Clarion County

COMMUNITY BANK

2016 ANNUAL REPORT

CLARION COUNTY COMMUNITY BANK

FINANCIAL STATEMENTS

December 31, 2016 and 2015

FINANCIAL STATEMENTS

CLARION COUNTY COMMUNITY BANK

December 31, 2016 and 2015

CONTENTS **PAGE**

SNODGRASS
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Clarion County Community Bank
Clarion, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of Clarion County Community Bank, which comprise the balance sheets as of December 31, 2016 and 2015; the related statements of income, comprehensive income, changes in stockholders' equity, and cash flows for the years then ended; and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Clarion County Community Bank as of December 31, 2016 and 2015, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

S. R. Snodgrass, P.C.

Cranberry Township, Pennsylvania
March 31, 2017

S.R. Snodgrass, P.C. • 2009 Mackenzie Way, Suite 340 • Cranberry Township, Pennsylvania 16066 • Phone: 724-934-0344 • Fax: 724-934-0345

BALANCE SHEETS

CLARION COUNTY COMMUNITY BANK

	December 31, 2016	December 31, 2015
ASSETS		
Cash and due from banks	**$ 1,121,237**	$ 932,292
Interest bearing deposits with banks	**6,863,691**	2,372,851
Cash and cash equivalents	**7,984,928**	3,305,143
Certificates of deposit	**100,000**	100,000
Securities available for sale	**14,995,935**	15,273,777
Restricted bank stock, at cost	**850,900**	791,200
Loans receivable, net of allowance for loan losses of $1,095,465 in 2016 and $1,011,557 in 2015	**114,995,838**	106,669,936
Premises and equipment, net	**2,434,810**	1,922,360
Other real estate owned, net	**176,300**	300,000
Bank owned life insurance	**1,546,904**	1,510,182
Net deferred taxes	**572,915**	451,887
Other assets	**712,833**	638,422
Total Assets	**$ 144,371,363**	$ 130,962,907
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities		
Deposits		
Non-interest bearing	**$ 18,234,323**	$ 17,640,250
Interest bearing	**106,242,169**	92,846,368
Total deposits	**124,476,492**	110,486,618
Federal Home Loan Bank advances	**4,000,000**	5,000,000
Accrued interest and other liabilities	**966,058**	858,586
Total liabilities	**129,442,550**	116,345,204
Stockholders' Equity		
Preferred stock: 1,000,000 shares authorized, no shares issued	**-**	-
Common stock; par value $1; 10,000,000 shares authorized; 1,665,667 issued and outstanding in 2016 and 2015	**1,665,667**	1,665,667
Surplus	**10,647,455**	10,647,455
Retained earnings	**2,866,847**	2,371,443
Accumulated other comprehensive loss	**(251,156)**	(66,862)
Total stockholders' equity	**14,928,813**	14,617,703
Total Liabilities and Stockholders' Equity	**$ 144,371,363**	$ 130,962,907

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF INCOME

CLARION COUNTY COMMUNITY BANK

	Years Ended December 31, 2016	2015
Interest Income		
Loans, including fees	**$ 5,532,482**	$ 5,068,213
Taxable securities	**119,286**	121,890
Tax exempt securities	**207,620**	293,106
Interest bearing deposits	**14,127**	8,755
Total interest income	**5,873,515**	5,491,964
Interest Expense		
Deposits	**769,110**	645,349
Federal Home Loan Bank advances	**62,913**	42,026
Total interest expense	**832,023**	687,375
Net Interest Income	**5,041,492**	4,804,589
Provision for Loan Losses	**180,000**	250,000
Net Interest Income after Provision for Loan Losses	**4,861,492**	4,554,589
Other Income		
Service fees	**129,896**	115,982
Bank owned life insurance	**36,722**	38,875
Net gains on sales of loans held for sale	**109,901**	107,278
Net gain/(loss) on securities available for sale	**3,864**	(6,697)
Other	**154,792**	147,101
Total other income	**435,175**	402,539
Other Expenses		
Salaries and employee benefits	**2,421,734**	2,183,065
Professional fees	**183,574**	144,463
FDIC insurance	**62,442**	76,036
Occupancy and equipment	**365,722**	344,896
Data processing	**502,132**	474,440
Other (see Note 11)	**917,084**	729,232
Total other expenses	**4,452,688**	3,952,132
Income Before Income Tax Expense	**843,979**	1,004,996
Income Tax Expense	**182,009**	233,178
Net Income	**$ 661,970**	$ 771,818
Earnings per Common Share:		
Basic	**$ 0.40**	$ 0.46
Diluted	**$ 0.40**	$ 0.46

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

CLARION COUNTY COMMUNITY BANK

	Years Ended December 31,	
	2016	**2015**
Net income	**$ 661,970**	$ 771,818
Unrealized holding (loss)/gains on available for sale securities	**(282,570)**	22,319
Reclassification adjustment for (gain)/loss realized in income	**(3,864)**	6,697
Net unrealized gains	**(286,434)**	29,016
Tax effect	**97,388**	(9,865)
Net-of-tax amount	**(189,046)**	19,151
Amortization of prior service cost	**7,200**	7,200
Tax effect	**(2,448)**	(2,448)
Net-of-tax amount	**4,752**	4,752
Other comprehensive (loss)/income	**(184,294)**	23,903
Total comprehensive income	**$ 477,676**	$ 795,721

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

CLARION COUNTY COMMUNITY BANK

For the Years Ended December 31, 2016 and 2015

	Common Stock	Surplus	Retained Earnings	Accumulated Other Comprehensive Loss	Total
Balance at January 1, 2015	$ 1,665,667	$ 10,647,455	$ 1,766,192	$ (90,765)	$ 13,988,549
Net income	-	-	771,818	-	771,818
Cash dividend, $0.10 per share	-	-	(166,567)	-	(166,567)
Other comprehensive income	-	-	-	23,903	23,903
Balance at December 31, 2015	1,665,667	10,647,455	2,371,443	(66,862)	14,617,703
Net income	**-**	**-**	**661,970**	**-**	**661,970**
Cash dividend, $0.10 per share	**-**	**-**	**(166,566)**	**-**	**(166,566)**
Other comprehensive loss	**-**	**-**	**-**	**(184,294)**	**(184,294)**
Balance at December 31, 2016	**$ 1,665,667**	**$ 10,647,455**	**$ 2,866,847**	**$ (251,156)**	**$ 14,928,813**

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

CLARION COUNTY COMMUNITY BANK

For the Years Ended December 31, 2016 and 2015

	For the Years Ended December 31,			
		2016		2015
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income	$	**661,971**	$	771,818
Adjustments to reconcile net income to net cash from operating activities:				
Depreciation		**167,803**		177,306
Net amortization of premiums and discounts		**87,339**		101,671
Net (gains) losses on securities available for sale		**(3,864)**		6,697
Provision for loan losses		**180,000**		250,000
Net gains on sale of loans held for sale		**(109,901)**		(107,278)
Loans originated for sale		**(3,571,567)**		(3,144,049)
Proceeds from sale of loans held for sale		**3,681,468**		3,251,327
Gain on OREO		**(2,626)**		-
Deferred taxes		**(26,088)**		(53,140)
Earnings in bank owned life insurance		**(36,722)**		(38,875)
Change in:				
Deferred loan fees		**29,943**		(22,891)
Other assets		**(67,210)**		29,872
Accrued interest and other liabilities		**107,472**		(7,824)
Net Cash From Operating Activities		**1,098,017**		1,214,634
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of available for sale securities		**(7,082,181)**		-
Proceeds from sales of securities available for sale		**2,671,689**		1,488,533
Maturities and calls of available for sale securities		**3,340,000**		200,591
Principal payments from mortgage-backed securities		**978,424**		1,287,407
Purchase of restricted bank stock		**(520,900)**		(480,000)
Redemption or call of restricted bank stock		**461,200**		377,700
Purchases of certificates of deposit		**(100,000)**		(100,000)
Maturities of certificates of deposit		**100,000**		1,842,000
Proceeds from sale of foreclosed assets		**168,126**		-
Loan originations and repayments, net		**(8,577,645)**		(9,823,090)
Purchases of premises and equipment		**(680,253)**		(75,961)
Net Cash Used By Investing Activities		**(9,241,540)**		(5,282,820)
CASH FLOWS FROM FINANCING ACTIVITIES				
Net change in deposits		**13,989,874**		4,618,489
Repayment of FHLB borrowings		**(1,000,000)**		-
Cash dividends paid on common stock		**(166,566)**		(166,567)
Net Cash From Financing Activities		**12,823,308**		4,451,922
Net Increase in Cash and Cash Equivalents		**4,679,785**		383,736
Cash and Cash Equivalents at Beginning of Year		**3,305,143**		2,921,407
Cash and Cash Equivalents at End of Year	$	**7,984,928**	$	3,305,143
SUPPLEMENTAL DISCLOSURES				
Interest paid	$	**799,598**	$	702,705
Income taxes paid		**229,649**		225,000
Non-cash disclosures:				
Other real estate acquired in settlement of loans	$	**41,800**	$	300,000

The accompanying notes are an integral part of these financial statements.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

Organization: The Bank received its Pennsylvania banking charter on January 6, 2004. The Bank was incorporated under the laws of the Commonwealth of Pennsylvania on June 18, 2003, to operate as a state chartered banking institution named CNB Community Bank. The Bank has subsequently changed its name to Clarion County Community Bank. The Bank opened for business on January 8, 2004 and currently has four locations; the main office in Clarion, Pennsylvania, and full service branch offices in New Bethlehem, Pennsylvania, Rimersburg, Pennsylvania, and Franklin, Pennsylvania.

Nature of Operations: The Bank provides financial services through its offices in Clarion County and Venango County. Its primary deposit products are checking, savings, and term certificate accounts, and its primary lending products are residential mortgage, commercial real estate, commercial, and consumer loans. Substantially all loans are secured by specific items of collateral including business assets, consumer assets, and commercial and residential real estate. Commercial loans are expected to be repaid from cash flow from operations of businesses.

Subsequent Events: The Bank has evaluated subsequent events for recognition and disclosure through March 31, 2017 which is the date the financial statements were available to be issued.

Use of Estimates: To prepare financial statements in conformity with U.S. generally accepted accounting principles management makes estimates and assumptions based on available information. These estimates and assumptions affect the amounts reported in the financial statements and the disclosures provided, and actual results could differ.

Cash Flows: Cash and cash equivalents include cash, deposits with other financial institutions with original maturities fewer than 90 days, and federal funds sold. Net cash flows are reported for customer loan and deposit transactions.

Certificates of Deposit: Certificates of deposit in other financial institutions are carried at cost.

Securities: Debt securities are classified as held to maturity and carried at amortized cost when management has the positive intent and ability to hold them to maturity. Debt securities are classified as available for sale when they might be sold before maturity. Equity securities with readily determinable fair values are classified as available for sale. Securities available for sale are carried at fair value, with unrealized holding gains and losses reported in other comprehensive income, net of tax.

Interest income includes amortization of purchase premium or discount. Premiums and discounts on securities are amortized on the level-yield method without anticipating prepayments, except for mortgage backed securities where prepayments are anticipated. Gains and losses on sales are recorded on the trade date and determined using the specific identification method.

Management evaluates securities for other-than-temporary impairment (“OTTI”) at least on a quarterly basis, and more frequently when economic or market conditions warrant such an evaluation. For securities in an unrealized loss position, management considers the extent and duration of the unrealized loss, and the financial condition and near-term prospects of the issuer. Management also assesses whether it intends to sell, or it is more likely than not that it will be required to sell, a security in an unrealized loss position before recovery of its amortized cost basis. If either of the criteria regarding intent or requirement to sell is met, the entire difference between amortized cost and fair

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

value is recognized as impairment through earnings. For debt securities that do not meet the aforementioned criteria, the amount of impairment is split into two components as follows: 1) OTTI related to other factors, which is recognized in other comprehensive income and 2) OTTI related to credit loss, which must be recognized in the income statement. The credit loss is determined as the difference between the present value of the cash flows expected to be collected and the amortized cost basis. For equity securities, the entire amount of impairment is recognized through earnings.

Loan Held for Sale: Mortgage loans originated and intended for sale in the secondary market are carried at the lower of aggregate cost or fair value, as determined by outstanding commitments from investors. Net unrealized losses, if any, are recorded as a valuation allowance and charged to earnings.

Mortgage loans held for sale are generally sold with servicing rights retained. The carrying value of mortgage loans sold is reduced by the amount allocated to the servicing right. Gains and losses on sales of mortgage loans are based on the difference between the selling price and the carrying value of the related loan sold.

Loans: Loans that management has the intent and ability to hold for the foreseeable future or until maturity or payoff are reported at the principal balance outstanding, less deferred loan fees and costs, and an allowance for loan losses. Interest income is accrued on the unpaid principal balance. Loan origination fees, net of certain direct origination costs, are deferred and recognized in interest income using the level-yield method without anticipating prepayments.

Interest income on loans is discontinued at the time the loan is 90 days delinquent unless the loan is well-secured and in process of collection. Past due status is based on the contractual terms of the loan. In all cases, loans are placed on nonaccrual or charged-off at an earlier date if collection of principal or interest is considered doubtful. Nonaccrual loans and loans past due 90 or more days still on accrual include both smaller balance homogeneous loans that are collectively evaluated for impairment and individually classified impaired loans.

All interest accrued but not received for loans placed on nonaccrual is reversed against interest income. Interest received on such loans is accounted for on the cash-basis or cost-recovery method, until qualifying for return to accrual. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured. A loan is moved to non-accrual status in accordance with the Bank's policy, typically after 90 days of non-payment.

Concentration of Credit Risk: Most of the Bank’s business activity is with customers located within Clarion and Venango County and their contiguous counties. Therefore, the Bank’s exposure to credit risk is significantly affected by changes in the economy in these counties. The Bank has no significant concentration of loans with any particular industry.

Allowance for Loan Losses: The allowance for loan losses is a valuation allowance for probable incurred credit losses. Loan losses are charged against the allowance when management believes the uncollectibility of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance. Management estimates the allowance balance required using past loan loss experience, the

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

nature and volume of the portfolio, information about specific borrower situations and estimated collateral values, economic conditions, and other factors. Allocations of the allowance may be made for specific loans, but the entire allowance is available for any loan that, in management's judgment, should be charged off.

The allowance consists of specific and general components. The specific component relates to loans that are individually classified as impaired when, based on current information and events, it is probable that the Bank will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement. Loans for which the terms have been modified resulting in a concession, and for which the borrower is experiencing financial difficulties, are considered troubled debt restructurings and classified as impaired.

Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record, and the amount of the shortfall in relation to the principal and interest owed.

Commercial and commercial real estate loans over $50,000 are individually evaluated for impairment if management does not expect to collect principal and interest in accordance with the original contractual agreement. If a loan is impaired, a portion of the allowance is allocated so that the loan is reported, net, at the present value of estimated future cash flows using the loan's existing rate or at the fair value of collateral if repayment is expected solely from the collateral. Large groups of smaller balance homogeneous loans, such as consumer and residential real estate loans, are collectively evaluated for impairment, and accordingly, they are not separately identified for impairment disclosures, unless such loans are modified in a troubled debt restructuring.

Troubled debt restructurings are separately identified for impairment disclosures and are measured at the present value of estimated future cash flows using the loan's effective rate at inception. If a troubled debt restructuring is considered to be a collateral dependent loan, the loan is reported, net, at the fair value of the collateral. For troubled debt restructurings that subsequently default, the Bank determines the amount of reserve in accordance with the accounting policy for the allowance for loan losses.

The general component covers non-impaired loans and is based on consideration of historical loss experience and peer data adjusted for current factors. This actual and peer loss experience is supplemented with other economic factors based on the risks present for each portfolio segment. These economic factors include consideration of the following: levels of and trends in delinquencies and impaired loans; levels of and trends in charge-offs and recoveries; trends in volume and terms of loans; effects of any changes in risk selection and underwriting standards; other changes in lending policies, procedures, and practices; experience, ability, and depth of lending management and other relevant staff; national and local economic trends and conditions; industry conditions; and effects of changes in credit concentrations. The following portfolio segments have been identified: Residential Real Estate, Commercial Real Estate, Commercial, and Consumer. Twenty-six percent of the Bank's

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

loan portfolio is 1-4 family real estate, home equity lines of credit, and consumer installment loans made to individuals in the Bank’s market area. These loans are largely secured by underlying real estate or consumer collateral. Repayment of these loans is dependent on general economic conditions and unemployment levels in the Bank’s market area.

Commercial loans primarily consist of income producing real estate and business related assets. Repayment of these loans depends, to a large degree, on the results of operations, cash flow and management of the related businesses. These loans may be affected, to a greater extent, by adverse commerce conditions or the economy in general. Accordingly, the nature of these loans makes them more difficult for management to monitor and evaluate.

Servicing Rights: When mortgage loans are sold with servicing retained, servicing rights are initially recorded at fair value with the income statement effect recorded in gains on sales of loans. Fair value is based on market prices for comparable mortgage servicing contracts, when available or alternatively, is based on a valuation model that calculates the present value of estimated future net servicing income. All classes of servicing assets are subsequently measured using the amortization method which requires servicing rights to be amortized into non-interest income in proportion to, and over the period of, the estimated future net servicing income of the underlying loans.

Servicing rights are evaluated for impairment based upon the fair value of the rights as compared to carrying amount. Impairment is determined by stratifying rights into groupings based on predominant risk characteristics, such as interest rate, loan type and investor type. Impairment is recognized through a valuation allowance for an individual grouping, to the extent that fair value is less than the carrying amount. If the Bank later determines that all or a portion of the impairment no longer exists for a particular grouping, a reduction of the allowance may be recorded as an increase to income. Changes in valuation allowances are reported with other non-interest income on the income statement. The fair values of servicing rights are subject to significant fluctuations as a result of changes in estimated and actual prepayment speeds and default rates and losses.

Servicing fee income, which is reported on the income statement as other non-interest income, is recorded for fees earned for servicing loans. The fees are based on a contractual percentage of the outstanding principal; or a fixed amount per loan and are recorded as income when earned. Servicing fees totaled $30,456 and $24,846 for the years ended December 31, 2016 and 2015, respectively. Amortization of mortgage servicing rights which are also recorded in other non-interest income totaled $12,362 and $9,619 for the years ended December 31, 2016 and 2015. No impairment was recorded in 2016 or 2015.

Foreclosed Assets: Foreclosed assets are initially recorded at fair value less costs to sell when acquired, establishing a new cost basis. Physical possession of residential real estate property collateralizing a consumer mortgage loan occurs when legal title is obtained upon completion of foreclosure or when the borrower conveys all interest in the property to satisfy the loan through completion of a deed in lieu of foreclosure or through a similar legal agreement. These assets are subsequently accounted for at lower of cost or fair value less estimated costs to sell. If fair value declines subsequent to foreclosure, a valuation allowance is recorded through expense. Operating costs after acquisition are expensed.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

Premises and Equipment: Land is carried at cost. Premises and equipment are stated at cost less accumulated depreciation. Buildings and related components are depreciated using the straight-line method for 30 years. Furniture, fixtures and equipment are depreciated using the straight-line method with useful lives ranging from 3 to 10 years.

Restricted Bank Stock: The Bank is a member of the Federal Home Loan Bank of Pittsburgh. Members are required to own a certain amount of stock based on the level of borrowings and other factors, and may invest in additional amounts. FHLB stock is carried at cost, classified as a restricted security, and periodically evaluated for impairment based on ultimate recovery of par value. Both cash and stock dividends are reported as income.

Stock-Based Compensation: Compensation cost is recognized for stock options issued to employees and directors, based on the fair value of these awards at the date of grant. A Black-Scholes model is utilized to estimate the fair value of stock options. Compensation cost is recognized over the requisite service period, generally defined as the vesting period.

Bank Owned Life Insurance: The Bank purchased life insurance policies on certain key executives. Bank owned life insurance is recorded at the amount that can be realized under the insurance contract at the balance sheet date, which is the cash surrender value adjusted for other charges or other amounts due that are probable at settlement. The Bank is the sole beneficiary, without further encumbrance, of the insurance proceeds aside from split dollar agreements promising a death benefit of $300,000 to the beneficiary of a certain officer of the Bank while under Bank employment. As the officer’s projected mortality extends beyond Bank employment, no accrual has been established for this potential benefit.

Loan Commitments and Related Financial Instruments: Financial instruments include off-balance-sheet credit instruments, such as commitments to make loans and commercial letters of credit, issued to meet customer financing needs. The face amount for these items represents the exposure to loss, before considering customer collateral or ability to repay. Such financial instruments are recorded when they are funded.

Retirement Plans: Employee 401(k) and profit sharing plan expense is the amount of matching contributions. Supplemental retirement plan expense allocates the benefits over the years of service.

Income Taxes: Income tax expense is the total of the current year income tax due or refundable and the change in deferred tax assets and liabilities. Deferred tax assets and liabilities are the expected future tax amounts for the temporary differences between carrying amounts and tax bases of assets and liabilities, computed using enacted tax rates. A valuation allowance, if needed, reduces deferred tax assets to the amount more likely than not to be realized.

A tax position is recognized as a benefit only if it is “more likely than not” that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the “more likely than not” test, no tax benefit is recorded.

The Bank recognizes interest and/or penalties related to income tax matters in income tax expense.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

Advertising Costs: Advertising costs are expensed as incurred.

Earnings Per Share: Basic earnings per share is calculated as net income divided by the weighted average number of common shares outstanding during the period. Diluted earnings per share is calculated on the basis of the weighted average number of shares outstanding assuming dilution of the exercisable stock options using the treasury stock method. Earnings and dividends per share are restated for all stock splits and dividends through the date of issuance of the financial statements.

Comprehensive Income: Comprehensive income consists of net income and other comprehensive income. Other comprehensive income includes unrealized gains and losses on securities available for sale and changes in the funded status of the supplemental retirement plan which are also recognized as separate components of stockholders' equity.

Loss Contingencies: Loss contingencies, including claims and legal actions arising in the ordinary course of business, are recorded as liabilities when the likelihood of loss is probable and an amount or range of loss can be reasonably estimated. Management does not believe there now are such matters that will have a material effect on the financial statements.

Dividend Restriction: Banking regulations require maintaining certain capital levels and may limit the dividends paid by the Bank to its stockholders.

Fair Value of Financial Instruments: Fair values of financial instruments are estimated using relevant market information and other assumptions, as more fully disclosed in a separate note. Fair value estimates involve uncertainties and matters of significant judgment regarding interest rates, credit risk, prepayments, and other factors, especially in the absence of broad markets for particular items. Changes in assumptions or in market conditions could significantly affect the estimates.

Reclassifications: Some items in the prior year financial statements were reclassified to conform to the current presentation. Reclassifications had no effect on prior year net income or stockholders' equity.

NOTE 2 – INVESTMENT SECURITIES

The following table summarizes the amortized cost and fair value of securities available-for-sale at December 31, 2016 and 2015 and the corresponding amounts of gross unrealized gains and losses recognized in accumulated other comprehensive income:

	December 31, 2016			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. government sponsored entities and agencies	**$ 2,507,922**	**$ -**	**$ (57,190)**	**$ 2,450,732**
State and municipal bonds-tax free	**7,861,523**	**21,438**	**(201,417)**	**7,681,544**
Residential mortgage-backed securities	**4,923,830**	**14,695**	**(74,866)**	**4,863,659**
	$ 15,293,275	**$ 36,133**	**$ (333,473)**	**$ 14,995,935**

	December 31, 2015			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. government sponsored entities and agencies	$ 3,697,109	$ 3,901	$ (60,482)	$ 3,640,528
State and municipal bonds-tax free	7,861,817	95,381	(36,241)	7,920,957
Residential mortgage-backed securities	3,725,757	22,690	(36,155)	3,712,292
	$ 15,284,683	$ 121,972	$ (132,878)	$ 15,273,777

The proceeds from the sales of securities and the associated gross gains and losses are listed below.

	2016	2015
Proceeds	**$ 2,671,689**	$ 1,488,533
Gross gains	**13,924**	5,023
Gross losses	**(10,060)**	(11,720)

The tax provision/(benefit) related to these net realized gains/losses was $1,314 and $(2,277), respectively.

NOTE 2 – INVESTMENT SECURITIES (continued)

As a member of the Federal Home Loan Bank of Pittsburgh (FHLB), the Bank is required to maintain a minimum amount of FHLB stock. The minimum amount is calculated based on the level of the Bank's assets, residential real estate loans, and FHLB advances. At December 31, 2016 and 2015, the Bank held $785,900 and $726,200, respectively, of FHLB stock which is carried at cost.

Management evaluates the FHLB stock for impairment in accordance with accounting guidance issued by the Financial Accounting Standards Board. Management's determination of whether this investment is impaired is based on their assessment of the ultimate recoverability of their cost basis rather than by recognizing temporary declines in value. The determination of whether a decline affects the ultimate recoverability of their cost basis is influenced by criteria such as (1) the significance of the decline in net assets of the FHLB as compared to the capital stock amount for the FHLB and the length of time this situation has persisted, (2) commitments by the FHLB to make payments required by law or regulation and the level of such payments in relation to the operating performance of the FHLB, and (3) the impact of legislative and regulatory changes on institutions and, accordingly, on the customer base of the FHLB. Management believes no impairment charge is necessary related to the FHLB stock as of December 31, 2016 or 2015.

The amortized cost and fair value of investment securities by contractual maturity are shown below. Actual investment maturities will differ from contractual maturities because issuers have the right to call or prepay obligations with or without call or prepayment penalties. Securities not due at a single maturity date are shown separate.

	December 31, 2016	
	Amortized Cost	**Fair Value**
Debt securities available for sale		
Due in one year or less	$ -	$ -
Due after one year through five years	915,000	914,406
Due after five years through ten years	565,492	565,740
Due after ten years	8,888,953	8,652,130
Residential mortgage-backed securities	4,923,830	4,863,659
	$ 15,293,275	$ 14,995,935

NOTE 2 – INVESTMENT SECURITIES (continued)

The following table summarizes investment securities with unrealized losses at December 31, 2016 and 2015 by major security type and length of time in a continuous unrealized loss position:

	December 31, 2016					
	Less Than 12 Months		12 Months or Longer		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. government sponsored entities and agencies	$ -	$ -	$ 2,450,732	$ (57,190)	$ 2,450,732	$ (57,190)
State and municipal bonds-tax free	5,181,341	(179,651)	980,090	(21,766)	6,161,431	(201,417)
Residential mortgage-backed securities	2,634,078	(52,245)	1,231,222	(22,621)	3,865,300	(74,866)
	$ 7,815,419	$ (231,896)	$ 4,662,044	$ (101,577)	$ 12,477,463	$ (333,473)

	December 31, 2015					
	Less Than 12 Months		12 Months or Longer		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. government sponsored entities and agencies	$ -	$ -	$ 3,266,361	$ (60,482)	$ 3,266,361	$ (60,482)
State and municipal bonds-tax free	250,785	(2,373)	2,350,821	(33,868)	2,601,606	(36,241)
Residential mortgage-backed securities	-	-	1,753,925	(36,155)	1,753,925	(36,155)
	$ 250,785	$ (2,373)	$ 7,371,107	$ (130,505)	$ 7,621,892	$ (132,878)

Unrealized losses on the thirty-one securities at December 31, 2016 have not been recognized into income because the securities are of high credit quality (rated AA or higher), management does not intend to sell and it is not more likely than not that management would be required to sell the securities prior to their anticipated recoveries, and the decline in fair value is largely due to changes in interest rates and other market conditions. The fair value is expected to recover as the securities approach their maturities. The Bank does not consider these securities to be other-than-temporarily impaired at December 31, 2016.

All of the mortgage-backed and agency securities held by the Bank were issued by U.S. government-sponsored entities and agencies, institutions which the government has affirmed its commitment to support.

NOTE 2 – INVESTMENT SECURITIES (continued)

The Bank has pledged investment securities with an approximate carrying value of $4,296,000 and $8,409,000 as of December 31, 2016 and 2015, respectively, to qualify for fiduciary powers in securing public monies as required by law and for other purposes.

NOTE 3 – LOANS RECEIVABLE AND ALLOWANCE FOR LOAN LOSSES

Loans at year end were as follows:

	2016	2015
Commercial	$ **15,035,806**	$ 14,255,969
Commercial real estate	**70,987,643**	61,780,531
Residential real estate	**22,621,928**	23,535,969
Consumer:		
Auto	**1,604,679**	1,519,157
Other	**5,942,945**	6,661,622
	116,193,001	107,753,248
Net deferred loan fees	**(101,698)**	(71,755)
Allowance for loan losses	**(1,095,465)**	(1,011,557)
Loans, net	$ **114,995,838**	$ 106,669,936

The following table presents the activity in the allowance for loan losses by portfolio segment for the years ending December 31, 2016 and 2015:

December 31, 2016	Commercial	Commercial Real Estate	Residential Real Estate	Consumer	Unallocated	Total
Beginning balance, January 1, 2016	$ 93,245	$ 497,077	$ 300,690	$ 30,141	$ 90,404	$ 1,011,557
Provision for loan losses	(745)	152,319	68,291	(7,614)	(32,251)	180,000
Loans charged-off	(2,411)	-	(91,441)	(4,884)	-	(98,736)
Recoveries	1,810	-	766	68	-	2,644
Total ending balance, December 31, 2016	$ 91,899	$ 649,396	$ 278,306	$ 17,711	$ 58,153	$ 1,095,465

NOTE 3 – LOANS RECEIVABLE AND ALLOWANCE FOR LOAN LOSSES (continued)

December 31, 2015	Commercial	Commercial Real Estate	Residential Real Estate	Consumer	Unallocated	Total
Beginning balance, January 1, 2015	$ 63,615	$ 405,280	$ 336,251	$ 16,590	$ 125,404	$ 947,140
Provision for loan losses	29,630	192,542	39,059	23,769	(35,000)	250,000
Loans charged-off	-	(100,745)	(76,502)	(11,080)	-	(188,327)
Recoveries	-	-	1,882	862	-	2,744
Total ending balance, December 31, 2015	$ 93,245	$ 497,077	$ 300,690	$ 30,141	$ 90,404	$ 1,011,557

The next several tables exclude accrued interest receivable and net deferred loan fees in the recorded investment. Accrued interest receivable totaled $272,033 and $250,151 at December 31, 2016 and 2015. Net deferred loan fees totaled $(101,698) and $(71,755) at December 31, 2016 and 2015, which are not considered to be material to the loan balances.

The following table presents the balance in the allowance for loan losses and the recorded investment in loans by portfolio segment and based on impairment method as of December 31, 2016:

2016	Commercial	Commercial Real Estate	Residential Real Estate	Consumer	Unallocated	Total
Allowance for loan losses:						
Individually evaluated for impairment	$ 31,050	$ 369,993	$ -	$ -	$ -	$ 401,043
Collectively evaluated for impairment	60,849	279,403	278,306	17,711	58,153	694,422
Total ending allowance balance	$ 91,899	$ 649,396	$ 278,306	$ 17,711	$ 58,153	$ 1,095,465
Loans:						
Individually evaluated for impairment	$ 31,050	$ 1,728,650	$ -	$ -	$ -	$ 1,759,700
Collectively evaluated for impairment	15,004,756	69,258,993	22,621,928	7,547,624	-	114,433,301
Total	$ 15,035,806	$ 70,987,643	$ 22,621,928	$ 7,547,624	$ -	$ 116,193,001

NOTE 3 – LOANS RECEIVABLE AND ALLOWANCE FOR LOAN LOSSES (continued)

The following table presents the balance in the allowance for loan losses and the recorded investment in loans by portfolio segment and based on impairment method as of December 31, 2015:

2015	Commercial	Commercial Real Estate	Residential Real Estate	Consumer	Unallocated	Total
Allowance for loan losses:						
Individually evaluated for impairment	$ -	$ 96,799	$ -	$ -	$ -	$ 96,799
Collectively evaluated for impairment	93,245	400,278	300,690	30,141	90,404	914,758
Total ending allowance balance	$ 93,245	$ 497,077	$ 300,690	$ 30,141	$ 90,404	$ 1,011,557
Loans:						
Individually evaluated for impairment	$ -	$ 493,516	$ -	$ -	$ -	$ 493,516
Collectively evaluated for impairment	14,255,969	61,287,015	23,535,969	8,180,779	-	107,259,732
Total	$ 14,255,969	$ 61,780,531	$ 23,535,969	$ 8,180,779	$ -	$ 107,753,248

The following table presents information related to impaired loans as of and for the year ended December 31, 2016:

	Unpaid Principal Balance	Recorded Investment	Allowance for Loan Losses Allocated	Average Recorded Investment	Interest Income Recognized
With no related allowance recorded:					
Commercial real estate	$ 478,117	$ 478,117	$ -	$ 335,003	$ 11,185
Subtotal	478,117	478,117	-	335,003	11,185
With an allowance recorded:					
Commercial	31,050	31,050	31,050	2,587	-
Commercial real estate	1,250,533	1,250,533	369,993	338,371	8,621
Subtotal	1,281,583	1,281,583	401,043	340,958	8,621
Total	$ 1,759,700	$ 1,759,700	$ 401,043	$ 675,961	$ 19,806

NOTE 3 – LOANS RECEIVABLE AND ALLOWANCE FOR LOAN LOSSES (continued)

The following table presents information related to impaired loans by class of loans as of and for the year ended December 31, 2015:

	Unpaid Principal Balance	Recorded Investment	Allowance for Loan Losses Allocated	Average Recorded Investment	Interest Income Recognized	Cash Basis Interest Recognized
With an allowance recorded:						
Commercial real estate	$ 493,516	$ 493,516	$ 96,799	$ 556,640	$ 17,162	$ 17,162
Subtotal	493,516	493,516	96,799	556,640	17,162	17,162
Total	$ 493,516	$ 493,516	$ 96,799	$ 556,640	$ 17,162	$ 17,162

Nonaccrual loans and loans past due 90 days or more still on accrual include both smaller balance homogeneous loans that are collectively evaluated for impairment and individually classified impaired loans.

The following tables present the recorded investment in nonaccrual by class of loans as of December 31, 2016 and December 31, 2015:

	Nonaccrual	
	2016	**2015**
Commercial	**$ 31,050**	$ -
Commercial real estate	**1,005,931**	
Residential real estate	**284,119**	147,566
Consumer:		
Auto	**-**	-
Other	**-**	-
Total	**$ 1,321,100**	$ 147,566

As of December 31, 2016 and 2015, there were no loans past due 90 days or more and still accruing.

NOTE 3 – LOANS RECEIVABLE AND ALLOWANCE FOR LOAN LOSSES (continued)

The following tables present the aging of the recorded investment in past due loans as of December 31, 2016 and 2015 by class of loan:

2016	Total	30-59 Days Past Due	60-89 Days Past Due	90 Days or More Past Due	Total Past Due	Loans Not Past Due
Commercial	$ 15,035,806	$ 3,589	$ -	$ 31,050	$ 34,639	$ 15,001,167
Commercial real estate	70,987,643	342,271	71,113	1,005,931	1,419,315	69,568,328
Residential real estate	22,621,928	277,516	368,060	284,119	929,695	21,692,233
Consumer:						
Auto	1,604,679	12,281	-	-	12,281	1,592,398
Other	5,942,945	-	3,414	-	3,414	5,939,531
Total	$ 116,193,001	$ 635,657	$ 442,587	$ 1,321,100	$ 2,399,344	$ 113,793,657

2015	Total	30-59 Days Past Due	60-89 Days Past Due	90 Days or More Past Due	Total Past Due	Loans Not Past Due
Commercial	$ 14,255,969	$ 26,002	$ -	$ -	$ 26,002	$ 14,229,967
Commercial real estate	61,780,531	325,213		-	325,213	61,455,318
Residential real estate	23,535,969	571,518	-	147,566	719,084	22,816,885
Consumer						
Auto	1,519,157	22,536	-	-	22,536	1,496,621
Other	6,661,622	15,039	-	-	15,039	6,646,583
Total	$ 107,753,248	$ 960,308	$ -	$ 147,566	$ 1,107,874	$ 106,645,374

Troubled Debt Restructurings:

As of December 31, 2016 and 2015, the Bank had a recorded investment in troubled debt restructurings of $459,005 and $493,516, respectively.

The Bank has allocated $70,486 and $96,799 of specific reserves to customers whose loan terms have been modified in troubled debt restructurings as of December 31, 2016 and 2015. The Bank chose to lend additional amounts totaling $25,000 and $199,147 during the years ended December 31, 2016 and 2015, respectively, due to the borrower's financial troubles being corrected.

There were no loans modified as troubled debt restructurings that occurred during the year ending December 31, 2016 or 2015. There were no charge offs of restructured troubled debt during the year ending December 31, 2016. There were charge offs of restructured troubled debt of $26,311 during the year ending December 31, 2015.

NOTE 3 – LOANS RECEIVABLE AND ALLOWANCE FOR LOAN LOSSES (continued)

Credit Quality public information, and current economic trends, among other factors. The Bank analyzes loans individually by classifying the loans as to credit risk. This analysis typically uses the following definitions for risk ratings:

> **Special Mention.** Loans classified as special mention have a potential weakness that deserves management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the loan or of the institution's credit position at some future date.
>
> **Substandard.** Loans classified as substandard are inadequately protected by the current net worth and paying capacity of the obligor or of the collateral pledged, if any. Loans so classified have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the institution will sustain some loss if the deficiencies are not corrected.
>
> **Doubtful.** Loans classified as doubtful have all the weaknesses inherent in those classified as substandard, with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, conditions, and values, highly questionable and improbable.

Loans not meeting the criteria above that are analyzed individually as part of the above described process are considered to be pass rated loans. Loans listed as not rated are evaluated for credit quality based on aging status, which was previously presented.

Based on the most recent analysis performed, the risk category of loans by class of loans at December 31, 2016 is as follows:

December 31, 2016	Total Loans	Not Rated	Pass	Special Mention	Substandard	Doubtful
Commercial	$ 15,035,806	$ -	$ 15,004,756	$ -	$ 31,050	$ -
Commercial real estate	70,987,643	-	69,258,993	459,005	1,269,645	-
Residential real estate	22,621,928	22,064,418	-	-	557,510	-
Consumer-auto	1,604,679	1,604,679	-	-	-	-
Other	5,942,945	5,942,945	-	-	-	-
Total	$ 116,193,001	$ 29,612,042	$ 84,263,749	$ 459,005	$ 1,858,205	$ -

NOTE 3 – LOANS RECEIVABLE AND ALLOWANCE FOR LOAN LOSSES (continued)

Based on the most recent analysis performed, the risk category of loans by class of loans at December 31, 2015 was as follows:

December 31, 2015	Total Loans	Not Rated	Pass	Special Mention	Substandard	Doubtful
Commercial	$ 14,255,969	$ -	$ 14,221,753	$ -	$ 34,216	$ -
Commercial real estate	61,780,531	-	60,966,095	341,711	472,725	-
Residential real estate	23,535,969	23,185,090	-		350,879	-
Consumer-auto	1,519,157	1,519,157	-	-	-	-
Other	6,661,622	6,661,622	-	-	-	-
Total	$ 107,753,248	$ 31,365,869	$ 75,187,848	$ 341,711	$ 857,820	$ -

The Bank considers the performance of the loan portfolio and its impact on the allowance for loan losses. For residential and consumer loan classes, the Bank also evaluates credit quality based on the performing status of the loan, which was previously presented, and by payment activity. Nonperforming loans includes loans on nonaccrual status and loans past due 90 days or more still accruing interest.

The following table presents the recorded investment in residential and consumer loans based on performing status as of December 31, 2016 and 2015:

	Consumer		Residential
December 31, 2016	Auto	Other	Real Estate
Performing	**$ 1,604,679**	**$ 5,942,945**	**$ 22,337,809**
Nonperforming	**-**	**-**	**284,119**
Total	**$ 1,604,679**	**$ 5,942,945**	**$ 22,621,928**

	Consumer		Residential
December 31, 2015	Auto	Other	Real Estate
Performing	$ 1,519,157	$ 6,661,622	$ 23,388,403
Nonperforming	-	-	147,566
Total	$ 1,519,157	$ 6,661,622	$ 23,535,969

NOTES TO FINANCIAL STATEMENTS

CLARION COUNTY COMMUNITY BANK

For the Years Ended December 31, 2016 and 2015

NOTE 4 – OTHER REAL ESTATE OWNED

Activity for other real estate owned was as follows:

	2016	2015
Beginning of year	$ 300,000	$ -
Additions to OREO	41,800	300,000
Capitalized expenditures	-	-
Disposition of OREO	(165,500)	-
End of year	$ 176,300	$ 300,000

Expenses related to other real estate owned include:

	2016	2015
Net gain (loss) on sales	$ 2,626	$ -
Operating expenses, net of rental income	28,393	17,837

Other real estate owned acquired in settlement of loans are carried at fair value, less estimated costs to sell. At December 31, 2016, the balance of other real estate owned includes $26,300 of consumer residential mortgages that were foreclosed on or received via a deed in lieu transaction prior to the period end included with the other real estate owned. As of December 31, 2015, there were no consumer residential mortgages that were foreclosed on or received via a deed in lieu transaction prior to the period end included with the other real estate owned. As of December 31, 2016, the Bank did not initiate any formal foreclosure proceedings on consumer residential mortgages, which have not yet been transferred into foreclosed assets.

NOTE 5 - LOAN SERVICING

Mortgage loans serviced for others are not reported as assets. The principal balances of these loans at years ended December 31, 2016 and 2015 are $13,835,000 and $11,410,000.

Custodial escrow balances maintained in connection with serviced loans were $167,900 and $134,700 at year end 2016 and 2015.

Activity for loan servicing rights and the related valuation allowance follows:

	2016	2015
Beginning of year	$ 104,752	$ 82,614
Additions	42,747	31,757
Disposals	(13,972)	-
Amortized to expense	(12,362)	(9,619)
Other changes	-	-
Change in valuation allowance	-	-
	$ 121,165	$ 104,752

NOTE 6 – PREMISES AND EQUIPMENT

Year-end premises and equipment were as follows:

	2016	2015
Land	$ **730,785**	$ 182,047
Buildings and improvements	**2,093,609**	2,093,609
Furniture and equipment	**1,548,801**	1,425,699
	4,373,195	3,701,355
Accumulated depreciation	**(1,938,385)**	(1,778,995)
	$ **2,434,810**	$ 1,922,360

Depreciation expense was $167,803 and $177,306 for 2016 and 2015, respectively.

NOTE 7 – DEPOSITS

The following table presents a breakdown of deposit types at December 31, 2016 and 2015:

	2016	2015
Non-interest bearing	$ **18,234,323**	$ 17,640,250
Interest bearing:		
Demand deposit	**4,484,506**	4,487,397
Money market deposit account	**17,753,674**	18,569,577
Savings	**18,277,009**	18,545,994
Certificates of Deposit	**65,726,980**	51,243,400
Total interest bearing	**106,242,169**	92,846,368
Total deposits	$ **124,476,492**	$ 110,486,618

Scheduled maturities of time deposits over the next five years as of December 31, 2016 were as follows:

	Amount	Percent
2017	$ **17,346,247**	**26.4** %
2018	**17,042,428**	**25.9**
2019	**18,104,223**	**27.5**
2020	**4,310,083**	**6.6**
2021	**8,923,999**	**13.6**
	$ **65,726,980**	**100.0** %

The Bank had time deposits that meet or exceed the FDIC limit of $250,000 amount to $11,503,599 and $8,714,000 at December 31, 2016 and 2015, respectively.

NOTE 8 – FEDERAL HOME LOAN BANK ADVANCES

At December 31, 2016 and 2015, the Bank had FHLB advances outstanding as follows:

	2016	2015
Maturities April 7, 2017 through March 30, 2020, fixed rate at rates from 0.80% to 1.69%, averaging 1.31%.	**$ 4,000,000**	$ 5,000,000
	$ 4,000,000	$ 5,000,000

Each advance is payable at its maturity date, with a prepayment penalty for fixed rate advances. Based on available collateral and the Bank's holdings of FHLB stock, the Bank is eligible to borrow up to a total of $70.0 million at year-end 2016. At December 31, 2016, the Bank had advances outstanding from the FHLB of $4.0 million.

Payments over the next five years are as follows:

2017	**$ 1,000,000**
2018	**1,000,000**
2019	**1,000,000**
2020	**1,000,000**
	$ 4,000,000

NOTE 9 – INCOME TAXES

The provision for income taxes for the years ended December 31, 2016 and 2015 consists of the following:

	2016	2015
Current	**$ 208,097**	$ 286,318
Deferred	**(26,088)**	(53,140)
	$ 182,009	$ 233,178

NOTE 9 – INCOME TAXES (continued)

The differences between the expected and actual tax provision expressed as percentages of income before income tax for the years ended December 31, 2016 and 2015 are as follows:

	2016		2015	
	Amount	% of Pre-tax Income	Amount	% of Pre-tax Income
Provision at statutory rate	**$ 286,953**	**34.0** %	$ 341,699	34.0 %
Tax exempt interest income, net of disallowed interest expense	**(85,026)**	**(10.0)**	(99,656)	(9.9)
Earnings from bank owned life insurance	**(12,485)**	**(1.5)**	(13,218)	(1.3)
Other, net	**(7,433)**	**(0.9)**	4,353	0.4
Actual tax expense and effective rate	**$ 182,009**	**21.6** %	$ 233,178	23.2 %

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities as of December 31, 2016 and 2015 are as follows:

	2016	2015
Deferred tax assets:		
Allowance for loan losses	**$ 289,173**	$ 265,956
Unrealized loss on securities	**101,096**	3,708
Accrued supplemental retirement	**228,373**	209,551
Nonaccrual loan interest	**9,145**	30,067
Deferred loan origination fees	**34,578**	25,602
Total deferred tax assets	**662,365**	534,884
Deferred tax liabilities:		
Mortgage servicing rights	**(41,197)**	(35,616)
Premises and equipment	**(48,253)**	(47,381)
Total deferred tax liabilities	**(89,450)**	(82,997)
Total net deferred tax asset	**$ 572,915**	$ 451,887

NOTE 9 – INCOME TAXES (continued)

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment. Based upon the level of historical taxable income and projections for future taxable income over the periods which the deferred tax assets are deductible, management believes it is more likely than not the Bank will realize the benefits of these deductible differences. The amount of the deferred tax asset considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carryforward period are reduced.

There were no unrecognized tax benefits recorded as of December 31, 2016 and 2015, as a result no provision has been taken in the financial statements for possible interest and penalties related to unrecognized tax benefits and the Bank has not recorded an accrual for the payment of interest and penalties as of December 31, 2016 and 2015. The Bank does not expect the amount of unrecognized tax benefits to materially change in the next twelve months.

The Bank is subject to U.S. Federal income tax as well as a capital based franchise tax in the State of Pennsylvania. The Bank is no longer subject to examination by the taxing authorities for 2012 and prior.

NOTE 10 – EMPLOYEE RETIREMENT PLANS

The Bank sponsors a 401(k) Profit Sharing Plan for the benefit of its employees, substantially all of whom are eligible to participate after meeting minimum qualifying standards. The Plan permits employees to make elective contributions to the Plan through pre-tax payroll deductions. The Bank has elected to make matching contributions on behalf of participating employees of 25% of employee contributions to the plan up to 4% of their total wages. The Bank incurred expense for matching contributions to the plan totaling $6,981 and $7,309 in 2016 and 2015, respectively.

The Board of Directors adopted a supplemental employee retirement plan for certain officers of the Bank on April 15, 2010. Participants will receive 30% of their final base salary annually for fifteen years beginning with the later of retirement or age 65 subject to vesting provisions for years of service. The plan requires ten years of service to be fully vested. Upon adoption, each participant was credited with service for years they have been with the Bank which resulted in participants being 35% vested. The prior service cost upon adoption of the supplemental retirement plan was approximately $130,000. The prior service cost is being amortized over the estimated future service period on a straight line basis. Total expense related to the plan for the years ended December 31, 2016 and 2015 was $62,558 and $72,323, respectively. The accrued supplemental retirement liability for this plan was $671,684 and $616,326 at December 31, 2016 and December 31, 2015. Amortization of prior service cost for the years ended December 31, 2016 and 2015 was $7,200. At December 31, 2016, the unamortized prior service cost from the supplemental retirement plan was $83,200, for an after tax amount of $54,912 recorded in accumulated other comprehensive loss.

NOTE 11 – OTHER EXPENSES

Other expenses are as follows:

	2016	2015
Advertising	**$ 89,423**	$ 70,499
Pennsylvania bank shares tax	**127,592**	97,000
Charitable contributions	**66,677**	27,122
Postage and courier	**54,271**	46,920
Stationary and printing	**92,362**	79,067
Telephone	**56,812**	57,148
Directors fees	**175,150**	120,300
Insurance	**52,254**	49,921
Miscellaneous	**202,543**	181,255
	$ 917,084	$ 729,232

NOTE 12 – FINANCIAL INSTRUMENTS WITH OFF-BALANCE-SHEET RISK

Some financial instruments, such as loan commitments, credit lines, letters of credit, and overdraft protection, are issued to meet customer financing needs. These are agreements to provide credit or to support the credit of others, as long as conditions established in the contract are met, and usually have expiration dates. Commitments may expire without being used. Off-balance-sheet risk to credit loss exists up to the face amount of these instruments, although material losses are not anticipated. The same credit policies are used to make such commitments as are used for loans, including obtaining collateral at exercise of the commitment.

The contractual amounts of financial instruments with off-balance-sheet risk at year end were as follows:

	2016 Fixed Rate	2016 Variable Rate	2015 Fixed Rate	2015 Variable Rate
Commitments to make loans	**$ 1,048,000**	**$ 5,575,000**	$ 1,141,000	$ 5,394,000
Unused lines of credit	**33,000**	**10,079,000**	323,000	9,882,000
Standby letters of credit	**346,000**	**-**	326,000	-

Commitments to make loans are generally made for periods of 60 days or less. The fixed rate loan commitments at December 31, 2016 have interest rates ranging from 3.00% to 6.25% and maturities ranging from ten years to thirty years. The fixed rate loan commitments at December 31, 2015 had interest rates ranging from 3.63% to 6.50% and maturities ranging from five years to thirty years.

NOTE 13 – CONCENTRATIONS, RISKS AND UNCERTAINTIES

The Bank primarily grants loans to customers in Clarion, Armstrong and Venango counties of Pennsylvania and maintains a diversified loan portfolio. The ability of its debtors to honor their contracts is not substantially dependent on any particular economic business sector.

The Bank has certain risks associated with deposit concentrations. The Bank had 52 accounts greater than $250,000 representing $26.6 million in deposits as of December 31, 2016 (21.4% of deposits as of December 31, 2016). As of December 31, 2015, the Bank had 42 accounts greater than $250,000 representing $24.7 million in deposits (22.3% of deposits as of December 31, 2015).

At December 31, 2016, approximately $6.6 million of the Bank's cash and cash equivalents was maintained at various financial institutions in amounts that exceeded the $250,000 limit on FDIC insured accounts. At December 31, 2015, approximately $2.1 million of the Bank's cash and cash equivalents was maintained at various financial institutions in amounts that exceeded the $250,000 limit on FDIC insured accounts.

The Bank is involved in various legal actions from normal business activities. Management believes that any liability arising from such actions will not have a material effect on the Bank’s financial position.

NOTE 14 – RELATED PARTIES

Certain executive officers, directors and principal shareholders of the Bank, and companies in which they have beneficial ownership, were indebted (including loans, available lines of credit, open letters of credit, and third party co-signors) to the Bank. Activity during 2016 was as follows:

Beginning balance	**$ 3,820,391**
New loans	**792,603**
Repayments	**(3,112,311)**
Ending balance	**$ 1,500,683**

There were two open letters of credit by related parties in 2016 totaling $5,000.

Deposits from principal officers, directors, and their affiliates at year-end 2016 and 2015 were $7.7 million and $6.5 million, respectively.

NOTE 15 – REGULATORY MATTERS

The Bank is subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory-and possible additional discretionary-actions by regulators that, if undertaken, could have a direct material effect on the Bank’s financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines that involve quantitative measures of the Bank’s assets, liabilities, and certain off-balance-sheet items as calculated under U.S.

NOTE 15 – REGULATORY MATTERS (continued)

GAAP, regulatory reporting requirements, and regulatory capital standards. The Bank's capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

Qualitative measures established by regulatory capital standards to ensure capital adequacy require the Bank to maintain minimum amounts and ratios of total and Tier 1 capital to risk-weighted assets, common equity Tier 1 capital to total risk-weighted assets, and of Tier 1 capital to average assets. Management believes, as of December 31, 2016, that the Bank meets all capital adequacy requirements to which it is subject.

As of December 31, 2016 and 2015, the Bank is categorized as well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized the Bank must maintain minimum total risk-based capital, Tier 1 risk-based capital, common equity Tier 1 risk-based capital, and Tier 1 leverage ratios of at least 10 percent, 8 percent, 6.5 percent, and 5 percent, respectively.

Actual and required capital amounts and ratios are presented below at year end.

	Actual		For Capital Adequacy Puposes		To be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
			(Dollars in thousands)			
As of December 31, 2016:						
Total capital (to risk-weighted assets)	**$ 16,275**	**12.52%**	**$ 10,398**	**8.0%**	**$ 12,998**	**10.0%**
Tier 1 capital (to risk-weighted assets)	**15,180**	**11.68%**	**7,799**	**6.0%**	**10,398**	**8.0%**
Common equity Tier 1 capital (to risk-weighted assets)	**15,180**	**11.68%**	**5,849**	**4.5%**	**8,448**	**6.5%**
Tier 1 capital (to average assest)	**15,180**	**10.50%**	**5,783**	**4.0%**	**7,229**	**5.0%**
As of December 31, 2015:						
Total capital (to risk-weighted assets)	$ 15,696	13.92%	$ 9,018	8.0%	$ 11,272	10.0%
Tier 1 capital (to risk-weighted assets)	14,684	13.03%	6,763	6.0%	9,018	8.0%
Common equity Tier 1 capital (to risk-weighted assets)	14,684	13.03%	5,073	4.5%	7,327	6.5%
Tier 1 capital (to average assest)	14,684	11.05%	5,315	4.0%	6,643	5.0%

Banking regulations limit the amount of dividends that may be paid without prior approval of regulatory agencies. Under these regulations, the amount of dividends that may be paid in any calendar year is limited to the current year's net profits, combined with the retained net profits of the preceding two years, subject to the capital requirements described above. Under Pennsylvania law the Bank is only permitted to pay cash dividends out of retained earnings. During 2017, the Bank could, without prior approval, declare dividends of approximately $1,100,655 plus any 2017 net profits retained to the date of the dividend declaration.

NOTE 16 – STOCK OPTIONS

The Bank had a stock option program which authorized granting stock options to Bank directors and employees for up to 384,410 shares of common stock. Stock options granted under the program had a ten year expiration period. Under the program, the original exercise price was $10.75 per share. After giving effect to the 10% stock dividends declared in 2005, 2006 and 2007, and the 5% stock dividend of 2010, the weighted average exercise price of all options at January 1, 2016 was $9.30 per share. Options constituted both incentive and non-qualified stock options. The term of the Plan was in effect for ten years following the adoption date of December 4, 2003. Unissued shares existing in the Plan at December 4, 2013 may no longer be issued.

A summary of the Bank's stock option plan is presented below:

	December 31, 2016		December 31, 2015	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding at beginning of year	**6,358**	**$ 9.30**	13,365	$ 9.26
Forfeiture of stock options	**(6,358)**	**$ 9.30**	(7,007)	$ 9.22
Granted	**-**	**$ -**	-	$ -
Forfeitures	**-**	**$ -**	-	$ -
Exercised	**-**	**$ -**	-	$ -
Outstanding at end of year	**-**	**$ -**	6,358	$ 9.30
Exercisable at end of year	**-**	**$ -**	6,358	$ 9.30

There was no aggregate intrinsic value for outstanding or exercisable options at December 31, 2016. There are no options outstanding at December 31, 2016. The options outstanding at December 31, 2015 had a weighted average remaining life of 0.97 years. There were no option exercises in 2016 or 2015. All expenses associated with the accounting for stock options were recognized as of December 31, 2006.

NOTE 17 – FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

> Level 1 – Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

NOTE 17 – FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Level 2 – Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 – Significant unobservable inputs that reflect a bank's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

The Bank used the following methods and significant assumptions to estimate the fair value of each type of financial instrument:

Investment Securities: The fair values for investment securities are determined by quoted market prices, if available (Level 1). For securities where quoted prices are not available, fair values are calculated based on market prices of similar securities (Level 2). For securities where quoted prices or market prices of similar securities are not available, fair values are calculated using discounted cash flows or other market indicators (Level 3).

Impaired Loans: The fair value of impaired loans with specific allocations of the allowance for loan losses is generally based on recent real estate appraisals. These appraisals may utilize a single valuation approach or a combination of approaches including comparable sales and the income approach. Adjustments are routinely made in the appraisal process by the independent appraisers to adjust for differences between the comparable sales and income data available for similar loans and collateral underlying such loans. Such adjustments are usually significant and typically result in a Level 3 classification of the inputs for determining fair value. Non-real estate collateral may be valued using an appraisal, net book value per the borrower's financial statements, or aging reports, adjusted or discounted based on management's historical knowledge, changes in market conditions from the time of the valuation, and management's expertise and knowledge of the client and client's business, resulting in a Level 3 fair value classification. Impaired loans are evaluated on a quarterly basis for additional impairment and adjusted accordingly.

Other Real Estate Owned: Assets acquired through or instead of loan foreclosure are initially recorded at fair value less costs to sell when acquired, establishing a new cost basis. These assets are subsequently accounted for at lower of cost or fair value less estimated costs to sell. Fair value is commonly based on recent real estate appraisals which are updated no less frequently than annually. These appraisals may utilize a single valuation approach or a combination of approaches including comparable sales and the income approach. Adjustments are routinely made in the appraisal process by the independent appraisers to adjust for differences between the comparable sales and income data available. Such adjustments are usually significant and typically result in a Level 3 classification of the inputs for determining fair value. Real estate owned properties are evaluated on a quarterly basis for additional impairment and adjusted accordingly.

Appraisals for both collateral-dependent impaired loans and real estate owned are performed by certified general appraisers (for commercial properties) or certified residential appraisers (for residential properties) whose qualifications and licenses have been reviewed and verified by the Bank. Once received, the Appraisal Review Officer reviews the assumptions and approaches utilized.

NOTE 17 – FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Assets and liabilities measured at fair value on a recurring basis are summarized below:

Description	**December 31, 2016 Carrying Value**	**(Level 1) Quoted Prices in Active Markets for Identical Assets**	**(Level 2) Significant Other Observable Inputs**	**(Level 3) Significant Unobservable Inputs**
US government sponsored entities and agencies	**$ 2,450,732**	**$ 2,450,732**	**$ -**	**$ -**
State and municipal bonds-tax-free	**7,681,544**	**-**	**7,681,544**	**-**
Residential mortgage-backed securities	**4,863,659**	**-**	**4,863,659**	**-**
Total investment securities available-for-sale	**$ 14,995,935**	**$ 2,450,732**	**$ 12,545,203**	**$ -**

Description	December 31, 2015 Carrying Value	(Level 1) Quoted Prices in Active Markets for Identical Assets	(Level 2) Significant Other Observable Inputs	(Level 3) Significant Unobservable Inputs
US government sponsored entities and agencies	$ 3,640,528	$ 3,640,528	$ -	$ -
State and municipal bonds-tax-free	7,920,957	-	7,920,957	-
Residential mortgage-backed securities	3,712,292	-	3,712,292	-
Total investment securities available-for-sale	$ 15,273,777	$ 3,640,528	$ 11,633,249	$ -

NOTE 17 – FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Assets measured at fair value on a nonrecurring basis are summarized below:

Description	December 31, 2016 Carrying Value	(Level 1) Quoted Prices in Active Markets for Identical Assets	(Level 2) Significant Other Observable Inputs	(Level 3) Significant Unobservable Inputs
Impaired loans:				
Commercial real estate	**$ 880,540**	**$ -**	**$ -**	**$ 880,540**
Other real estate owned	**$ 26,300**	**$ -**	**$ -**	**$ 26,300**

Description	December 31, 2015 Carrying Value	(Level 1) Quoted Prices in Active Markets for Identical Assets	(Level 2) Significant Other Observable Inputs	(Level 3) Significant Unobservable Inputs
Impaired loans:				
Commercial real estate	$ 396,717	$ -	$ -	$ 396,717
Other real estate owned	$ 300,000	$ -	$ -	$ 300,000

Impaired loans, which are measured for impairment using the fair value of the collateral for collateral dependent loans, had a recorded investment of $1,281,583, with a valuation allowance of $401,043 at December 31, 2016. At December 31, 2015, impaired loans had a carrying amount of $493,516, with a valuation allowance of $96,799.

At December 31, 2016, other real estate owned had a carrying amount of $26,300 after writedowns of $69,514 in 2016. At December 31, 2015, other real estate owned had a carrying amount of $300,000 after writedowns of $177,247 in 2015.

NOTE 17 – FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

The following table presents quantitative information about level 3 fair value measurements for financial instruments measured at fair value on a non-recurring basis at December 31, 2016 and 2015:

2016

	Fair Value	Valuation Techniques	Unobservable Inputs	Weighted Average
Impaired loans	$ 880,540	Sales comparison approach	Adjustment for differences between comparable sales	40%
Other real estate owned	$ 26,300	Appraisals	Adjustment for differences between comparable sales	62%

2015

	Fair Value	Valuation Techniques	Unobservable Inputs	Weighted Average
Impaired loans	$ 396,717	Sales comparison approach	Adjustment for differences between comparable sales	20%
Other real estate owned	$ 300,000	Appraisals	Adjustment for differences between comparable sales	32%

The carrying amount and fair values of financial instruments for December 31, 2016 were as follows:

	2016 Carrying Amount	2016 Fair Value	Level 1	Level 2	Level 3
Financial assets:					
Cash and cash equivalents	$ 7,984,928	$ 7,984,928	$ 7,984,928	$ -	$ -
Certificates of deposit	100,000	99,480	-	-	99,480
Securities available for sale	14,995,935	14,995,935	2,450,732	12,545,203	-
Restricted bank stock	850,900	N/A	N/A	-	-
Loans receivable, net	114,995,838	114,832,838	-	-	114,832,838
Bank owned life insurance	1,546,904	1,546,904	1,546,904	-	-
Accrued interest receivable	353,418	353,418	353,418	-	-
Financial liabilities:					
Deposits	124,476,492	124,575,532	58,749,512	-	65,826,020
FHLB advances	4,000,000	4,004,000	-	-	4,004,000
Accrued interest payable	84,942	84,942	84,942	-	-

NOTE 17 – FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

The carrying amount and fair values of financial instruments for December 31, 2015 were as follows:

	Carrying Amount	2015 Fair Value	Level 1	Level 2	Level 3
Financial assets:					
Cash and cash equivalents	$ 3,305,143	$ 3,305,143	$ 3,305,143	$ -	$ -
Certificates of deposit	100,000	99,870	-	-	99,870
Securities available for sale	15,273,777	15,273,777	3,640,528	11,633,249	-
Restricted bank stock	791,200	N/A	N/A	-	-
Loans receivable, net	106,669,936	107,766,532	-	-	107,766,532
Bank owned life insurance	1,510,182	1,510,182	1,510,182	-	-
Accrued interest receivable	353,792	353,792	353,792	-	-
Financial liabilities:					
Deposits	110,486,618	110,313,489	59,168,888	-	51,144,601
FHLB advances	5,000,000	5,013,000	-	-	5,013,000
Accrued interest payable	52,517	52,517	52,517	-	-

The methods and assumptions, not previously presented, used to estimate fair value are described as follows:

Carrying amount is the fair value for cash and cash equivalents, bank owned life insurance, accrued interest receivable and payable, demand deposits, and variable rate loans or deposits that reprice frequently and fully. For certificates of deposit, FHLB advances, fixed rate loans or deposits and for variable rate loans or deposits with infrequent repricing or repricing limits, fair value is based on discounted cash flows using current market rates applied to the estimated life and credit risk. It was not practicable to determine the fair value of restricted bank stock due to restrictions placed on its transferability. The fair value of off-balance-sheet items is not considered material.

NOTE 18 – EARNINGS PER COMMON SHARE

The factors used in the earnings per common share computation follows:

	2016	2015
Basic		
Net income	**$ 661,970**	$ 771,818
Weighted average common shares outstanding	**1,665,667**	1,665,667
Basic earnings per common share	**$ 0.40**	$ 0.46
Diluted		
Net income	**$ 661,970**	$ 771,818
Weighted average common shares outstanding for basic earnings per common share	**1,665,667**	1,665,667
Add: Dilutive effects of assumed exercises of stock options	**-**	-
Average shares and dilutive potential common shares	**1,665,667**	1,665,667
Dilutive earnings per common share	**$ 0.40**	$ 0.46

Stock options for 6,358 shares of common stock were not considered in computing diluted earnings per common share for 2015 because they were antidilutive.

NOTE 19 – ACCUMULATED OTHER COMPREHENSIVE LOSS

The following is changes in accumulated other comprehensive loss by component, net of tax, for the years ending December 31, 2016 and 2015:

	Unrealized Gains and Losses on Available-for-Sale Securities	Prior Service Cost on Supplemental Retirement Plan	Total
December 31, 2016			
Beginning balance	**$ (7,198)**	**$ (59,664)**	**$ (66,862)**
Other comprehensive loss before reclassification	**(186,496)**	**-**	**(186,496)**
Amounts reclassified from accumulated other comprehensive income (loss)	**(2,550)**	**4,752**	**2,202**
Net current period other comprehensive income (loss)	**(189,046)**	**4,752**	**(184,294)**
Ending balance	**$ (196,244)**	**$ (54,912)**	**$ (251,156)**

	Unrealized Gains and Losses on Available-for-Sale Securities	Prior Service Cost on Supplemental Retirement Plan	Total
December 31, 2015			
Beginning balance	$ (26,349)	$ (64,416)	$ (90,765)
Other comprehensive income before reclassification	14,731	-	14,731
Amounts reclassified from accumulated other comprehensive income	4,420	4,752	9,172
Net current period other comprehensive income	19,151	4,752	23,903
Ending balance	$ (7,198)	$ (59,664)	$ (66,862)

The following table presents current period reclassifications out of accumulated other comprehensive loss and its impact on net income for the years ended December 31, 2016 and 2015:

	December 31, 2016	December 31, 2015
Net gain (loss) on securities available for sale	**$ 3,864**	$ (6,697)
Income tax (expense) benefit	**(1,314)**	2,277
Reclassified amount, net of tax	**$ 2,550**	$ (4,420)
Prior service cost on supplemental retirement plan (recorded in salaries and employee benefits)	**$ (7,200)**	$ (7,200)
Income tax benefit	**2,448**	2,448
Reclassified amount, net of tax	**$ (4,752)**	$ (4,752)

SHAREHOLDER INFORMATION

Headquarters – Clarion
333 W. Main Street
Clarion, PA 16214
Telephone (814) 226-6000
Fax (814) 226-4882

New Bethlehem Office
308 Broad Street
New Bethlehem, PA 16242
Telephone (814) 275-1806
Fax (814) 275-1050

Rimersburg Office
592 Main Street
Rimersburg, PA 16248
Telephone (814) 473-3000
Fax (814) 473-3500

Franklin Loan Production Office
1281 Otter Street
Franklin, PA 16323
Telephone (814) 437-1000

website: www.clarionbank.com

Stock Listing

Clarion County Community Bank's Common Stock is traded on the over-the counter market under the symbol "CCYY".

Auditors

S.R. Snodgrass P.C.
2009 Mackenzie Way
Suite 340
Cranberry Township, PA 16066

Counsel

Stevens & Lee
A Professional Corporation
111 North Sixth Street
Reading, PA 19601

Board of Directors

William E. Hager, III, Chairman – Attorney in private practice

J. Todd Bish - Licensed chiropractor owning and operating Bish Chiropractic Center

Susanne A. Burns - Pennsylvania-certified real estate appraiser for Burns & Burns Associates, Inc. and licensed real estate broker

J. Fred Cherico - President and Chief Operating Officer of Computer Support Associates, a designer and manager of computer networks

Rodney R. Flick - President of C.B.F. Contracting, Inc., a commercial and industrial construction company

H. Jerome Heffner - President of Heffner Brothers Co. and a partner in Heffner Brothers Partnership, gasoline and fuel oil distributors

Stephen J. Jaworski – Dentist in private practice

James L. Kifer - President, Chief Executive Officer and Chief Financial Officer of the Bank

Don D. Lewis - Chief Executive Officer of Structural Modulars, Inc., a manufacturer of residential and commercial modular structures

Mark V. Neiswonger – Retired insurance agent and past owner and operator of the Neiswonger Insurance Agency Inc.

Thomas B. Ray - President of Thomas G. Ray, Inc. and Avonelle, Inc., companies engaged in the supermarket business

Richard A. Shirey - Owner of Shirey Farms dairy farm and ECM Exploration, a natural gas production company

Executive Officers

James L. Kifer

President, Chief Executive Officer and Chief Financial Officer

Michael Fornof

Executive Vice President and Chief Credit Officer

Registrar and Transfer Agent

Shareholders who wish to change the name, address or ownership of stock, report lost stock certificates, or consolidate stock accounts should contact:

Philadelphia Stock Transfer, Inc.
2320 Haverford Road
Suite 230
Ardmore, Pennsylvania 19003
Telephone (866)-223-0448

Annual Meeting

The Annual Meeting of Shareholders of the Bank will be held on Wednesday, May 24, 2017, at 10:00 a.m. at the offices of Structural Modulars, Inc., 110 Southern Avenue, Strattanville, Pennsylvania.

(THIS PAGE LEFT INTENTIONALLY BLANK)

CLARION COUNTY
COMMUNITY BANK

Corporate Office: 333 W. Main Street, Clarion, Pennsylvania 16214 - (814) 226-6000
New Bethlehem Office: 308 Broad Street, New Bethlehem, Pennsylvania 16242 - (814) 275-1806
Rimersburg Office: 592 Main Street, Rimersburg, Pennsylvania 16248 – (814) 473-3000
Franklin Office: 1281 Otter Street, Franklin, Pennsylvania 16323 – (814) 437-1000