

NEWS RELEASE

COMMERCIAL NATIONAL REPORTS CONTINUED CORE EARNINGS GROWTH FOR JUNE 30, 2017

LATROBE, PA, July 20, 2017 - 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, 2017. The Company earned \$1,142,000 (or \$0.40 per average share outstanding) in the second quarter 2017 compared to \$1,211,000 (or \$0.42 per average share outstanding) in the second quarter 2016 which included \$719,000 in realized net securities gains. The Company earned \$2,156,000 (or \$0.75 per average share outstanding) for the six-month period ended June 30, 2017 and \$2,457,000 (or \$0.86 per average share outstanding) for the six-month period ended June 30, 2016 which included \$1,188,000 in realized net securities gains. No realized net securities gains were generated during 2017's first six months. Linked sequential quarterly core earnings have greatly increased throughout 2017's first six months with second quarter 2017 earnings representing a \$387,000, or 51.3%, improvement over fourth quarter 2016 earnings 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 June 30, 2017 were 1.09% and 7.96%, respectively, compared to 1.30% and 8.40%, respectively, for the quarter ended June 30, 2016. The Company's annualized return on average assets and average equity for the six-month period ended June 30, 2017 were 1.08% and 7.63%, respectively, compared to 1.28% and 8.62%, respectively, for the six-month period ended June 30, 2016. Tier one risk-based, total risk-based, leverage and common equity tier one capital ratios for June 30, 2017 were 20.68%, 21.17%, 13.13% and 20.68%, respectively. Second quarter tax equivalent net interest margin was 4.29%. No loan loss provisioning has been needed over the past thirty-eight consecutive fiscal quarters. Earning asset credit quality metrics remain outstanding relative to banking industry norms. During 2017's first six months 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.

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

(Dollars in thousands, except per share data)

	June 30, 2017	December 31 2016	June 30, 2016
ASSETS			
Cash and due from banks on demand	\$ 5,112	\$ 5,006	\$ 5,767
Interest bearing deposits with banks	109	8,788	11,464
Total cash and cash equivalents	<u>5,221</u>	<u>13,794</u>	<u>17,231</u>
Securities available for sale	181,128	128,197	135,601
Restricted investments in bank stock	<u>2,236</u>	<u>111</u>	<u>111</u>
Loans	212,919	201,664	191,305
Allowance for loan losses	(1,288)	(1,318)	(1,610)
Net loans	<u>211,631</u>	<u>200,346</u>	<u>189,695</u>
Premises and equipment	3,037	3,155	3,310
Investment in Life Insurance	18,953	18,682	18,405
Other assets	<u>2,818</u>	<u>2,134</u>	<u>2,050</u>
Total assets	<u><u>\$ 425,024</u></u>	<u><u>\$ 366,419</u></u>	<u><u>\$ 366,403</u></u>
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities:			
Deposits:			
Non-interest bearing	\$ 119,348	\$ 118,439	\$ 113,245
Interest bearing	194,756	191,182	190,282
Total deposits	<u>314,104</u>	<u>309,621</u>	<u>303,527</u>
Short-term borrowings	48,400	-	-
Other liabilities	3,572	1,842	3,982
Total liabilities	<u>366,076</u>	<u>311,463</u>	<u>307,509</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 2017 and 2016	7,200	7,200	7,200
Retained earnings	59,838	59,170	59,081
Accumulated other comprehensive (loss) income	4,454	1,130	5,157
Less 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>58,948</u>	<u>54,956</u>	<u>58,894</u>
Total liabilities and shareholders' equity	<u><u>\$ 425,024</u></u>	<u><u>\$ 366,419</u></u>	<u><u>\$ 366,403</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	
	2017 (unaudited)	2016 (unaudited)	2017 (unaudited)	2016 (unaudited)
INTEREST INCOME:				
Interest and fees on loans	\$ 2,277	\$ 2,012	\$ 4,500	\$ 3,975
Interest and dividends on securities:				
Taxable	989	581	1,677	1,268
Exempt from federal income taxes	686	724	1,356	1,750
Other	23	36	35	50
Total Interest income	<u>3,975</u>	<u>3,353</u>	<u>7,568</u>	<u>7,043</u>
INTEREST EXPENSE:				
Interest on deposits	73	78	144	159
Interest on short-term borrowings	137	7	179	50
Total Interest expense	<u>210</u>	<u>85</u>	<u>323</u>	<u>209</u>
NET INTEREST INCOME	3,765	3,268	7,245	6,834
PROVISION FOR LOAN LOSSES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	<u>3,765</u>	<u>3,268</u>	<u>7,245</u>	<u>6,834</u>
OTHER OPERATING INCOME:				
Asset management and trust income	320	326	629	625
Service charges on deposit accounts	197	204	382	400
Net Security gains	-	719	-	1,188
Loss on sale of OREO	-	-	(6)	-
Income from investment in life insurance	135	105	271	224
Other income	41	47	142	151
Total other operating income	<u>693</u>	<u>1,401</u>	<u>1,418</u>	<u>2,588</u>
OTHER OPERATING EXPENSES:				
Salaries and employee benefits	1,764	1,859	3,512	3,769
Net occupancy expense	218	209	436	460
Furniture and equipment	58	139	183	256
Pennsylvania shares tax	128	119	250	247
Legal and professional	93	100	177	196
FDIC insurance expense	29	50	56	97
Other expenses	816	785	1,501	1,512
Total other operating expenses	<u>3,106</u>	<u>3,261</u>	<u>6,115</u>	<u>6,537</u>
INCOME BEFORE INCOME TAXES	1,352	1,408	2,548	2,885
Income tax expense	<u>210</u>	<u>197</u>	<u>392</u>	<u>428</u>
Net income	<u>\$ 1,142</u>	<u>\$ 1,211</u>	<u>\$ 2,156</u>	<u>\$ 2,457</u>
Average Shares Outstanding	2,860,953	2,860,953	2,860,953	2,860,953
Earnings Per Share	\$ 0.40	\$ 0.42	\$ 0.75	\$ 0.86

As disclosed each year in the Annual Report to Shareholders, on June 30, 2017, the Company employed 104 people in full-time and part-time positions. Fifty-two (52) employees are represented by the United Auto Workers, Local 1799. Of that bargaining unit total, thirty-five (35) employees are full-time, twelve (12) employees are part-time and five (5) employees are seasonal part-time. 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.

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) 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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