

For Immediate Release

COMMERCIAL NATIONAL REPORTS 22.78% SECOND QUARTER AND 33.39% FIRST SIX MONTHS 2014 EARNINGS GROWTH

LATROBE, PA, July 28, 2014 - Commercial National Financial Corporation (OTC Markets:CNAF) (Company), parent Company of Commercial Bank & Trust of PA, has reported results for the quarter ended June 30, 2014. The Company earned \$1,655,000 (or \$0.58 per average share outstanding) in the second quarter 2014 compared to \$1,348,000 (or \$0.47 per average share outstanding) in the second quarter 2013. The Company earned \$3,268,000 (or \$1.14 per average share outstanding) for the six-month period ended June 30, 2014 and \$2,450,000 (or \$0.86 per average share outstanding) for the six-month period ended June 30, 2013. The Company's annualized return on average assets and average equity were 1.66% and 12.55%, respectively, for the quarter ended June 30, 2014 compared to 1.44% and 10.30%, respectively, for the quarter ended June 30, 2013. The Company's annualized return on average assets and average equity for the six month period ended June 30, 2014 were 1.65% and 12.39%, respectively, compared to 1.30% and 9.32%, respectively, for the six month period ended June 30, 2013. Tier one risk-based, total risk-based and leverage capital ratios for June 30, 2014 were 22.04%, 22.74% and 12.87%, respectively.

President and Chief Executive Officer, Gregg E. Hunter noted, "Second quarter 2014 earnings increased \$307,000, or 22.78%, while first six months earnings increased \$818,000, or 33.39%. Tax equivalent net interest margin was 5.08% in 2014's first six months while the efficiency ratio was 55.83%. Net interest margin and efficiency ratio diagnostics reaffirm significant core earnings strengthening over the past five fiscal quarters. Successful tax position optimization and very high asset quality have also materially contributed to overall profitability. Capital adequacy remains well in excess of both present and upcoming 2015 Basel III regulatory requirements. The Company's strong underlying core profitability in conjunction with its substantial capital base continue to surpass those of the broader banking industry and provide ample capacity to support the regular \$0.26 per share quarterly common stock cash dividend payments to shareholders."

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.

COMMERCIAL NATIONAL FINANCIAL CORPORATION
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

(Unaudited)

(Dollars in thousands, except per share data)

	June 30, 2014	December 31, 2013	June 30, 2013
ASSETS			
Cash and due from banks on demand	\$ 7,275	\$ 8,036	\$ 6,216
Interest bearing deposits with banks	62	3,999	4,883
Total cash and cash equivalents	<u>7,337</u>	<u>12,035</u>	<u>11,099</u>
Securities available for sale	194,331	185,446	169,522
Restricted investments in bank stock	<u>1,386</u>	<u>1,425</u>	<u>1,490</u>
Loans	170,666	163,916	160,426
Allowance for loan losses	<u>(1,619)</u>	<u>(1,619)</u>	<u>(1,640)</u>
Net loans	169,047	162,297	158,786
Premises and equipment	3,358	3,096	3,171
Investment in Life Insurance	17,339	17,111	16,797
Other assets	<u>4,033</u>	<u>12,924</u>	<u>4,901</u>
Total assets	<u><u>\$ 396,831</u></u>	<u><u>\$ 394,334</u></u>	<u><u>\$ 365,766</u></u>
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities:			
Deposits:			
Non-interest bearing	\$ 102,948	\$ 104,792	\$ 106,717
Interest bearing	208,875	211,769	211,514
Total deposits	<u>311,823</u>	<u>316,561</u>	<u>318,231</u>
Short-term borrowings	28,344	23,311	-
Other liabilities	2,342	8,325	909
Total liabilities	<u>342,509</u>	<u>348,197</u>	<u>319,140</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 2014 and 2013	7,200	7,200	7,200
Retained earnings	56,799	55,020	53,566
Accumulated other comprehensive income	2,867	(3,539)	(1,596)
Less treasury stock, at cost, 739,047 shares in 2014 and 2013	<u>(12,544)</u>	<u>(12,544)</u>	<u>(12,544)</u>
Total shareholders' equity	<u>54,322</u>	<u>46,137</u>	<u>46,626</u>
Total liabilities and shareholders' equity	<u><u>\$ 396,831</u></u>	<u><u>\$ 394,334</u></u>	<u><u>\$ 365,766</u></u>

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

	Three Months Ended June 30		Six Months Ended June 30	
	2014 (unaudited)	2013 (unaudited)	2014 (unaudited)	2013 (unaudited)
INTEREST INCOME:				
Interest and fees on loans	\$ 1,919	\$ 2,001	\$ 3,814	\$ 4,083
Interest and dividends on securities:				
Taxable	215	361	453	807
Exempt from federal income taxes	1,766	1,314	3,541	2,314
Other	17	10	26	26
Total Interest income	<u>3,917</u>	<u>3,686</u>	<u>7,834</u>	<u>7,230</u>
INTEREST EXPENSE:				
Interest on deposits	150	215	305	441
Interest on short-term borrowings	19	-	40	-
Interest on long-term borrowings	-	-	-	-
Total Interest expense	<u>169</u>	<u>215</u>	<u>345</u>	<u>441</u>
NET INTEREST INCOME	3,748	3,471	7,489	6,789
PROVISION FOR LOAN LOSSES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	<u>3,748</u>	<u>3,471</u>	<u>7,489</u>	<u>6,789</u>
OTHER OPERATING INCOME:				
Asset management and trust income	284	246	561	483
Service charges on deposit accounts	248	261	484	516
Net Security gains	21	57	14	57
Income from investment in life insurance	114	121	228	235
Other income	53	52	156	151
Total other operating income	<u>720</u>	<u>737</u>	<u>1,443</u>	<u>1,442</u>
OTHER OPERATING EXPENSES:				
Salaries and employee benefits	1,739	1,665	3,546	3,377
Net occupancy expense	212	206	441	431
Furniture and equipment	102	125	203	228
Pennsylvania shares tax	101	138	201	276
Legal and professional	76	63	160	126
FDIC insurance expense	48	44	96	88
Other expenses	691	639	1,354	1,297
Total other operating expenses	<u>2,969</u>	<u>2,880</u>	<u>6,001</u>	<u>5,823</u>
INCOME BEFORE INCOME TAXES	1,499	1,328	2,931	2,408
Income tax expense (benefit)	<u>(156)</u>	<u>(20)</u>	<u>(337)</u>	<u>(42)</u>
Net income	<u>\$ 1,655</u>	<u>\$ 1,348</u>	<u>\$ 3,268</u>	<u>\$ 2,450</u>
Average Shares Outstanding	2,860,953	2,860,953	2,860,953	2,860,953
Earnings Per Share	\$ 0.58	\$ 0.47	\$ 1.14	\$ 0.86