

**NEWS RELEASE**

**For Immediate Release**

**COMMERCIAL NATIONAL REPORTS JUNE 30, 2015 EARNINGS**

LATROBE, PA, July 28, 2015 - Commercial National Financial Corporation (OTC Markets:CNAF) (Company), parent Company of Commercial Bank & Trust of PA, has reported results for June 30, 2015. The Company earned \$2,390,000 (or \$0.83 per average share outstanding) in the second quarter 2015 compared to \$1,655,000 (or \$0.58 per average share outstanding) in the second quarter 2014. The Company earned \$3,987,000 (or \$1.39 per average share outstanding) for the six-month period ended June 30, 2015 and \$3,268,000 (or \$1.14 per average share outstanding) for the six-month period ended June 30, 2014.

The Company's annualized return on average assets and average equity were 2.51% and 16.83%, respectively, for the quarter ended June 30, 2015 compared to 1.66% and 12.55%, respectively, for the quarter ended June 30, 2014. The Company's annualized return on average assets and average equity for the six-month period ended June 30, 2015 were 2.10% and 13.82%, respectively, compared to 1.65% and 12.39%, respectively, for the six-month period ended June 30, 2014. The Company recorded a deferred tax asset valuation allowance in the second quarter 2015, resulting in higher second quarter and six-month effective tax rates. Tier one risk-based, total risk-based, leverage and common equity tier one capital ratios for June 30, 2015 were 22.00%, 22.68%, 13.85% and 22.00%, respectively.

President and Chief Executive Officer, Gregg E. Hunter noted, "Second quarter earnings increased \$735,000, or 44.41%, while six-month earnings increased \$719,000, or 22.00%. Thus far in 2015 meaningful profitability enhancements have been achieved with both the loan portfolio and the deposit base. Asset quality remains exceptional relative to prevailing banking industry norms as demonstrated by no required loan loss provisioning over the past thirty consecutive fiscal quarters. In 2015 the Company's trust revenues have surged by \$199,000 which represents a 35.47% improvement. Prior to 2015's late second quarter bond market sell-off, significant realized securities gains were harvested at the beginning of April in order to fully benefit from the exceedingly strong bond market price rally of 2015's first quarter. This non-recurring income materially supplemented the Company's core earnings which were greatly influenced by various timing factors related to securities portfolio activities. The Company's core earnings in conjunction with its substantial capital base provide ample capacity to maintain 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](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)

	June 30, 2015	December 31, 2014	June 30, 2014
<b>ASSETS</b>			
Cash and due from banks on demand	\$ 5,941	\$ 5,286	\$ 7,275
Interest bearing deposits with banks	927	90	62
Total cash and cash equivalents	<u>6,868</u>	<u>5,376</u>	<u>7,337</u>
Securities available for sale	174,462	187,070	194,331
Restricted investments in bank stock	<u>682</u>	<u>722</u>	<u>1,386</u>
Loans	178,815	171,224	170,666
Allowance for loan losses	<u>(1,616)</u>	<u>(1,616)</u>	<u>(1,619)</u>
Net loans	<u>177,199</u>	<u>169,608</u>	<u>169,047</u>
Premises and equipment	3,263	3,207	3,358
Investment in Life Insurance	17,884	17,650	17,339
Other assets	<u>3,314</u>	<u>3,886</u>	<u>4,033</u>
Total assets	<u><u>\$ 383,672</u></u>	<u><u>\$ 387,519</u></u>	<u><u>\$ 396,831</u></u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
Liabilities:			
Deposits:			
Non-interest bearing	\$ 111,150	\$ 105,717	\$ 102,948
Interest bearing	201,710	207,669	208,875
Total deposits	<u>312,860</u>	<u>313,386</u>	<u>311,823</u>
Short-term borrowings	17,200	12,225	28,344
Other liabilities	1,465	3,603	2,342
Total liabilities	<u>331,525</u>	<u>329,214</u>	<u>342,509</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 2015 and 2014	7,200	7,200	7,200
Retained earnings	57,892	58,254	56,799
Accumulated other comprehensive (loss) income	(401)	5,395	2,867
Less treasury stock, at cost, 739,047 shares in 2015 and 2014	<u>(12,544)</u>	<u>(12,544)</u>	<u>(12,544)</u>
Total shareholders' equity	<u>52,147</u>	<u>58,305</u>	<u>54,322</u>
Total liabilities and shareholders' equity	<u><u>\$ 383,672</u></u>	<u><u>\$ 387,519</u></u>	<u><u>\$ 396,831</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	
	2015 (unaudited)	2014 (unaudited)	2015 (unaudited)	2014 (unaudited)
INTEREST INCOME:				
Interest and fees on loans	\$ 1,978	\$ 1,919	\$ 3,911	\$ 3,814
Interest and dividends on securities:				
Taxable	543	215	775	453
Exempt from federal income taxes	1,047	1,766	2,309	3,541
Other	6	17	61	26
Total Interest income	<u>3,574</u>	<u>3,917</u>	<u>7,056</u>	<u>7,834</u>
INTEREST EXPENSE:				
Interest on deposits	100	150	211	305
Interest on short-term borrowings	3	19	3	40
Interest on long-term borrowings	-	-	-	-
Total Interest expense	<u>103</u>	<u>169</u>	<u>214</u>	<u>345</u>
NET INTEREST INCOME	3,471	3,748	6,842	7,489
PROVISION FOR LOAN LOSSES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	<u>3,471</u>	<u>3,748</u>	<u>6,842</u>	<u>7,489</u>
OTHER OPERATING INCOME:				
Asset management and trust income	426	284	760	561
Service charges on deposit accounts	233	248	449	484
Net Security gains	2,949	21	3,590	14
Income from investment in life insurance	117	114	234	228
Other income	45	53	142	156
Total other operating income	<u>3,770</u>	<u>720</u>	<u>5,175</u>	<u>1,443</u>
OTHER OPERATING EXPENSES:				
Salaries and employee benefits	1,684	1,739	3,515	3,546
Net occupancy expense	211	212	442	441
Furniture and equipment	157	102	259	203
Pennsylvania shares tax	133	101	247	201
Legal and professional	121	76	206	160
FDIC insurance expense	47	48	96	96
Other expenses	715	691	1,404	1,354
Total other operating expenses	<u>3,068</u>	<u>2,969</u>	<u>6,169</u>	<u>6,001</u>
INCOME BEFORE INCOME TAXES	4,173	1,499	5,848	2,931
Income tax expense/benefit	<u>1,783</u>	<u>(156)</u>	<u>1,861</u>	<u>(337)</u>
Net income	<u>\$ 2,390</u>	<u>\$ 1,655</u>	<u>\$ 3,987</u>	<u>\$ 3,268</u>
Average Shares Outstanding	2,860,953	2,860,953	2,860,953	2,860,953
Earnings Per Share	\$ 0.83	\$ 0.58	\$ 1.39	\$ 1.14