

COMMERCIAL NATIONAL FINANCIAL CORP /PA
Form 10-Q
August 14, 2001

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D. C. 20549

FORM 10-Q

Quarterly Report Under Section 13 or 15(d) of the
Securities Exchange Act of 1934

For the Quarter ended JUNE 30, 2001

Commission file number 0-18676

COMMERCIAL NATIONAL FINANCIAL CORPORATION

(Exact name of registrant as specified in its charter)

PENNSYLVANIA
(State or other jurisdiction)

25-1623213
(I.R.S. Employer Identification No.)

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of incorporation or organization)

900 LIGONIER STREET LATROBE, PA
(Address of principal executive offices)

15650
(Zip Code)

Registrant's telephone number, including area code: (724) 539-3501

Indicate by checkmark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No []

Indicate the number of shares outstanding of each of the issuer's classes of common stock.

CLASS

OUTSTANDING AT JULY 31, 2001

Common Stock, \$2 Par Value 3,426,096 Shares

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COMMERCIAL NATIONAL FINANCIAL CORPORATION		
CONSOLIDATED BALANCE SHEETS		
	June 30	December 31
	2001	2000
ASSETS		
Cash and due from banks	\$ 8,649,365	\$ 9,532,528
Interest bearing deposits with other banks	16,962,099	284,136
Total cash and due from banks	25,611,464	9,816,664
Federal funds sold	9,475,000	-
Investment securities available for sale	90,781,984	104,703,464
Loans (all domestic)	206,773,303	207,956,789
Less allowance for loan losses	(2,500,250)	(2,736,712)
Net loans	204,273,053	205,220,077
Premises and equipment	5,887,444	6,027,137
Other assets	8,297,632	4,097,781
Total Assets	<u>\$344,326,577</u>	<u>\$329,865,123</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits (all domestic):		
Non-interest bearing	\$ 46,453,820	\$ 49,027,941
Interest bearing	215,946,052	217,583,429
Total deposits	262,399,872	266,611,370
Short-term borrowings	-	7,575,000
Other liabilities	2,386,905	2,541,836
Long-term borrowings	35,000,000	10,000,000
Total Liabilities	<u>299,786,777</u>	<u>286,728,206</u>
Shareholders' Equity:		
Common stock, par value \$2; 10,000,000 Shares authorized; 3,600,000 issued; 3,426,096 and 3,458,355 shares outstanding in 2001 and 2000	7,200,000	7,200,000
Retained earnings	38,596,635	37,438,970
Accumulated other comprehensive income - net of deferred taxes of \$962,605 in June 2001 and \$563,721 in December 2000	1,868,585	1,094,282

Treasury stock, 173,904 and 141,645 shares

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at cost in 2001 and 2000	(3,125,420)	(2,596,335)
Total Shareholders' Equity	<u>44,539,800</u>	<u>43,136,917</u>
Total Liabilities and		
Shareholders' Equity	<u>\$344,326,577</u>	<u>\$329,865,123</u>
The accompanying notes are an integral part of these consolidated financial statements.		

COMMERCIAL NATIONAL FINANCIAL CORPORATION					
CONSOLIDATED STATEMENT OF INCOME					
	Three Months			Six Months	
	Ending June 30			Ending June 30	
	<u>2001</u>	<u>2000</u>		<u>2001</u>	<u>2000</u>
INTEREST INCOME:					
Interest and fees on loans	\$4,232,044	\$4,288,154		\$ 8,562,669	\$ 8,581,315
Interest and dividends on investments:					
Taxable interest	1,472,101	1,808,934		3,012,626	3,205,442
Interest exempt from federal income tax	210,294	377,444		397,212	971,125
Interest on federal funds sold	93,469	26,506		180,505	94,140
Interest on bank deposits	<u>186,089</u>	<u>4,254</u>		<u>203,537</u>	<u>10,078</u>
Total Interest Income	6,193,997	6,505,292		12,356,549	12,862,100
INTEREST EXPENSE					
Interest on deposits	2,154,350	2,278,443		4,420,324	4,587,484
Interest on short-term borrowings	13,756	235,600		36,400	399,742
Interest on long-term borrowings	<u>432,839</u>	<u>355,052</u>		<u>652,868</u>	<u>656,747</u>
Total interest expense	2,600,945	2,869,095		5,109,592	5,643,973
NET INTEREST INCOME	3,593,052	3,636,197		7,246,957	7,218,127
PROVISION FOR LOAN LOSSES	=	<u>465,000</u>		=	<u>630,000</u>
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	<u>3,593,052</u>	<u>3,171,197</u>		<u>7,246,957</u>	<u>6,588,127</u>
OTHER INCOME					
Asset management and trust income	137,455	122,993		284,316	240,962
Service charges on deposit accounts	188,445	176,207		372,358	348,322
Other service charges and fees	175,559	174,073		385,982	351,093
Securities gains/(losses)	19,782	-		(4,783)	(862,844)
Other income	<u>144,400</u>	<u>52,705</u>		<u>212,371</u>	<u>955,535</u>
Total Other Income	<u>665,641</u>	<u>525,978</u>		<u>1,250,244</u>	<u>1,033,068</u>
OTHER EXPENSES					
Salaries and employee benefits	1,373,706	1,278,503		2,787,530	2,656,725
Net occupancy expense	143,798	139,469		313,514	289,460
Furniture and equipment expense	187,888	210,041		361,672	412,965
Pennsylvania shares tax	105,579	97,006		205,442	187,817
Other expense	<u>734,802</u>	<u>626,311</u>		<u>1,402,656</u>	<u>1,202,172</u>
Total Other Expenses	<u>2,545,773</u>	<u>2,351,330</u>		<u>5,070,814</u>	<u>4,749,139</u>

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INCOME BEFORE INCOME TAXES	1,712,920	1,345,845		3,426,387	2,872,056
Income tax expense	<u>485,500</u>	<u>308,500</u>		<u>963,100</u>	<u>613,200</u>
NET INCOME	<u>\$1,227,420</u>	<u>\$1,037,345</u>		<u>\$2,463,287</u>	<u>\$2,258,856</u>
Average Shares Outstanding	<u>3,438,787</u>	<u>3,528,114</u>		<u>3,438,787</u>	<u>3,528,114</u>
Earnings Per Share	<u>\$.36</u>	<u>\$.29</u>		<u>\$.72</u>	<u>\$.64</u>
Cash Dividends Declared Per Share	<u>\$.19</u>	<u>\$.17</u>		<u>\$.38</u>	<u>\$.34</u>

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

COMMERCIAL NATIONAL FINANCIAL CORPORATION					
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY					
				Accumulated	
				Other	Total
	Common	Retained	Treasury	Comprehensive	