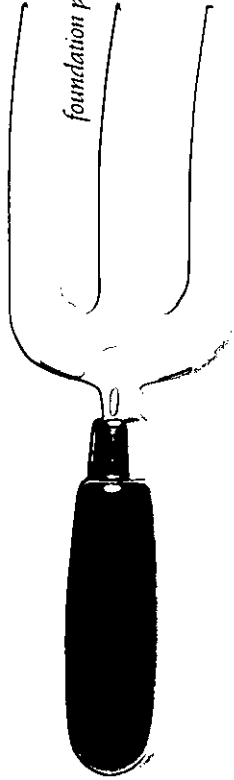
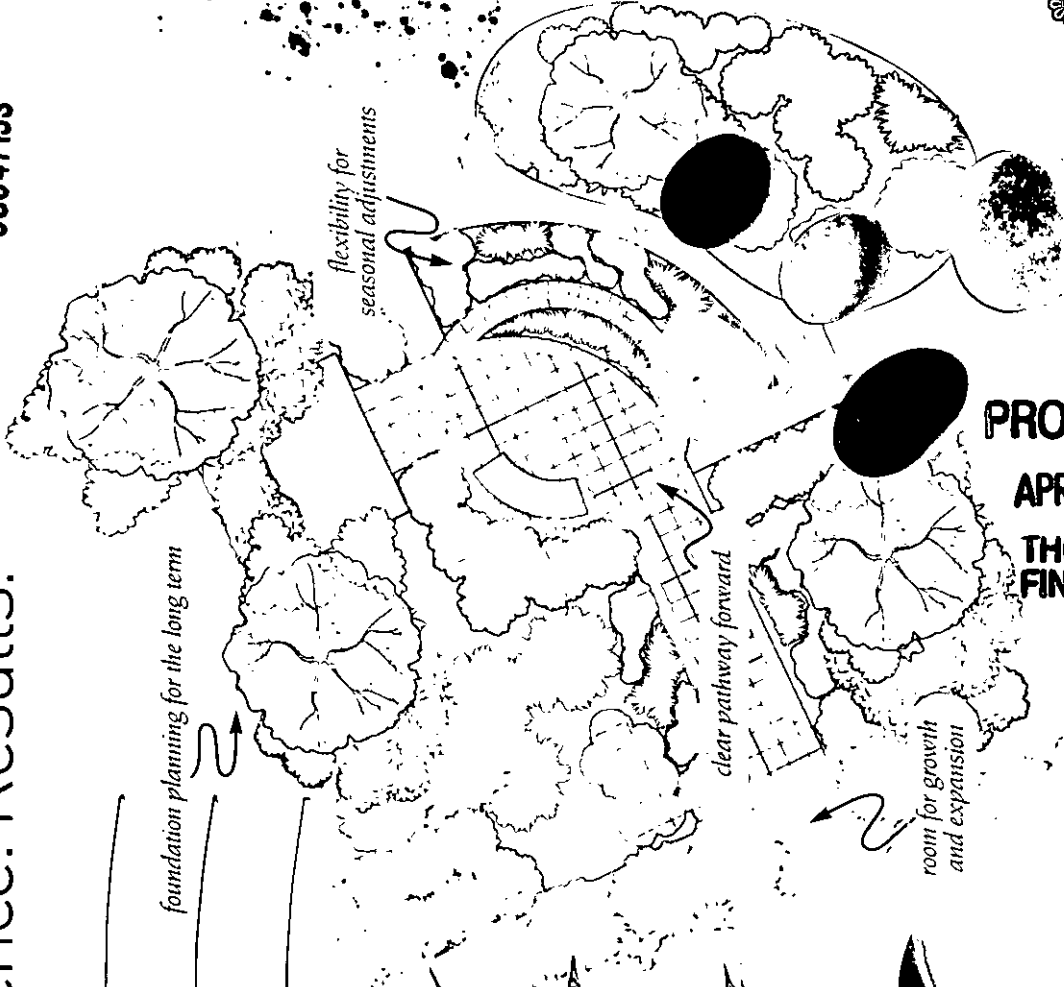


Planning. Persistence. Results.



foundation planning for the long term



flexibility for seasonal adjustments

clear pathway forward

room for growth and expansion



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Commonwealth
National Bank



2007 Annual Report
CNB Financial Corp.

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FINANCIAL

Patience + Determination = New Growth



Dear Shareholders,

For banks everywhere, 2007 was a season of steep challenges and limited opportunities. CNB's approach, as it has always been, was to squarely face the rigors of the season with resolve and perseverance—making the most of our resources and prudently preparing for whatever the future may hold.

The changing interest rate and economic environment over the course of 2007 demanded from us a strong focus on managing our net interest margin, tight control of operating expenses, and efforts to maximize the value of last year's infrastructure investments. Business development efforts contributed to a healthy loan portfolio growth in 2007, setting the stage for long-term financial success.

During a difficult year, CNB recorded 3% growth in total assets, reaching \$289.5 million as of December 31, 2007. At the same time, we continued our support of the local economy and set the stage for long-term success by growing our loan portfolio by 8% to reach \$217.3 million as of December 31, 2007.

Net interest income during 2007 was approximately equal to that of 2006 and was driven by 8% year-over-year growth in average earning assets, offset by a 24-basis-point reduction in net interest margin. This contraction was due to the year's flat-to-inverted yield curve and competitive deposit pricing conditions, which caused a higher (by 52 basis points) average cost of funds. The yield on average earning assets increased by 22 basis points from year to year. Operating expenses increased by 7% to \$8,178,000, compared with \$7,622,000 in 2006, reflecting the additional costs of the two branches and operations center opened in late 2006.

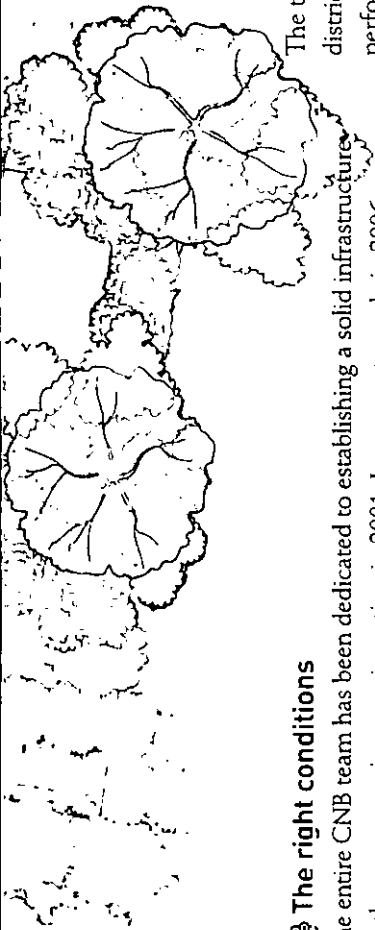
The combined impact of the challenging 2007 interest rate environment, economic conditions, and the cost of infrastructure improvements for the future growth of the company caused net income to equal \$397,000 for 2007, compared with \$636,000 for 2006.

As we enter 2008, the interest rate environment is changing, and we feel we have positioned the company's balance sheet to benefit from the changed environment through improved performance in the net interest margin.

Shareholders' equity increased to \$21.1 million, a \$1.0 million increase from a year ago. As of December 31, 2007, we continue to be "well-capitalized" under all regulatory categories. Book value per common share as of December 31, 2007, equaled \$9.26, compared with \$8.83 as of December 31, 2006.

The results of community efforts

In June, an Advisory Board comprising of more than 50 prominent business leaders from Central Massachusetts was formed to help CNB evolve our networking and expand our market outreach. To date, dozens of referrals from Advisory Board members have generated more than \$1.1 million in potential new deposits and \$8.25 million in new loan prospects. In September, we welcomed James W. Segel (Special Counsel to the Chairman, House Financial Services Committee, United States Congress) to our second Advisory Board reception, where he spoke about the challenges affecting the current banking climate and industry—particularly the mortgage crisis. Having worked in both the private and public sectors as well as in public finance, law, and taxation, Attorney Segel provided valuable insight and commentary.



The right conditions

The entire CNB team has been dedicated to establishing a solid infrastructure for the company since our inception in 2001. Investments made in 2006, including two new branch openings, new commercial products, and an expansion of our Operations Center, have given us the resources we'll use moving forward to intelligently grow our business.

The foundations that made us Worcester County's fastest-growing bank will continue to serve our needs in the near term, allowing us to focus appropriately on increasing our market share, ensuring that we can support our business while facing whatever 2008 holds in store for us.

Seeding the soil

As always, Commonwealth National Bank is committed to being an integral part of the communities we serve. We view our investments of time and funds into worthwhile enterprises as being one aspect of our commitment to the community.

Educating young people about the importance of saving money was continual during our third annual *Savings Makes Cents* program with the Northbridge elementary school system. This program highlights early savings lessons for the children at both the elementary and middle school grade levels. We also hosted an educational event with the Southeast Asian Coalition of Worcester, in an effort to help bridge the cultural and social gaps between American banking practices and those of other countries.

This year, CNB assisted The Hanover Theatre for the Performing Arts through its final stages of financing that led to a March 2008 grand opening. The 2,300-seat Federal Square theatre is now ready to host large-scale Broadway shows, concerts, music recitals, dance, comedy acts, and other special events.

The theatre is expected to help the economic revitalization of the downtown district by bringing new patrons into the area for shopping, dining, and the performing arts. Massachusetts Lieutenant Governor and former Worcester Mayor Timothy P. Murray has called the theatre "a jewel for our downtown and a cultural beacon for the entire region."

Learn to labor and wait

As we look ahead to 2008, we remain very active—working to ideally position CNB for continued reliable performance and responsible growth.

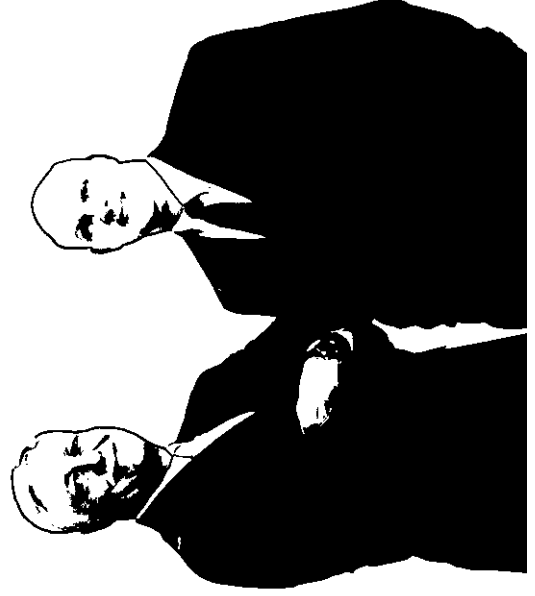
The customers and organizations featured in this year's Annual Report exemplify the values of patience and hard work. These are principles we share with the people we are fortunate to call our customers, employees, colleagues, shareholders, and neighbors.

And for that, we once again offer our thanks and appreciation.

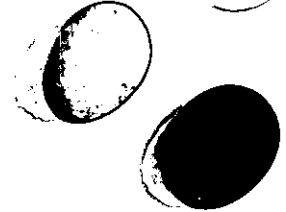
Sincerely,

Charles R. Valade, President/CEO

Cary J. Corkin, Chairman



Preparation

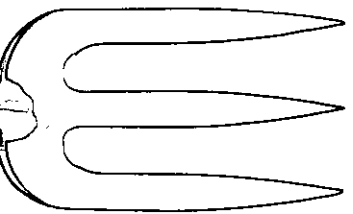


One of the most rewarding activities Commonwealth National Bank undertakes is helping new and growing businesses find the banking assistance they need to grow and thrive.

The year 2007 saw a fresh new crop of businesses and charitable organizations that demonstrated a shared sense of hope and determination, along with the willingness to work hard to achieve their goals.

Within our own organization, our two newest branches—West Boylston and Grafton Street—spent the year securing a trusted position and welcoming new retail businesses in their respective neighborhoods. With both branches now well established, we are looking forward to the expansion of their customer base in 2008.

CNB now operates a total of six branches, composing an efficient, well-defined footprint that works to our advantage as we face the coming economic environment.



Reed & Prince

Reed & Prince is an innovator in the design and manufacture of precision cold-formed parts such as fasteners, screws, and small-diameter nails and pins. The company was even featured in the January 2008 issue of *Today's Machining World*, its industry's top trade journal.

With a growing book of business, Reed & Prince was looking to expand its customer base, by capitalizing on new opportunities—both within and beyond its traditional automotive business. To successfully accomplish its goals, the company needed to have the right support system in place, which required a bank that understood the realities of the business.

Fortunately, CNB's new VP/Commercial Loan Officer, Dave Harmon, understood the potential within Reed & Prince. He worked with the company's owner, Jim Richardson, to put together a suitable package of refinancing, including term debt and a line of credit. This flexibility and responsiveness is enabling the company to realize its vision and aggressively foster a growing reputation for innovation and excellence.



Envisioning the results—and getting to work.
Successful execution of an ambitious plan demands that you have the tools you need at critical growth stages. VP/Commercial Loan Officer Dave Harmon (left) understood that Reed & Prince's Jim Richardson (right) needed a partner who believed in the company in order to grow.

Nurture

The new business and marketing teams at Commonwealth National Bank have spent the past six years in persistently maintaining one of the most impressive growth records for any *de novo* bank of our kind.

In 2007, we were very excited and pleased to augment these efforts with the establishment of a new Advisory Board composed of more than 50 prominent business and community leaders from our service area.

These new (and familiar) faces are serving as a powerful force in CNB's expansion to serve even greater numbers of customers—and helps us discover better ways of serving our existing customers.

The Advisory Board's experience and insights have already provided measurable results, with nearly \$10 million in new prospects identified in 2007 alone. We hope to continue expansion of these efforts in 2008.



 **Current Advisory Board**

Paula A. Aiello	Dr. Todd W. Hunter	Gregg C. Parker
Debra Aversa	Donald R. Irving	Jayesh Patel
Ramsay M. Barrett	Gerald A. Kashuk	Melvin J. Pelletz
Clealand B. Blair, Jr.	J. Joseph Kelly	Clarence Plant
Peter L. Bryan	W. Robert Knapik, Esq.	Beth Proko
Henry J. Camosse, Jr.	Faith M. Lane, Esq.	Edward K. Renaud, Jr.
Linda Cavaioli	Susan Lawrence	Ashby A. Richardson III
Robert E. Chase	Thuha Le	James W. Richardson
Louis M. Ciavarra	Robert W. Lewis	Richard Ricker, Esq.
William W. Cotting, Jr., Esq.	Robert E. Longden, Jr., Esq.	Richard Ringgard
Michael R. Covino	Edward P. Madaus	Stephen H. Roney
Stephen E. Dalton	Thomas McLearn	Dr. Stanley A. Shustak
Roger A. Dauphinais	Richard W. Mercier	Troy Siebels
Walter Derossier III	Satya B. Mitra, PhD	Richard G. Siltan
Richard P. Dixon	Michael B. Murray, Esq.	William J. Spellane
Marty Green	Francis J. O'Connor, Jr.	Thomas J. Sullivan
James J. Herlihy III	Michael F. O'Rourke	Thomas Wickstrom
David W. Hillis	Sotir Papalilo	Francis P. Zarette

Growth and Support

Our core group of dedicated and professional bankers continues to thrive. David Harmon joined CNB as VP/Commercial Loan Officer, bringing with him a wealth of experience in the Central Massachusetts region. His energy and sustained efforts are a welcome addition to our lending team.

Any organization's ability to grow is greatly influenced by not only the commitment of its employees, but also its infrastructure.

In 2006, we expanded our Operations Center in order to prepare for the future. In 2007, we are happy to report that the expanded and enhanced Operations Center has helped us improve efficiency in supporting our expanding customer base, in terms of both processing volume and growing sophistication of banking services.

In 2007, Remote Deposit Capture was introduced as a service alternative to in-branch banking. This service allows our commercial customers to electronically transmit deposits into their accounts from their own headquarters. It has been well received by our internal customer base and allows CNB to greatly expand our geographical territory.

G&F Industries, Inc.

G&F Industries, a leading local manufacturer of precision plastics and a CNB customer since 2005, was interested in expanding its capabilities to enter the emerging field of silicon liquid injection molding. In July of last year, the company's owner, John G. Argitis, learned of an acquisition opportunity during an industry exposition.

While the potential deal offered attractive terms, there was also a sense of urgency on the part of the sellers. They wanted to complete the multimillion-dollar sale of UPCOA, their Peabody facility, before Labor Day—a window of less than 60 days.

G&F CFO Gary DeGroat knew that the size of the transaction might be larger than one CNB would normally handle, but he called his loan officer, Carl Bindoo, to see what might be possible. CNB's ability to make fast decisions—and the flexibility to pull in additional resources when required—enabled G&F to confidently proceed with negotiations and close the deal. The financing was turned around in just over a month.

"All the stars aligned," recalled Mr. DeGroat. "CNB made sure the appraisers who were involved really understood the business and the equipment. CNB enabled us to capitalize on a very tight window of opportunity. Everyone put in extra effort to achieve a common goal. It's great to have such a resourceful bank on your side—not only in situations like this one, but as a regular partner in the course of doing business."



Providing the right resources—at just the right time. Steady growth means getting what you need to thrive. And getting it exactly when you need it. VP/Commercial Loan Officer Carl Bindoo (left) saw to it that G&F Industries, Inc. had the capital it needed to realize owner John Argitis's vision of expanding the company by acquisition.



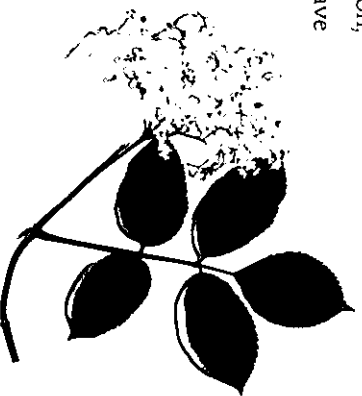
Bending with the Seasons

Although the interest rate environment in 2007 was not ideal for aggressive growth, the good news is that CNB was prepared for it. We remain in a good position to make the best of today's market realities as well.

By establishing our Commonwealth Choice Account in 2007, we positioned ourselves to expand our service offerings to existing customers. This is a sample of the kind of strategy that allows us to retain our existing customers while attracting new relationships.

The mortgage crisis that affected so many U.S. banks, investment banks, and mortgage companies last year has thankfully had no direct impact on our business, as CNB has never participated in sub-prime mortgage lending.

The year 2007 saw the transitions for some longtime friends, as two members of our Board of Directors, Richard Noonan and Robert Ansin, retired. Also this past year, we elected to engage new legal and auditing assistance to better meet our evolving needs. Our new law firm is Muldoon, Murphy & Aguggia LLP, and we have engaged Wolf & Company, P.C., as our audit firm.



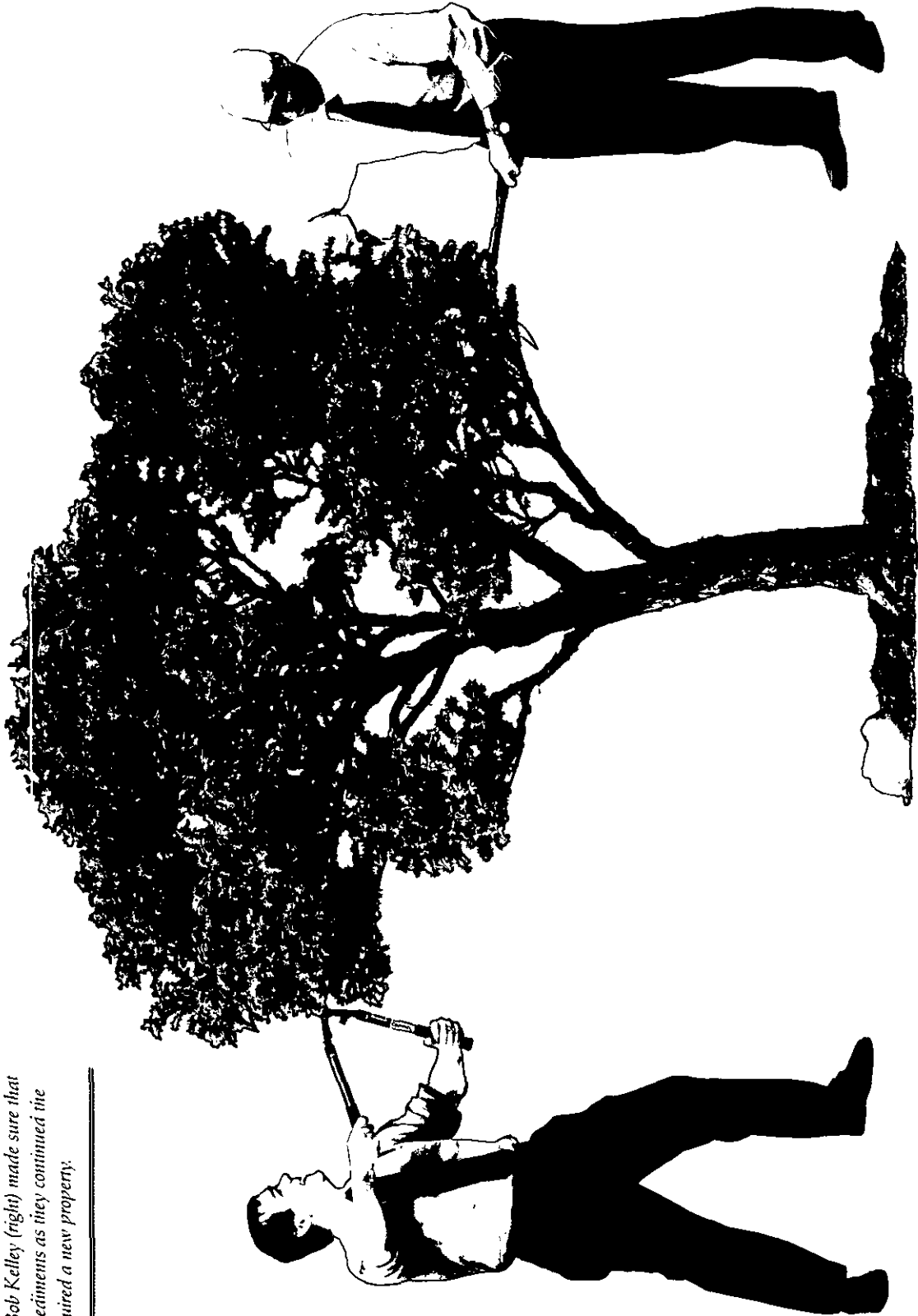
Dismas House

Nationally recognized as one of the most successful programs of its kind, Dismas House helps former prisoners with the daunting work of reintegrating with the community and returning to society. Dismas House operates three programs, the Almost Home program, Dismas House, and the Father Brooks House, where a combination of family-style environment and evidence-based methods result in success for former prisoners, with a roughly 75%-85% success rate in keeping its participants from reoffending, according to parole board statistics.

In 2007, Co-Executive Directors David McMahon and Colleen Hilferty came to CNB for assistance in order to further help the residents of Dismas House upon their graduation. CNB signed on and became an important lead partner in the founding of the brand-new Father John Brooks House.

Father John Brooks House, named for the President Emeritus of the College of the Holy Cross, now houses successful graduates of Dismas programs and their families. At Brooks House, residents enjoy their own living space while remaining connected to vital services such as counseling and job coaching to continue their new crime-free lifestyle. The benefits of Brooks House, and the CNB investment, are tangible for not only the residents, but also the neighbors, as Dismas has committed to rebuild a vandalized park, tend a Little League field, and keep their new Grafton Hill neighborhood clean.

Keeping everything aligned—as hard work bears fruit.
Dismas House Co-Director, Dave McMahon (left) has dedicated a career to building one of the most respected programs of its kind. CNB's VP/Commercial Loans Bob Kelley (right) made sure that their efforts met no financial impediments as they continued the successful growth plans and acquired a new property.



Perseverance

At the six-year mark, the Commonwealth National Bank team has every reason to survey our record of accomplishment with deserved pride.

Our recognition as one of the fast-growing *de novo* banks gives strong testimony to the idea that our practical philosophy of banking has the potential to be successful across many business cycles.

As we look ahead to 2008, we see good cause for optimism, tempered with an unflinching look at macroeconomic realities. The year 2007 has proven that we have the right team, the right infrastructure, and the right approach to community banking.

We remain steadfast in our commitment to dedicating our full efforts, every day, on behalf of our customers, colleagues, and shareholders.

2007 Growth Rates

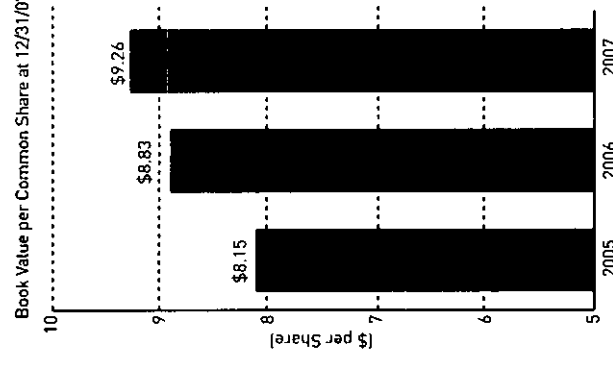
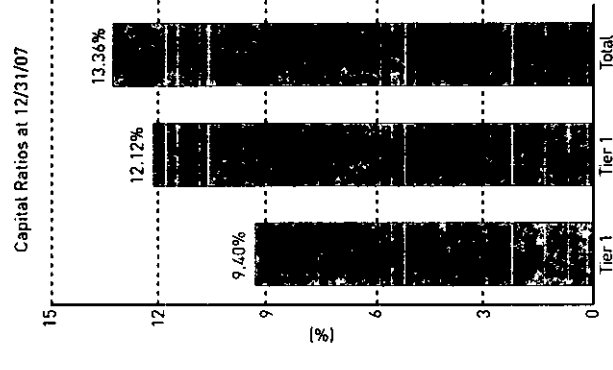
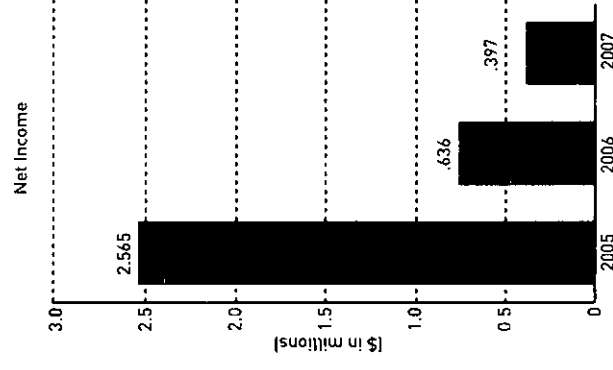
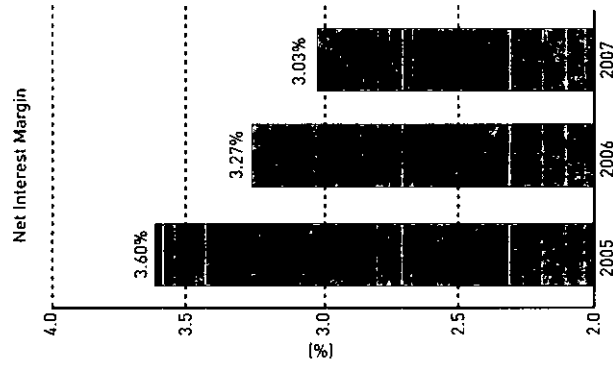
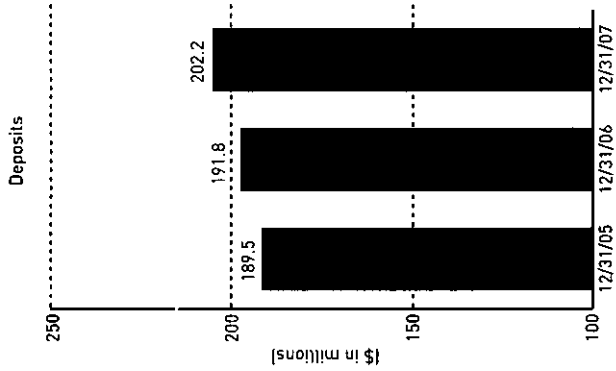
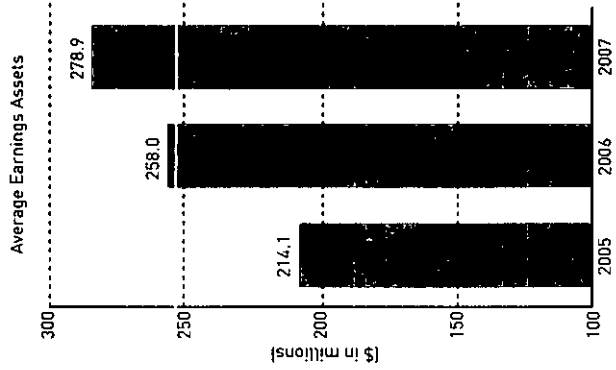
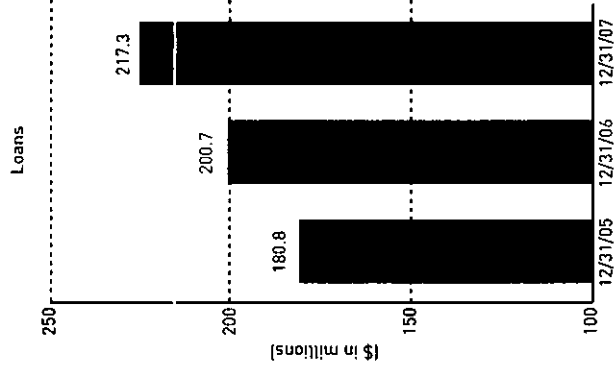
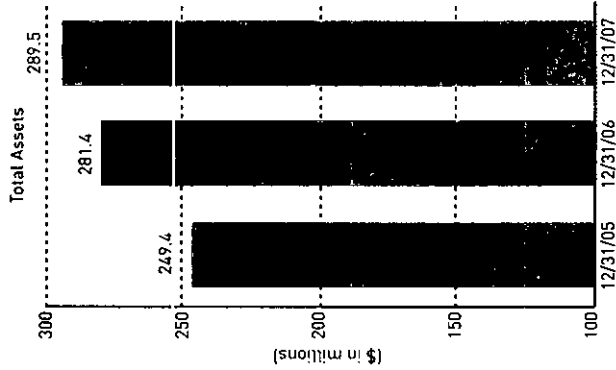
5%
deposits

3%
total
assets

8%
average
earnings
assets

8%
loans





Commonwealth National Bank's ability to grow and thrive would not be possible without the rain-or-shine efforts of the people we work with every day. From season to season, these dedicated individuals help us realize our most ambitious plans.

Board of Directors

- Gerald D. Cohen
- Cary J. Corkin, Chairman
- Lawrence J. Click
- Stephen J. Granger
- George L. Kaplan
- John P. Learing
- Harris L. MacNeill
- Ralph D. Marois
- Henry T. Michie
- Claire O'Connor
- Bryan T. Rich
- J. Robert Seder
- Charles R. Valade

Executive Officers

- Charles R. Valade, President & CEO
- William M. Mahoney, SVP & Chief Financial Officer
- Christine Trifari, SVP & Chief Credit Officer
- Andrea J. White, SVP & Chief Retail Officer

Commercial Loan Officers

- Carlisle Bindoo, Vice President
- Russell J. Dye, Vice President
- David A. Harmon, Vice President
- Robert J. Kelley, Vice President
- Patrick J. McKeon, Vice President

Cash Management Officer

- Mary T. Dean, Vice President

Consumer Loan Officer

- Patricia M. Harrington, Vice President

Operations Officers

- Pamela J. Cutler
- Lynnda L. Notaro

Branch Managers

- Karen M. Corcoran, Assistant Vice President (West Boylston)
- Cheryl A. Courtemanche, Branch Officer (Grafton Street)
- Maureen E. Halley, Branch Officer (Chadwick Square)
- Stacey A. Johnson, Assistant Vice President (Shrewsbury)
- Lori A. Kostwy, Vice President (Whitinsville)
- Kenneth Mudzingwa, Branch Officer (Waldo Street)
- Kathleen Trainor, Assistant Vice President (West Boylston)
- Jill L. Wardle, Vice President (Whitinsville)

Credit Officer

- Alla Demihovsky, Vice President

Controller

- Kimberly M. Anderson, Controller

Network Administrator

- Andrea M. Dupell, Vice President

Residential Mortgage Officer

- Mark E. LaMountain, Vice President

Stock Symbol

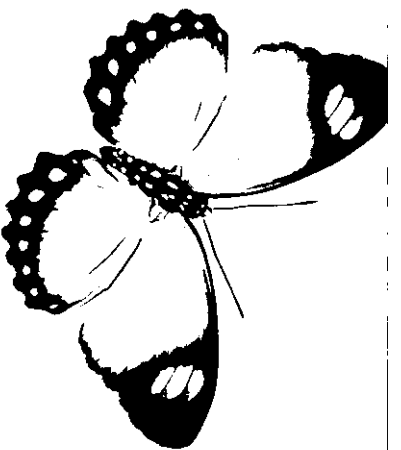
- CENA

Transfer Agent

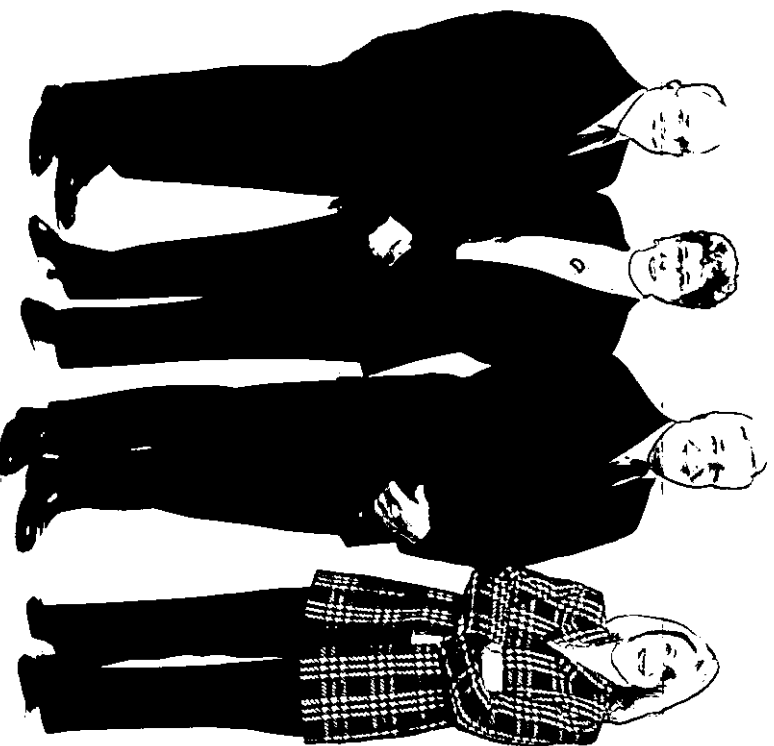
- American Stock Transfer and Trust Company
- Shareholder Services (800) 937-5449

Corporate Counsel

- Muldoon Murphy & Aguggia LLP
- 5101 Wisconsin Avenue, NW
- Washington, DC 20016



Senior management, from left to right: William M. Mahoney, SVP, Chief Financial Officer; Christine Trifari, SVP, Chief Credit Officer; Charles R. Valade, President/CEO; and Andrea J. White, SVP, Chief Retail Officer.



There are many worthwhile organizations throughout Central Massachusetts, and we take great pride in helping each achieve its vision. Here is a list of the groups we supported in 2007.

- | | | |
|---|---|---|
| Abby's House | Curtis, Inc., of Worcester | Shrewsbury Youth Football & Cheerleading |
| Alternatives Unlimited | Golden Tones | Southeast Asian Coalition of Central Massachusetts |
| American Cancer Society | Grafton Land Trust, Inc. | Spectrum Charitable Foundation |
| American Heart Association | Grand Lodge of MA, I.O.O.F. | Spirit of Shrewsbury |
| American Legion-Oliver Aston Post 343 | Hanover Theatre for Performing Arts | St. Ann's Church |
| Ancient Order of Hibernians, Division 36 | Harmony Club of Worcester | St. Louis School |
| Assumption School PTC | Holy Trinity Eastern Orthodox Nursing & Rehabilitation Center | St. Spyridon Greek Orthodox Cathedral |
| Auburn Youth and Family Services, Inc. | Immaculate Conception Parish | Tara Bean Foundation |
| Audio Journal | Jewish Community Center | United Way of Central Massachusetts |
| Blackstone Valley Chamber of Commerce | Jewish Healthcare Center | West Boylston 200 |
| Blackstone Valley Chamber of Commerce
Education Foundation, Inc. | Judy's Fund | West Boylston Arts Foundation |
| Boys & Girls Club of Worcester | Junior League of Worcester | West Boylston Elementary School Trust |
| Builders Association of Central Massachusetts | Kiwanis Foundation of Worcester, Inc. | West Boylston Historical Society |
| Central MA Housing Alliance | Lou Gehrig Baseball-Little League | West Boylston-Cub Scout Pack 151 |
| Centro Las Americas | Make-A-Wish Foundation | Whitin Community Center |
| Children's Friend | March of Dimes | Why Me & Sherry's House |
| Choose Worcester, Inc. | Massachusetts Bankers Association | Worcester African Cultural Festival |
| (c/o Greater Worcester Community Foundation) | Massachusetts Veterans, Inc. | Worcester Business Development Corp. |
| City of Worcester and YWCA of Central MA | Michael G. Lapomardo, Sr. Scholarship Program | Massachusetts Biomedical Initiatives |
| Building Bridges of Understanding | Michael P. Woll Memorial Golf Tournament | MA Academy of Math and Science |
| Clark University Hillel | Milford Care Centre (Ireland) | Worcester Columbus Day Parade |
| Clark University Small Business Development Center | Neighborhoods-HomeOwnership Center of Worcester | Worcester Community Action Council |
| Community Healthlink | Nelson Place PTO | Worcester County St. Patrick's Day Parade |
| Corridor Nine Area Chamber of Commerce | Newspapers in Education (Worcester Telegram & Gazette) | Worcester Hibernian Cultural Foundation/
Ancient Order of Hibernians |
| Dynamy | North Worcester Business Assoc. | Worcester's Hope Lodge |
| Easter Seals | Northbridge Public Schools | Worcester Latino Dollars for Scholarships |
| Easter Seals Connecticut, Inc. | Oak Hill Community Development Corp. | Worcester Local First |
| Ecotarium | Officer Phil-Child Safety Program | Worcester Regional Chamber of Commerce |
| Emerald Club of Worcester County | Preservation Worcester | Worcester Regional Research Bureau |
| Family Health Center | Quinsigamond Community College | Worcester SCORE, Chapter 173 |
| Fire Island Lighthouse Preservation Society | Rainbow Child Development Center | Worcester Youth Center |
| First Night Worcester 2008 | Rotary Club of Shrewsbury | YMCA of Central MA |
| Forest Grove Middle School | Salvation Army | Y.O.U., Inc. |
| Free the Blackstone-CanalFest 2007 | Shrewsbury Babe Ruth | Youthnet |
| Gardner Visiting Nursing Association Hospice Program | Shrewsbury Historical Society | YWCA of Central MA |

END

Worcester

33 Waldo Street
508-752-4800
1 West Boylston Street
508-595-0000
1393 Grafton Street
508-799-0211

Shrewsbury

564 Main Street
508-845-4240

West Boylston

26 West Boylston Street
508-835-1770

Whitinsville

701 Church Street
508-234-9913

1-866-BANK-CNB (226-5262)

commonwealthworcester.com

C N B F I N A N C I A L C O R P .



**Commonwealth
National Bank**

Savings from the use of this paper:
9.12 trees preserved for the future
26,33 lbs waterborne waste not created
3,874 gallons wastewater flow saved
429 lbs solid waste not generated
844 lbs net greenhouse gases prevented
6,460,000 BTUs energy not consumed

Savings from the use of wind-generated electricity:
439 lbs air emissions not generated

This annual report was printed on Carbon Neutral Strathmore Script paper, which is 30% post-consumer waste and FSC certified.



We think you'll see the difference.