



LARGE BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

Public Disclosure

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Community Reinvestment Act
Performance Evaluation

Commercial National Bank Of Pennsylvania
Charter Number: 14133

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Latrobe, PA 15650

Office of the Comptroller of the Currency

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NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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Overall CRA Rating

Institution’s CRA Rating: This institution is rated **Satisfactory**.

The following table indicates the performance level of **Commercial National Bank Of Pennsylvania** with respect to the Lending, Investment, and Service Tests:

Performance Levels	Commercial National Bank Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X		
Low Satisfactory		X	X
Needs to Improve			
Substantial Noncompliance			

* The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

The major factors that support this rating include:

- The geographic distribution of home refinance and home improvement loans is good and the geographic distribution of home purchase loans is excellent.
- The geographic distribution of small loans to businesses is adequate.
- The distribution of home mortgage loans by the income level of the borrower is good.
- The distribution of small loans to businesses is excellent.
- The bank also originates a substantial volume of loans to businesses at \$100 thousand or less demonstrating a strong commitment to identified business credit needs in the assessment area (AA).
- The distribution of consumer loans among borrowers of different income levels is excellent.
- The bank has a satisfactory record of meeting community development lending needs.
- The bank made an adequate level of qualified investments during the evaluation period and has actively pursued investment activity through qualified donations.
- The bank’s service delivery systems are accessible to individuals and geographies of different income levels in the AA.

Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

Affiliate: Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Aggregate Lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

Block Numbering Area (BNA): A statistical subdivision of a county for grouping and numbering blocks in non-metropolitan counties where local census statistical area committees have not established census tracts. A BNA does not cross county lines.

Census Tract (CT): A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community Development: Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

Community Reinvestment Act (CRA): the statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

Consumer Loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also

include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male household and no wife present) or 'female householder' (a family with a female householder and no husband present).

Full Review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

Geography: A census tract or a block numbering area delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn).

Home Mortgage Loans: such loans include home purchase and home improvement loans, as defined in the HMDA regulation. This definition also includes loans for multifamily (five or more families) dwellings, loans for the purchase of manufactured homes and refinancing of home improvement and home purchase loans.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Limited Review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

Market Share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

Metropolitan Area (MA): Any primary metropolitan area (PMA), metropolitan area (MA), or consolidated metropolitan area (CMA), as defined by the Office of Management and Budget, with a population of 250,000 or more, and any other area designated as such by the appropriate federal financial supervisory agency.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units.

Other Products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified Investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated Area: A rated area is a state or multi-state metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multi-state metropolitan area, the institution will receive a rating for the multi-state metropolitan area.

Small Loan(s) to Business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

Small Loan(s) to Farm(s): A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

Tier One Capital: The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

Upper-Income: Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent, in the case of a geography.

Description of Institution

Commercial National Bank ("CNB") is a \$379 million bank headquartered in Latrobe, Pennsylvania. CNB is an intrastate bank with 9 branches in Westmoreland County. The bank is a wholly owned subsidiary of Commercial National Financial Corporation (CNFC) a one-bank holding company also headquartered in Latrobe, Pennsylvania. There has been no merger activity since the previous examination. There are no affiliates for which the bank wants consideration of their activities when evaluating its performance. CNB does not have any bank subsidiaries. CNB's business focus includes both consumer and business loans.

As of December 31, 2002, net loans and leases represent 51% of total assets. The loan portfolio is comprised of the following: 46% 1-4 family residential mortgage loans; 34% commercial real estate loans; 8% commercial loans; 3% multifamily residential mortgage loans; 6% municipal loans; 3% consumer loans; and 3% other loans. Tier I capital totaled \$44 million. CNB participates in the Small Business Administration (SBA) lending program. The bank originated four loans totaling \$1.8 million. These loans were reported as small loans to businesses in Table 1 of Appendix C. There are no financial conditions, legal constraints, or other conditions that would hinder the bank's ability to help meet the credit needs of its AA. CNB received a "Satisfactory" rating during the most recent CRA examination dated January 18, 2000.

Scope of the Evaluation

Evaluation Period/Products Evaluated

CNB's performance was evaluated over the period from January 1, 2000 through December 31, 2002 for all products. Products reviewed included home mortgage loans, small business loans, and consumer loans. Also reviewed were community development loans, investments and services over the period from March 31, 2000 through February 3, 2003. Small farm lending is only a nominal share of CNB's business and was not included for this evaluation period.

Data Integrity

A data integrity review was performed in July of 2002. Data was sampled for this evaluation period. Publicly reported data is considered accurate.

Selection of Areas for Full-Scope Review

CNB identifies a single AA, Westmoreland County, Pennsylvania. This evaluation included a full-scope review of the AA. Refer to the table in appendix B for more information regarding this AA.

Ratings

The bank's overall rating is based on a full-scope review of the single AA it has designated.

Other

Two community contacts were held in conjunction with this examination. These community contacts included a small business organization and an affordable housing organization. Credit needs identified within the AA include:

- Very small business loans to start up ventures and continuing support of working capital needs; and
- Affordable housing loans including refinancing opportunities and home purchase opportunities.

Fair Lending Review

We found no evidence of illegal discrimination or other illegal credit practices.

Conclusions with Respect to Performance Tests

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the lending test is rated "High Satisfactory". Based on full-scope reviews, the bank's performance in the Westmoreland AA is good.

Lending Activity

Refer to Table 1 Lending Volume and Other Products in appendix C for the facts and data used to evaluate the bank's lending activity.

Lending activity in the Westmoreland County AA is good. Lending patterns reflect the credit needs of the AA, which include home mortgage lending and small business lending.

CNB is ranked 13th by count and 20th by dollar for mortgage lending in the AA. Several large national and regional institutions dominate the AA's housing market. These institutions control 21% by count and 36% by dollar of all residential mortgages originated in the AA. CNB's market share is 1.97% by count and 1.45% by dollar and is comparable to similarly situated regional financial institutions in the AA. Home refinancing and home improvement are identified credit needs that serve the AA's high level of retired persons (23%) and those receiving social security (36%). Multifamily loan originations are not a significant lending activity with nine loans originated during the period. Of these, eight were originated within the AA.

CNB is ranked 18th by count and 9th by dollar for small business lending in the AA. Very large regional and national institutions also dominate the small business lending market. Seven institutions control 66% of small business lending by count and four institutions control 54% by dollar. CNB's market share of 3.52% by dollar and 1.52% by count places it among other local and regional institutions that serve the AA. Small loans to businesses are also a community credit need which is reflected in the volume of reported businesses with revenues under \$500 thousand (62%) and businesses with under five employees (52%). Community development lending opportunities are impacted by limited market opportunities and intense competition from larger institutions. CNB provides community development lending through small business lending and multifamily housing lending.

CNB's nine branches and 100% of its deposits are located in the AA. Deposit patterns are similar to lending patterns. CNB's market share of deposits is 5% and is ranked 7th in the AA. Market leaders are primarily three very large banks that hold approximately 50% of the area's deposits.

Distribution of Loans by Income Level of the Geography

Home Mortgage Loans

Refer to Tables 2, 3, 4 and 5 in appendix C for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

Geographic distribution is good in the Westmoreland County AA. This is based primarily on moderate-income tracts, as there are only two low-income tracts in the AA and less than 1% of owner occupied housing is in these tracts. Geographic distribution of home refinance and home improvement loans is good since the origination of loans is near to the percentage of owner occupied housing in these tracts. Geographic distribution of home purchase loans is excellent since the origination of loans exceeds the percentage of owner occupied units. Under all three types of home mortgage lending, CNB is near to or exceeds its overall market share.

Small Loans to Businesses

Refer to Table 6 in appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

Geographic distribution of small loans to businesses is adequate. This is based primarily on moderate-income tracts, as the percentage of businesses in low-income tracts is very small at 2%. The percentage of small loans to businesses is below the percentage of businesses in moderate-income tracts. CNB's market share is near to its overall market share in these tracts.

Consumer Loans

Refer to Table 13 in appendix C for the facts and data used to evaluate the geographic distribution of the bank's consumer loan originations and purchases.

Geographic distribution of consumer loans is good. This is based primarily on moderate-income tracts, as the percentage of households in low-income tracts is very low at less than 1%. The percentage of loans originated in moderate-income tracts is near to the percentage of households in these tracts.

Lending Gap Analysis

A lending gap analysis was performed as part of this review. No unexplained conspicuous gaps were identified.

Inside/Outside Ratio

CNB originated a substantial majority of all types of loans within its AA. The bank originated 94% by number and 93% by dollar of all HMDA related mortgages in the Westmoreland County AA. Of these, refinance and home improvement by number were 94% and 96%, respectively and 95% and 97% by dollar, respectively. Home purchase origination percentages were slightly lower by number and dollar at 89% and 90%, respectively. CNB

also originated 88% by dollar and 79% by volume of loans to small businesses within the AA. A high level of lending within its AA reflects favorably on CNB's overall geographic distribution of lending by income level of geography, as 26% of tracts are moderate-income.

Distribution of Loans by Income Level of the Borrower

Home Mortgage Loans

Refer to Tables 8, 9, and 10 in appendix C for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

Distribution of home mortgage loans by the income level of the borrower is good. The percentage of home purchase, home refinance, and home improvement loans to moderate-income borrowers meets or exceeds the percentage of moderate-income families in the AA. The percentage of loans to low-income borrowers is below the percentage of low-income families in the AA. Demographic data indicates that opportunities for housing loans may be limited in the AA for two reasons. Poverty levels are high at 12% and updated low-income family income at \$24,450 may be deterring the ability to borrow. CNB meets or exceeds its market share for lending in both low- and moderate-income segments, which reflects favorably on the bank's lending to low- and moderate-income families in the AA.

Small Loans to Businesses

Refer to Table 11 in appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

Distribution of small loans to businesses is excellent. The percentage of small loans to businesses with revenues of \$1 million or less exceeds the percentage of reported businesses in the AA. The bank also originates a substantial volume of loans to business at \$100 thousand or less demonstrating a strong commitment to identified business credit needs in the AA. Cumulatively, CNB originated over 90% of small loans to businesses at \$250 thousand or less. The bank greatly exceeds its market share in this category of lending.

Consumer Loans

Refer to Table 13 in appendix C for the facts and data used to evaluate the borrower distribution of the bank's consumer loan originations and purchases.

The distribution of consumer loans by borrower income level is excellent. The percentage of loans to moderate-income borrowers greatly exceeds the percentage of moderate-income households and the percentage loans to low-income borrowers is near to the percentage of low-income households in the AA.

Community Development Lending

Refer to Table 1 Lending Volume in appendix C for the facts and data used to evaluate the bank's level of community development lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 includes geographic

lending data on all multi-family loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans, however.

Community development lending had a positive impact on the bank's lending test. During the evaluation period the bank made seven community development loans to four organizations. Three of these organizations target low- and moderate-income populations and the fourth organization is located in an area that is designated as economically distressed. The following provides a highlighted description of specific community development loans.

- CNB originated four residential mortgage loans totaling \$1.5 million to fund affordable housing. Thirty-six group homes benefited from this financing. Eleven of these homes are within or border the bank's AA. The remaining homes are located within the Commonwealth of Pennsylvania. This organization serves the mentally challenged population. A majority of the non-profit's recipients receive social security disability income as their sole source of income and are considered low- and moderate-income. In accordance with CRA requirements this loan to a non-profit organization is properly classified under community development because the loan funds housing that primarily benefits low- and moderate-income persons.
- The bank funded a commercial construction loan totaling \$1.8 million to an organization that serves Westmoreland County's mentally challenged population. A majority of the non-profit's recipients receive social security disability income as their sole source of income and are considered low- and moderate-income. In accordance with CRA requirements this loan to a non-profit organization is properly classified under community development because the loan funds housing that primarily benefits low- and moderate-income persons.
- CNB funded a commercial mortgage totaling \$4,000 to a local CDC. The CDC provides low-interest rehabilitation incentive loans to area businesses. The program is focused on economic development and job creation through access to very small loans. Program requirements include a 90-day occupancy window that promotes immediate improvements within the targeted rehabilitation area.
- The bank funded a \$345 thousand commercial mortgage for the renovation of a downtown facility to expand the local youth shelter program. The program serves physically and mentally challenged adults through development of skills necessary to live independently, obtain employment, and improve social development. A substantial majority of the program recipients receives social security or public assistance. In accordance with CRA requirements this loan to a non-profit organization is properly classified under community development because the loan promotes social and economic development to low- and moderate-income persons.

Product Innovation and Flexibility

CNB offers flexibility by providing an affordable first time homebuyers program. Income limits ensure the program benefits low- and moderate-income homebuyers. Features of the product include reduced fees, a lower interest rate, and up to 95% loan-to-value without private mortgage insurance. During the evaluation period CNB originated 25 loans totaling \$1.4 million. These loans are reported in the bank's HMDA originations. Lending products reviewed were not considered innovative for this evaluation period.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the investment test is rated "Low Satisfactory". Based on full-scope reviews, the bank's performance in the Westmoreland County AA is adequate.

Refer to Table 14 in appendix C for the facts and data used to evaluate the bank's level of qualified investments.

CNB has made an adequate level of qualified investments during the evaluation period. The bank has two affordable housing investments totaling \$645 thousand that benefit low- and moderate-income borrowers within the Commonwealth of Pennsylvania. The bank also seeks out investment opportunities that are more accessible in their market and directly benefit the local population. For instance, the bank made three qualifying donations totaling \$54 thousand of bank owned properties to local organizations that promote affordable housing. In addition, the bank actively seeks out community development organizations within the AA to provide monetary donations. During the evaluation period, CNB made 49 qualifying donations to 22 organizations totaling \$34 thousand. The bank has no prior period investments or unfunded commitments to report for this evaluation period.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Service Test is rated "Low Satisfactory". Based on full-scope reviews, the bank's performance in the Westmoreland County AA is adequate.

Retail Banking Services

Refer to Table 15 in appendix C for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

CNB's service delivery systems are accessible to individuals and geographies of different income levels in the AA. The bank has nine full service branches and five full service ATMs. Three of the nine branches are located in moderate-income geographies. During the evaluation period, a branch located in a middle-income geography was opened and subsequently sold. The sale of this branch did not adversely affect access to services in low- and moderate-income geographies. The bank does not track the impact on low- and moderate-income individuals or the impact within low- and moderate-income geographies for alternative delivery systems such as internet banking or telephone banking.

CNB offers a full range of banking products and services, which are available throughout the branch network. Branch hours are tailored to meet customer needs and to reflect market activity. Branch hours and services do not adversely affect low- and moderate-income individuals or geographies.

Community Development Services

CNB is involved in an adequate level of community development services. The bank's CEO is a member of the board of the Latrobe Industrial Development Authority. The organization serves to promote economic development and job creation in the AA. Community contacts and examiner research indicate that community development service opportunities are limited in the AA.

Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and non-metropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

Time Period Reviewed	Lending Test (excludes CD Loans): 01/01/2000 to 12/31/2002 Investment and Service Tests and CD Loans: 03/31/2000 to 02/03/2003	
Financial Institution	Products Reviewed	
Commercial National Bank Latrobe, Pennsylvania	HMDA, Small Business, and Consumer lending products	
Affiliate(s)	Affiliate Relationship	Products Reviewed
NA	NA	NA
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Westmoreland County, PA MSA # 6280	Full Scope	

Appendix B: Market Profiles for Full-Scope Areas

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Market Profiles for Areas Receiving Full-Scope Reviews

Westmoreland County - 6280	B-2
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Westmoreland County - 6280

Demographic Information for Full-Scope Area: Westmoreland County - 6280						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	89	2.25	25.84	65.17	5.62	1/12
Population by Geography	370,321	.43	17.84	69.33	12.40	00.
Owner-Occupied Housing by Geography	110,003	.13	16.11	70.87	12.89	00.
Businesses by Geography	24,584	2.22	29.53	53.08	15.78	00.
Farms by Geography	583	0.00	24.36	59.86	15.78	00.
Family Distribution by Income Level	106,471	19.86	20.40	23.56	36.18	00.
Distribution of Low- and Moderate-Income Families throughout AA Geographies	42,863	.63	24.25	67.87	7.25	00.
Median Family Income HUD Adjusted Median Family Income for 2002 Households Below the Poverty Level	= \$32,787 = \$48,900 = 11.85%	Median Housing Value Unemployment Rate				= 56,299 = 3.26%

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 1990 U.S. Census, and 2002 HUD updated MFI.

CNB has identified Westmoreland County as its AA. Westmoreland County is located in the southwestern region of Pennsylvania. It is one of the five counties that comprise the Pittsburgh Primary Metropolitan Statistical Area (PMSA). There are 89 CTs in the AA. The AA meets regulatory guidelines and does not arbitrarily exclude any low- and moderate-income geographies. CNB operates 9 branches and 12 ATMs in the AA. The geographic distribution of the branches is as follows: Zero (0) branches in low-income CTs, Three (3) in moderate-income CTs, Six (6) in middle-income CTs, and One (1) in an upper-income CT. ATM's are available at seven of the nine branches with the five remaining ATM's located at free standing facilities. Three ATM's are located in or border on moderate-income geographies.

Banking competition is strong. In addition to several community banks of comparable asset size, competition is also received from large nationally based institutions. The county's economy is generally reflective of the national economy, but has been more negatively impacted by the slow down in manufacturing and steel industries. Westmoreland County has traditionally been dependent upon the primary metal industry and mining for its economic base. Population growth as been stagnate and is expected to be negative with the 2000 Census. New industrial parks, main street projects, and the development of small businesses are hoped to be a positive influence on improving the County's economy.

The major employers in the assessment area are: Sony, Westmoreland County Government, Westmoreland Regional Hospital, Pennsylvania state government, SuperValu Holdings, Inc., Latrobe Area Hospital, and Elliott Turbomachinery Co., Inc.

A community contact was held with an affordable housing organization. The organization identified housing needs as low cost refinancing and home improvement opportunities that would assist the areas low- and moderate-income population, particularly its growing senior population.

A community contact was also held with the small business resource organization affiliated with the SBA. The organization identified small business lending needs associated with very small dollar loans and educational assistance programs.

There were no community development investment opportunities and limited community development service opportunities identified in the assessment area by the community contacts, bank management, or our internal sources.

Appendix C: Tables of Performance Data

Content of Standardized Tables

References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/assessment area. Tables without data are not included in this Performance Evaluation.

The following is a listing and brief description of the tables:

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MA/assessment area. Community development loans to statewide or regional entities or made outside the bank’s assessment area may receive positive CRA consideration. Refer to Interagency Q&As __.12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. When such loans exist, insert a line item with the appropriate caption, such as “Statewide/Regional” or “Out of Assessment Area,” in the MA/Assessment Area column and record the corresponding numbers and amounts in the “Community Development Loans” column.
- Table 1. Other Products** - Presents the number and dollar amount of any unreported category of loans originated and purchased by the bank over the evaluation period by MA/assessment area. Examples include consumer loans or other data that a bank may provide, at its option, concerning its lending performance. This is a two-page table that lists specific categories.
- Table 2. Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4. Geographic Distribution of Home Mortgage Refinance Loans** - See Table 2.
- Table 5. Geographic Distribution of Multifamily Loans** - Compares the percentage distribution of the number of multifamily loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of multifamily housing units throughout those geographies. The table

also presents market share information based on the most recent aggregate market data available.

- Table 6. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 7. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 8. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/assessment area. The table also presents market share information based on the most recent aggregate market data available.
- Table 9. Borrower Distribution of Home Improvement Loans** - See Table 8.
- Table 10. Borrower Distribution of Refinance Loans** - See Table 8.
- Table 11. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.
- Table 12. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm.

Market share information is presented based on the most recent aggregate market data available.

Table 13. Geographic and Borrower Distribution of Consumer Loans (OPTIONAL) - For geographic distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households within each geography. For borrower distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage of households by income level in each MA/assessment area.

Table 14. Qualified Investments - Presents the number and dollar amount of qualified investments made by the bank in each MA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior-period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must be legally binding and tracked and recorded by the bank's financial reporting system.

A bank may receive positive consideration for qualified investments in statewide/regional entities or made outside of the bank's assessment area. See Interagency Q&As __.12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such investments. When such investments exist, insert a line item with the appropriate caption, such as "Statewide/Regional" or "Out of Assessment Area," in the MA/Assessment Area column and record the corresponding numbers and amounts in the "Qualified Investments" column.

Table 15. Distribution of Branch Delivery System and Branch Openings/Closings - Compares the percentage distribution of the number of the bank's branches in low-, moderate-, middle-, and upper-income geographies to the percentage of the population within each geography in each MA/AA. The table also presents data on branch openings and closings in each MA/AA.

Institution ID:

10000014133 **COMMERCIAL NATIONAL BANK**

Table 1. Lending Volume

LENDING VOLUME		Geography: COMMERCIAL NB				Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002			
MA/Assessment Area (2002):	% of Rated Area Loans (#) in MA/AA [*]	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans ^{**}	
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)
Full Review:									
Commercial Latrobe 2002	100.00	1,152	66,256	302	29,978	2	108	0	0

^{*} Loan Data as of December 31, 2002. Rated area refers to either the state or multi-state MA rating area.

^{**} The evaluation period for Community Development Loans is From January 01, 2000 to December 31, 2002.

^{***} Deposit Data as of June 30, 2002. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table 1. Other Products

LENDING VOLUME		Geography: COMMERCIAL NB				Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002					
MA/Assessment Area (2002):	% of Rated Area Loans (#) in MA/AA [*]	Total Optional Loans**		Small Business Real Estate Secured**		Home Equity**		Motor Vehicle**		Credit Card**	
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)
Full Review:											
Commercial Latrobe 2002	100.00	1,057	22,278	26	4,809	489	12,911	157	1,335	0	0

^{*} Loan Data as of December 31, 2002. Rated area refers to either the state or multi-state MA rating area.

^{**} The evaluation period for Optional Product Line(s) is From January 01, 2000 to December 31, 2002.

^{***} Deposit Data as of June 30, 2002. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Institution ID:

1000014133 COMMERCIAL NATIONAL BANK

Table 1. Other Products

LENDING VOLUME		Geography: COMMERCIAL NB		Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002	
		Other Unsecured Consumer Loans [*]		Other	
MA/Assessment Area (2002):		#	\$ (000's)	#	
Full Review:					
Commercial Latrobe 2002		292	2,090		

^{*} The evaluation period for Optional Product Line(s) is From January 01, 2000 to December 31, 2002.

COMMERCIAL NATIONAL BANK

Table2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE			Geography: COMMERCIAL NB				Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31			
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies	
	#	% of Total**	% Owner Occ Units***	% CNB Loans	% Owner Occ Units***	% CNB Loans	% Owner Occ Units***	% CNB Loans	% Owner Occ Units***	% CNB Loans
Full Review:										
Commercial Latrobe 2002	209	100.00	0.13	0.00	16.11	17.22	70.87	78.47	12.89	4

* Based on 2001 Peer Mortgage Data: Northeast Region.

** Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

*** Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by the number of owner occupied housing units in the area based on 1990 Census information.

COMMERCIAL NATIONAL BANK

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT			Geography: COMMERCIAL NB				Evaluation Period: JANUARY 1, 2000 TO DECEMBER			
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies	
	#	% of Total**	% Owner Occ Units***	% CNB Loans	% Owner Occ Units***	% CNB Loans	% Owner Occ Units***	% CNB Loans	% Owner Occ Units***	% CNB Loans
Full Review:										
Commercial Latrobe 2002	379	100.00	0.13	0.00	16.11	11.87	70.87	81.00	12.89	7.12

* Based on 2001 Peer Mortgage Data: Northeast Region.

** Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

*** Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 1990 Census information.

COMMERCIAL NATIONAL BANK

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE			Geography: COMMERCIAL NB				Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002			
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies	
	#	% of Total**	% Owner Occ Units***	% CNB Loans	% Owner Occ Units***	% CNB Loans	% Owner Occ Units***	% CNB Loans	% Owner Occ Units***	% CNB Loans
Full Review:										
Commercial Latrobe 2002	556	100.00	0.13	0.00	16.11	13.67	70.87	76.62	12.89	9.7

* Based on 2001 Peer Mortgage Data: Northeast Region.

** Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

*** Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 1990 Census information.

COMMERCIAL NATIONAL BANK

Table 5. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY			Geography: COMMERCIAL NB				Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002				
MA/Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		
	#	% of Total**	% of MF Units***	% CNB Loans	% MF Units***	% CNB Loans	% MF Units***	% CNB Loans	% MF Units***	% CNB Loans	
Full Review:											
Commercial Latrobe 2002	8	100.00	5.30	0.00	30.54	25.00	53.24	75.00	10.92	0.00	

* Based on 2001 Peer Mortgage Data: Northeast Region.

** Multifamily loans originated and purchased in the MA/AA as a percentage of all multifamily loans originated and purchased in the rated area.

*** Percentage of multifamily units is the number of multifamily housing units in a particular geography divided by number of multifamily housing units in the area based on 1990 Census information.

COMMERCIAL NATIONAL BANK

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES			Geography: COMMERCIAL NB				Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002				
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall
	#	% of Total**	% of Businesses***	% CNB Loans	% of Businesses***	% CNB Loans	% of Businesses***	% CNB Loans	% of Businesses***	% CNB Loans	
Full Review:											
Commercial Latrobe 2002	302	100.00	2.22	0.00	29.53	20.20	53.08	67.22	15.17	12.58	

* Based on 2001 Peer Small Business Data: US&PR.

** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

*** Source Data - Dun and Bradstreet (2002).

COMMERCIAL NATIONAL BANK

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE			Geography: COMMERCIAL NB				Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31			
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers	
	#	% of Total**	% Families***	% CNB Loans****	% Families***	% CNB Loans****	% Families***	% CNB Loans****	% Families***	% CNB Loans****
Full Review:										
Commercial Latrobe 2002	209	100.00	19.86	11.23	20.40	27.81	23.56	28.34	36.18	32.6

* Based on 2001 Peer Mortgage Data: Northeast Region.

** As a percentage of loans with borrower income information available. No information was available for 10.53% of loans originated and purchased by BANK.

*** Percentage of Families is based on the 1990 Census information.

**** Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

COMMERCIAL NATIONAL BANK

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT			Geography: COMMERCIAL NB				Evaluation Period: JANUARY 1, 2000 TO DECEMBER			
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers	
	#	% of Total**	% Families***	% CNB Loans****	% Families***	% CNB Loans****	% Families***	% CNB Loans****	% Families***	% CNB Loans****
Full Review:										
Commercial Latrobe 2002	379	100.00	19.86	14.01	20.40	17.58	23.56	32.69	36.18	35.7

* Based on 2001 Peer Mortgage Data: Northeast Region.

** As a percentage of loans with borrower income information available. No information was available for 3.96% of loans originated and purchased by BANK.

*** Percentage of Families is based on the 1990 Census information.

**** Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

COMMERCIAL NATIONAL BANK

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE			Geography: COMMERCIAL NB				Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002			
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers	
	#	% of Total**	% Families***	% CNB Loans****	% Families***	% CNB Loans****	% Families***	% CNB Loans****	% Families***	% CNB Loans****
Full Review:										
Commercial Latrobe 2002	556	100.00	19.86	5.88	20.40	20.49	23.56	27.32	36.18	46.31

* Based on 2001 Peer Mortgage Data: Northeast Region.

** As a percentage of loans with borrower income information available. No information was available for 5.22% of loans originated and purchased by BANK.

*** Percentage of Families is based on the 1990 Census information.

**** Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

COMMERCIAL NATIONAL BANK

Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES			Geography: COMMERCIAL NB		Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002		
MA/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size		
	#	% of Total**	% of Businesses ***	% CNB Loans****	\$100,000 or less	> \$100,000 to \$250,000	> \$250,000 to \$1,000,000
Full Review:							
Commercial Latrobe 2002	302	100.00	66.23	69.21	73.18	17.22	

* Based on 2001 Peer Small Business Data: US&PR.

** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

*** Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2002).

**** Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 0.00% of small loans to businesses originated and purchased by the bank.

COMMERCIAL NATIONAL BANK

Table 13. Geographic and Borrower Distribution of Consumer Loans (Institution's Option)

Geographic and Borrower Distribution: CONSUMER LOANS		Geography: COMMERCIAL NB								Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002				
MA/Assessment Area:	Geographic Distribution										Borrower Distribution			
	Total Consumer Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Low-Income Borrowers		Moderate-Income Borrowers	
	#	% of Total*	% of Hhlds**	% of CNB Loans	% of Hhlds*	% of CNB Loans	% of Hhlds**	% of CNB Loans	% of Hhlds**	% of CNB Loans	% of Hhlds*	% of CNB Loans	% of Hhlds**	% of CNB Loans
Full Review:														
Commercial Latrobe 2002	1,031	100.00	0.64	0.00	19.77	16.00	67.99	76.24	11.61	7.76	24.76	20.39	16.87	20.00

* Consumer loans originated and purchased in the MA/AA as a percentage of all consumer loans originated and purchased in the rated area.

** Percentage of Households is based on the 1990 Census Information.

COMMERCIAL NATIONAL BANK

Table 14. Qualified Investments

QUALIFIED INVESTMENTS		Geography: COMMERCIAL NB		Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002			
MA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments		
	#	\$(000's)	#	\$(000's)	#	\$(000's)	
Full Review:							
Commercial Latrobe 2002	0	0	54	733	54	733	

* 'Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.

** 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

COMMERCIAL NATIONAL BANK

Table 15. Distribution of Branch Delivery System and Branch Openings/Closings

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS				Geography: COMMERCIAL NB				Evaluation Period: JANUARY 1,				
MA/Assessment Area:	Deposits	Branches						Branch Openings/Closings				
	% of Rated Area Deposits in AA	# of CNB Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branch (+ or -)		
				Low	Mod	Mid	Upp			Low	Mod	Mid
Full Review:												
Commercial Latrobe 2002	100.00	9	100	0.00	33.33	66.67	0.00	1	1	0	0	0