COMMERCIAL NATIONAL FINANCIAL CORP /PA
Form 10-Q
May 14, 2002

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

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

For the Quarter ended MARCH 31, 2002

Commission file number 0-18676

COMMERCIAL NATIONAL FINANCIAL CORPORATION

(Exact name of registrant as specified in its charter)

PENNSYLVANIA	25-1623213
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*
900 LIGONIER STREET LATROBE, PA	15650
(Address of principal executive offices)	*(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 APRIL 30, 2002
Common Stock, $2 Par Value	3,426,096 Shares

INDEX

PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Included in Part I of this report:

Page

Commercial National Financial Corporation

Consolidated Statements of Financial Condition	3
Consolidated Statements of Income	4
Consolidated Statements of Changes in	

	Shareholders' Equity	5
	Consolidated Statements of Cash Flows	6
	Notes to Consolidated Financial Statements	7
ITEM 2.	**Management's Discussion and Analysis of Financial Condition and Results of Operations**	8

ITEM 3. Quantitative and Qualitative Disclosures about

Market Risk 13

PART II - OTHER INFORMATION

Other Information	14
Signatures	15

COMMERCIAL NATIONAL FINANCIAL CORPORATION

CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

	March 31,	December 31,
	2002	2001
ASSETS		
Cash and due from banks	$ 6,491,866	$ 9,512,523

Interest bearing deposits with		
other banks	181,041	599,745
Total cash and due from banks	6,672,907	10,112,268

Federal funds sold	-	-
Investment securities available for sale	138,502,155	119,396,065
Loans (all domestic)	195,872,894	202,406,350
Unearned income	(31,285)	(71,186)
Allowance for loan losses	(2,797,865)	(2,814,454)
Net loans	193,043,744	199,520,710
Premises and equipment	5,808,207	5,707,705
Other assets	8,489,470	8,291,810
Total assets	$352,516,483	$343,028,558
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits (all domestic):		
Non-interest bearing	$ 45,808,290	$ 47,942,276
Interest bearing	207,723,955	207,044,496
Total deposits	253,532,245	254,986,772
Short-term borrowings	15,675,000	4,275,000
Other liabilities	1,929,269	2,796,489
Long-term borrowings	35,167,555	35,000,000
Total liabilities	306,304,069	297,058,261
Shareholders' equity:		
Common stock, par value $2; 10,000,000		
shares authorized; 3,600,000 issued;		
3,426,096 shares outstanding		
in 2002 and 2001	7,200,000	7,200,000
Retained earnings	40,274,711	39,736,355
Accumulated other comprehensive income -		
net of deferred taxes of $959,791		
in March 2002 and $1,112,399 in		
December 2001	1,863,123	2,159,362
Treasury stock, at cost, 173,904 shares in		
2002 and 2001, respectively	(3,125,420)	(3,125,420)
Total shareholders' equity	46,212,414	45,970,297
Total liabilities and		
shareholders' equity	$352,516,483	$343,028,558

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

COMMERCIAL NATIONAL FINANCIAL CORPORATION		
CONSOLIDATED STATEMENTS OF INCOME		
	March 31	March 31
	2002	2001
INTEREST INCOME:		
Interest and fees on loans	$3,729,944	$4,330,625
Interest and dividends on investments:		

Taxable interest	1,768,123	1,540,525
Interest exempt from federal		
income tax	261,425	186,918
Interest on federal funds sold	20,534	87,036
Interest on bank deposits	1,562	17,448
Total interest income	5,781,588	6,162,552
INTEREST EXPENSE		
Interest on deposits	1,348,142	2,265,974
Interest on short-term borrowings	12,001	22,644
Interest on long-term borrowings	441,688	220,029
Total interest expense	1,801,831	2,508,647
NET INTEREST INCOME	3,979,757	3,653,905
Provision for loan losses	39,214	-
NET INTEREST INCOME AFTER		
PROVISION FOR LOAN LOSSES	3,940,543	3,653,905
OTHER INCOME		
Asset management and trust income	126,077	146,861
Service charges on deposit accounts	182,958	183,913
Other service charges and fees	220,992	210,423
Net securities losses	-	(24,565)
Other income	157,435	67,971
Total other income	687,462	584,603
OTHER EXPENSES		
Salaries and employee benefits	1,454,294	1,413,823
Net occupancy expense	154,562	169,716
Furniture and equipment expense	169,776	173,784
Pennsylvania shares tax	108,988	99,863
Other expense	809,805	667,854
Total other expenses	2,697,425	2,525,040
INCOME BEFORE TAXES	1,930,580	1,713,466
Income tax expense	535,700	477,600
NET INCOME	$1,394,880	$1,235,866
Average shares outstanding	3,426,096	3,446,543
EARNINGS PER SHARE	$ .41	$ .36

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

COMMERCIAL NATIONAL FINANCIAL CORPORATION

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

	Common Stock	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income	Total Shareholders' Equity
Balance at December 31, 2001	$7,200,000	$39,736,355	$(3,125,420)	$ 2,159,362	$45,970,297
Comprehensive Income					
Net income	-	1,394,880	-	-	1,394,880
Other comprehensive income, net of tax:					
Unrealized gains on securities	-	-	-	(296,239)	(296,239)
Total Comprehensive Income					1,098,641
Cash dividends declared					
$.25 per share	-	(856,524)	-	-	(856,524)
Purchase of treasury stock	-	-	-	-	-
Balance at March 31, 2002	$7,200,000	$40,274,711	$(3,125,420)	$ 1,863,123	$46,212,414
Balance at December 31, 2000	$7,200,000	$37,438,970	$(2,596,335)	$ 1,094,282	$43,136,917
Comprehensive Income					
Net income	-	1,235,866	-	-	1,235,866
Other comprehensive income, net of tax:					
Unrealized net gains on securities					
of $1,033,152, net of reclassification					
adjustment for losses included in net					
income of $15,722	-	-	-	1,048,874	1,048,874
Total Comprehensive Income					2,284,740
Cash dividends declared					
$.17 per share	-	(653,637)	-	-	(653,637)
Purchase of treasury stock	-	-	(376,858)	-	(376,858)
Balance at March 31, 2001	$7,200,000	$38,021,199	$(2,973,193)	$ 2,143,156	$44,391,162

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

COMMERCIAL NATIONAL FINANCIAL CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

	For Three Months Ended March 31	
	2002	2001
OPERATING ACTIVITIES		
Net income	$1,394,880	$1,235,866
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation and amortization	159,639	172,424
Provision for loan losses	39,214	-
Net accretion/(amortization) of securities and loan fees	(211,659)	(26,755)
(Increase) decrease in interest receivable	(131,625)	177,160
Decrease in interest payable	(250,644)	(186,988)
Decrease in taxes receivable	68,537	161,065
Decrease in other liabilities	(532,504)	(470,141)
(Increase) decrease in other assets	(66,035)	147,981
Net security losses	-	24,565
Net cash provided by operating activities	469,803	1,235,177
INVESTING ACTIVITIES		
Net (increase) decrease in deposits with other banks	418,704	(10,421,070)
Increase in fed funds sold	-	(13,350,000)
Purchase of securities AFS	(29,939,746)	-
Maturities and calls of securities AFS	10,556,566	3,223,475
Proceeds from sales of securities AFS	-	4,754,262
Net decrease in loans	6,477,653	781,404
Purchase of premises and equipment	(260,141)	(151,104)
Net cash used in investing activities	(12,746,964)	(15,163,033)
FINANCING ACTIVITIES		
Net decrease in deposits	(1,454,527)	(2,688,534)
Increase (decrease) in other short-term borrowings	11,400,000	(7,575,000)

Proceeds from long-term borrowings	167,555	25,000,000
Repayment of long-term borrowings	-	-
Dividends paid	(856,524)	(653,637)
Purchase of treasury stock	-	(376,858)
Net cash provided by financing activities	9,256,504	13,705,971
	(3,020,657)	(221,885)
Cash and cash equivalents at beginning of year	9,512,523	9,532,528
Cash and cash equivalents at end of quarter	$ 6,491,866	$ 9,310,643
Supplemental disclosures of cash flow information:		
Cash paid during the year for:		
Interest	$ 2,052,475	$ 2,695,635
Income Taxes	$ -	$ -
Supplemental schedule of non-cash investing and Financing activities		
Transfer of residential loans to foreclosed real estate	$ 49,616	$ 55,792

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

COMMERCIAL NATIONAL FINANCIAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2002

Note 1 Management Representation

The accompanying unaudited consolidated interim financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information. However, they do not include all information and footnotes required by generally accepted accounting principles for complete financial statements and should be read in conjunction with the annual financial statements of Commercial National Financial Corporation for the year ending December 31, 2001, including the notes thereto. In the opinion of management, the unaudited interim consolidated financial statements include all adjustments (consisting of only normal recurring adjustments) necessary for a fair statement of financial position as of March 31, 2002 and the results of operations for the three month periods ended March 31, 2002 and 2001, and the statements of cash flows and changes in shareholders' equity for the three month periods ended March 31, 2002 and 2001. The results of the three months ended March 31, 2002 are not necessarily indicative of the results to be expected for the entire year.

Note 2 Allowance for Loan Losses

Description of changes:

	2002	2001
Allowance balance January 1	$2,814,454	$2,736,712
Additions:		
Provision charged to operating expenses	39,214	-
Recoveries on previously charged off Loans	13,628	14,439
Deductions:		
Loans charged off	(69,431)	(40,349)
Allowance balance March 31	$ 2,797,865	$ 2,710,802

Note 3 Comprehensive Income

Comprehensive income was $(296,239) and $1,048,874 for the three months ended March 31, 2002 and 2001. The difference between comprehensive income and net income presented in the Consolidated Statements of Shareholders' Equity is attributed solely to unrealized gains and losses on available-for-sale securities during the periods presented.

Note 4 Legal Proceedings

Other than proceedings which occur in the normal course of business, there are no legal proceedings to which either the corporation or the subsidiaries is a party which will have any material effect on the financial position of the corporation and its subsidiaries.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION

AND RESULTS OF OPERATIONS

Overview

In light of the economic effects of the recent terrorist attacks, and the slowdown already experi

The corporation is making positive movements regarding the previously announced changes in its co

Financial Condition

Total assets at March 31, 2002 increased $9,487,925 since the end of 2001. The increase was due t

Average earning assets represented 93.22% of average total assets for the first three months of 2

The decrease in deposits of $1,454,527 from December 31, 2001 to March 31, 2002 is due mainly to

Shareholders' equity was $46,212,414 on March 31, 2002 compared to $45,970,297 on December 31, 20

RESULTS OF OPERATIONS

First Three Months of 2002 as compared to the First Three Months of 2001

Pre-tax net income for the first three months of 2002 was $1,930,581 compared to $1,713,467 during the same period of 2001, representing a 12.67% increase.

Interest income was $5,781,588, a decrease of 6.18%. The loan return rate decreased eighty-seven (87) basis points to 7.49%. This was due to 450 basis points of easing enacted by the Federal Reserve and the refinancing of mortgages by our customers to take advantage of these lower rates. The securities return rate decreased only nine (9) basis points to 6.83%. As a result, the return rate on total average earning assets decreased sixty-three (63) basis points to 7.24%. Average earning asset volume rose $6,225,958, a 1.99% increase.

Interest expense was $1,801,832, a decrease of 28.18%, which is attributed to a decline in market interest rates and external funding interest rates. The cost rate on average interest-bearing liabilities was 2.93%, a one hundred and twenty-nine (129) basis points decrease from a year ago. Average interest-bearing liabilities volume rose by $8,262,863, which represented an increase of 3.48%.

Net interest income rose 8.92% to $3,979,756, and represented 4.82% of average total assets compared to 4.43% during the first three months of 2001.

The average allowance for loan losses increased 19.71% to $2,783,438. By comparison, total average loans declined 3.85% during the same period. The increase in the allowance is the result of an enhanced credit review process that identifies problem loans more readily. With the implementation of this process, additional money was allocated to bring the reserve in balance. There was a provision for loan losses of $39,214 during the first three months of 2002 and no provision was allocated for the first quarter of 2001.

Net interest income after the application of the provision for loan losses increased $286,637 to $3,940,542, representing a 7.84% return on total average assets compared to 6.94% for the first three months of 2001.

Non-interest income increased 17.59% to $687,462. Asset management and trust fees totaled $126,077, representing a 14.15% decrease. A decline in estate management fees is the primary cause of this decrease. Service charges on deposit accounts remained relatively unchanged at $182,958. Other service charges and fees increased 5.02% and were $220,992. Other income increased substantially by 131.62% to $157,435. This increase is the result of bank-owned life insurance income that the corporation purchased for key employees during May of 2001.

Non-interest expense reached $2,697,425, an increase of 6.83%, or $172,384, while total average assets increased 3.76%. Personnel costs rose 2.86%, which equates to a $40,471 increase. Net occupancy decreased 8.93%, or $15,154. Furniture and equipment expense declined 2.31%, representing a cost decrease of $4,008. Pennsylvania shares tax expense was $108,988, an increase of 9.14%. Other expense grew by 21.25%, representing a $141,951 increase. This increase is mainly due to increases in legal and consulting fees associated with collection and credit review of loans.

Federal income tax on total first three months earnings was $535,700 compared to $477,600 a year ago. Net income after taxes increased $159,014 to $1,394,881, an increase of 12.87%. The annualized return on average assets was 1.63% for the first three months of 2002 compared to 1.50% for the three months ended March 31, 2001. The annualized return on average equity through March 31, 2002 was 11.93% and had been 11.28% through the first three months of 2001.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION

AND RESULTS OF OPERATIONS (Continued)

RESULTS OF OPERATIONS (Continued)

LIQUIDITY

Liquidity, the measure of the corporation's ability to meet the normal cash flow needs of depositors and borrowers in an efficient manner, is generated primarily from the acquisition of deposit funds and the maturity of loans and securities. Additional liquidity can be provided by the sale of investment securities available for sale that amounted to $135,654,547 with net unrealized gains of $2,822,914 on March 31, 2002. The bank is a member of the Federal Home Loan Bank (FHLB) system. The FHLB provides an additional source of liquidity for long and short-term funding. Additional short-term funding is available through federal funds lines of credit that are established with correspondent banks.

During the first three months of 2002, average interest-bearing liabilities increased $8,262,863 over the same period in 2001. As of March 31, 2002, there was $9,563,214 in securities scheduled to mature within the next year.

INTEREST SENSITIVITY

Interest rate management seeks to maintain a balance between consistent income growth and the risk that is created by variations in ability to reprice deposit and investment categories. The effort to determine the effect of potential interest rate changes normally involves measuring the so called "gap" between assets (loans and securities) subject to rate fluctuation and liabilities (interest bearing deposits) subject to rate fluctuation as related to earning assets over different time periods and calculating the ratio of interest sensitive assets to interest sensitive liabilities.

Repricing periods for the loans, securities, interest bearing deposits, non-interest bearing assets and non-interest bearing liabilities are based on contractual maturities, were applicable, as well as the corporation's historical experience regarding the impact of interest rate fluctuations on the prepayment and withdrawal patterns of certain assets and liabilities. Regular savings, NOW and other similar interest bearing demand deposit accounts are subject to immediate withdrawal without penalty and therefore are presented as beginning to reprice in the earliest period presented in the "gap" table.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION

AND RESULTS OF OPERATIONS (Continued)

RESULTS OF OPERATIONS (Continued)

INTEREST SENSITIVITY (In thousands)

The following table presents this information as of March 31, 2002 and December 31, 2001:

March 31, 2002	0-30 DAYS	31-90 DAYS	91-180 DAYS	181-365 DAYS	1 - 5 YEARS	OVER 5 YRS
Interest-earning assets:						
Securities	$ 3,122	$ 6,244	$ 9,359	$ 17,288	$84,012	$ 13,272
Federal funds sold and other deposits with banks	181	-	-	-	-	-
Loans	27,837	3,225	4,519	11,210	89,016	56,956
Total interest-sensitive assets	**31,140**	**9,469**	**13,878**	**28,498**	**173,028**	**70,228**
Interest-bearing liabilities:						
Certificates of deposits	7,828	12,882	21,306	21,234	18,508	2,954
Other interest-bearing liabilities	-	5,040	5,040	8,358	46,981	58,593
Other-term borrowings	15,675	-	-	-	25,168	10,000
Total-interest sensitive liabilities	23,503	17,922	26,346	29,592	90,657	71,547
Interest sensitivity gap	**$ 7,637**	**$(8,453)**	**$(12,468)**	**$(1,094)**	**$82,371**	**$ (1,319)**
Cumulative gap	**$ 7,637**	**$ (816)**	**$(13,284)**	**$(14,378)**	**$ 67,993**	**$ 66,674**
Ratio of cumulative gap to earning assets	**2.30%**	**(0.25%)**	**(4.01%)**	**(4.34%)**	**20.52%**	**20.12%**

December 31, 2001	0-30 DAYS	31-90 DAYS	91-180 DAYS	181-365 DAYS	1 - 5 YEARS	OVER 5 YRS
Interest-earning assets:						
Securities	$ 3,755	$ 7,507	$ 11,265	$ 23,083	$54,610	$ 13,522
Federal funds sold and other deposits with banks	600	-	-	-	-	-
Loans	27,613	3,679	5,230	9,589	93,079	60,486
Total interest-sensitive assets	**31,968**	**11,186**	**16,495**	**32,672**	**147,689**	**74,008**
Interest-bearing liabilities:						
Certificates of deposits	14,627	16,694	19,051	19,236	20,020	1,615

Other interest-bearing liabilities	-	4,695	4,695	6,868	44,129	55,416
Other-term borrowings	4,275	5,000	-	-	25,000	5,000
Total-interest sensitive liabilities	18,902	26,389	23,746	26,104	89,149	62,031
Interest sensitivity gap	**$ 13,066**	**$(15,203)**	**$ (7,251)**	**$ 6,568**	**$ 58,540**	**$ 11,977**
Cumulative gap	**$ 13,066**	**$ (2,137)**	**$ (9,388)**	**$ (2,820)**	**$ 55,720**	**$ 67,697**
Ratio of cumulative gap to earning assets	**4.09%**	**(0.67%)**	**(2.94%)**	**(0.88%)**	**17.43%**	**21.18%**

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION

AND RESULTS OF OPERA-TIONS (Continued)

CREDIT QUALITY RISK

The following table presents a comparison of loan performance as of March 31, 2002 with that of March 31, 2001. Non-accrual loans are those for which interest income is recorded only when received and past due loans are those which are contractually past due 90 days or more in respect to interest or principal payments. The increase in non-accrual loans is due to the general economic slowdown and the corporation's implementation of an enhanced loan assessment program. The assessment enhances the corporation's ability to identify loans which may be problems or which the borrower may be unable to pay under the terms of the original agreement. On March 31, 2002, $813,054 of the non-accrual loans were current with payments recognized on a cash basis only. As of March 31, 2002 the corporation had $49,616 in foreclosed real estate.

At March 31	2002	2001
Non-performing Loans:		
Loans on non-accrual basis	$2,847,375	$ 742,143
Past due loans	89,548	153,678
Renegotiated loans	59,854	156,904
Total Non-performing Loans	2,996,777	1,052,725
Foreclosed real estate	49,616	55,792
Total non-performing assets	$ 3,046,393	$ 1,108,517
Loans outstanding at end of period	$195,841,609	$207,085,806
Average loans outstanding (year-to-date)	$196,375,044	$207,130,922
Non-performing loans as a percent of total Loans	1.56%	.54%
Provision for loan losses	$ 39,214	$ -
Net charge-offs as a percent of average Loans	.03%	.01%
Provision for loan losses as a Percent of net charge-offs	70.27%	.00%
Allowance for loan losses as a Percent of average loans outstanding	1.43%	1.31%

CAPITAL RESOURCES

Shareholders' equity for the first three months of 2002 averaged $46,772,950 which represented an increase of $2,957,034 over the average capital of $43,815,916 recorded in the same period of 2001. These capital levels represented a capital ratio of 13.28% in 2002 and 13.66% in 2001. When the loan loss allowance is included, the 2002 capital ratio becomes 14.47%.

The Federal Reserve Board's risk-based capital guidelines are designed principally as a measure of credit risk. These guidelines require that: (1) at least 50% of a banking organization's total capital be common and certain other "core" equity capital ("Tier I Capital"); (2) assets and off-balance sheet items must be weighted according to risk; and (3) the total capital to risk-weighted assets ratio be at least 8.00%; and (4) a minimum 3.00% leverage ratio of Tier I capital to average total assets be maintained for financial institutions that meet certain specified criteria, including asset quality, high liquidity, low interest-rate exposure and the highest regulatory rating. As of March 31, 2002, the corporation, under these guidelines, had a Tier I and total equity capital to risk adjusted assets ratio of 23.34% and 24.59% respectively. The leverage ratio was 13.09%.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION

AND RESULTS OF OPERATIONS (Continued)

CAPITAL RESOURCES (continued)

The table below presents the corporation's capital position at March 31, 2002

(Dollar amounts in thousands)

	Amount	Percent of Adjusted Assets
Tier I Capital	$ 44,349	23.34
Tier I Capital Requirement	7,602	4.00
Total Equity Capital	$ 46,730	24.59
Total Equity Capital Requirement	15,203	8.00
Leverage Capital	$ 44,349	13.09
Leverage Requirement	13,549	4.00

ITEM 3. Quantitative and Qualitative Disclosures about Market Risk

Asset/Liability management refers to management's efforts to minimize fluctuations in net interest income caused by interest rate changes. This is accomplished by managing the repricing of interest rate sensitive interest-earning assets and interest-bearing liabilities. Controlling the maturity or repricing of an institution's liabilities and assets in order to minimize interest rate risk is commonly referred to as gap management. Close matching of the repricing of assets and liabilities will normally result in changes in net interest income as interest rates change.

Management regularly monitors the interest sensitivity position and considers this position in its decisions with regard to the corporation's interest rates and maturities for interest-earning assets acquired and interest-bearing liabilities accepted.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Not applicable.

ITEM 2. CHANGES IN SECURITIES

Not applicable.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Not Applicable

ITEM 5. OTHER INFORMATION

Not applicable

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

None were filed during the first quarter of 2002.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

COMMERCIAL NATIONAL FINANCIAL CORPORATION
(Registrant)

Dated: May 15, 2002

/s/ Gregg E. Hunter
Gregg E. Hunter, Vice Chairman
Chief Financial Officer

Dated: May 15, 2002

/s/ Ryan M. Glista
Ryan M. Glista
Vice President

Commercial National Financial Corporation
900 Ligonier Street
Latrobe, Pennsylvania 15650
Telephone (724) 539-3501

Commercial National Bank of Pennsylvania
OFFICE LOCATIONS

Latrobe Area	
900 Ligonier Street	(724) 539-9963
1900 Lincoln Avenue	(724) 537-9980
11 Terry Way	(724) 539-9774
Pleasant Unity	
Church Street	(724) 423-5222
Ligonier	
201 Main Street	(724) 238-9538
West Newton	
109 East Main Street	(724) 872-5100
Greensburg Area	
Georges Station Road	(724) 836-7698
19 North Main Street	(724) 836-7699
Asset Management and Trust Division	(724) 836-7670
19 North Main Street	
Drive-up Facility	
Latrobe	
Lincoln Road at	
Josephine Street	(724) 537-9927
Murrysville	
4785 Old William Penn Highway	(724) 733-4888

In addition to the full-service ATM machines located at all Commercial National Bank community office indicated above (except Latrobe and Courthouse Square),

additional ATMs are available for your 24-hour banking convenience at Arnold Palmer Regional Airport, Latrobe Area Hospital, New Alexandria Qwik Mart,

Norvelt Open Pantry , Saint Vincent College and University of Pittsburgh at Greensburg. All are linked to the national Cirrus, Honor, Plus and STAR networks and also accept

MasterCard, Visa, Discover and American Express for cash advances.

Touchtone Teller 24-hour banking service: Website Address:
(724)537-9977 **www.cnbthebank.com**

Free from Blairsville, Derry,
Greensburg, Kecksburg, Latrobe,
Ligonier and New Alexandria.

1-800-803-BANK

Free from all other locations.

INSURANCE

Commercial National Insurance Services
232 North Market Street
Ligonier, PA 15658
724/238-4617
877/205-4617 (toll free)
724/238-0160 (fax)
cnisinfo@cnbinsurance.com
www.cnbinsurance.com

Commercial National Insurance Services is a partnership of Gooder & Mary, Inc., and Commercial National Investment Corporation, a wholly owned subsidiary of Commercial National Financial Corporation.