

COMMERCIAL NATIONAL FINANCIAL CORP /PA  
Form 10-Q  
August 15, 2005

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

**FORM 10-Q**

**(Mark One)**

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934**  
**For the quarterly period ended June 30, 2005**

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934**  
**For the transition period from \_\_\_\_\_ to \_\_\_\_\_**

Commission file number **0-18676**

**COMMERCIAL NATIONAL FINANCIAL CORPORATION**  
*(Exact name of registrant as specified in its charter)*

PENNSYLVANIA  
*(State or other jurisdiction of incorporation  
or organization)*

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

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  No

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).  Yes  No

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

CLASS	OUTSTANDING AT July 31, 2005
Common Stock, \$2 Par Value	3,413,426 Shares

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**PART I - FINANCIAL INFORMATION**

**ITEM 1. FINANCIAL STATEMENTS**

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**COMMERCIAL NATIONAL FINANCIAL CORPORATION**  
**CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION**  
(Dollars in thousands, except per share amounts)

	<b>June 30, 2005</b> (unaudited)	<b>December 31, 2004</b>
<b>ASSETS</b>		
Cash and due from banks	\$ 7,685	\$ 7,685
Interest bearing deposits with other banks	64	101
Total cash and cash equivalents	7,749	7,786
Federal funds sold	5,350	-
Investment securities available for sale	81,926	99,455
Restricted investments in bank stock	943	1,806
Loans (all domestic)	204,429	192,255
Allowance for loan losses	(1,647)	(1,855)
Net loans	202,782	190,400
Premises and equipment, net	4,524	4,644
Other assets	15,525	16,281
Total assets	\$318,799	\$ 320,372
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Deposits (all domestic):		
Non-interest bearing	\$ 64,440	\$ 62,284
Interest bearing	208,445	203,534
Total deposits	272,885	265,818
Other liabilities	1,656	1,944
Short-term borrowings	-	7,950
Total liabilities	274,541	275,712
Shareholders' equity:		
Common stock, par value \$2; 10,000,000 shares authorized; 3,600,000 issued;		
3,413,426 shares outstanding	7,200	7,200
Retained earnings	39,182	38,946
Accumulated other comprehensive income	1,454	2,092
Treasury stock, at cost, 186,574	(3,578)	(3,578)
Total shareholders' equity	44,258	44,660
Total liabilities and		

shareholders' equity	\$318,799	\$320,372
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The accompanying notes are an integral part of these consolidated financial statements.

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**COMMERCIAL NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF INCOME**  
(Dollar amounts in thousands, except per share data)

	<b>Three Months Ended June 30 (unaudited)</b>		<b>Six Months Ended June 30 (unaudited)</b>	
	2005	2004	2005	2004
<b>INTEREST INCOME:</b>				
Interest and fees on loans	\$ 2,787	\$ 2,715	\$ 5,497	\$ 5,421
Interest and dividends on securities:				
Taxable	1,170	2,012	2,436	3,947
Exempt from federal income taxes	33	50	67	328
Other	37	18	41	22
Total interest income	4,027	4,795	8,041	9,718
<b>INTEREST EXPENSE:</b>				
Interest on deposits	1,071	900	2,087	1,777
Interest on short-term borrowings	6	31	22	82
Interest on long-term borrowings	-	725	-	1,451
Total interest expense	1,077	1,656	2,109	3,310
NET INTEREST INCOME	2,950	3,139	5,932	6,408
PROVISION (CREDIT) FOR LOAN LOSSES	-	(492)	(470)	(436)
NET INTEREST INCOME AFTER PROVISION (CREDIT) FOR LOAN LOSSES	2,950	3,631	6,402	6,844
<b>OTHER OPERATING INCOME:</b>				
Asset management and trust income	229	237	436	462
Service charges on deposit accounts	148	173	275	380
Other service charges and fees	164	150	358	343
Net security gains	-	51	-	846
Commissions and fees from insurance sales	-	172	-	342
Income from investment in life insurance				