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 SEPTEMBER 30, 2001

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	(I.R.S. Employer Identification No.)

of incorporation or organization)

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 OCTOBER 31, 2001
Common Stock, $2 Par Value	3,426,096 Shares

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COMMERCIAL NATIONAL FINANCIAL CORPORATION

CONSOLIDATED BALANCE SHEETS

		September 30 2001		December 31 2000
ASSETS				
Cash and due from banks on demand	$	9,846,259	$	9,532,528
Interest bearing deposits with banks		1,422,802		284,136
Federal funds sold		-		-
Securities available for sale		116,037,242		104,703,464
Loans		208,867,208		207,956,789
Allowance for loan losses		(2,840,193)		(2,736,712)
Net loans		206,027,015		205,220,077
Premises and equipment		5,799,686		6,027,137
Other assets		8,210,307		4,097,781
Total assets	$	347,343,311	$	329,865,123
LIABILITIES AND SHAREHOLDERS' EQUITY				
Liabilities:				
Deposits:				
Non-interest bearing	$	52,761,685	$	49,027,941
Interest bearing		208,663,907		217,583,429
Total deposits		261,425,592		266,611,370
Short-term borrowings		2,550,000		7,575,000
Other liabilities		2,677,439		2,541,836
Long-term borrowings		35,000,000		10,000,000
Total liabilities		301,653,031		286,728,206
Shareholders' equity:				
Common stock, par value $ 2 per share; authorized 10,000,000 shares; issued 3,600,000 shares;		7,200,000		7,200,000
outstanding 3,426,096 and 3,458,355 shares in 2001 and 2000, respectively				
Retained earnings		38,892,464		37,438,970
Accumulated other comprehensive income, net of deferredtaxes of $1,402,880 in September 2001 and $563,721 in December 2000		2,723,236		1,094,282
		(3,125,420)		(2,596,335)

Less treasury stock, at cost, 173,904 and 141,645 shares in 2001and 2000				
Total shareholders' equity		45,690,280		43,136,917
Total liabilities and shareholders' equity	$	347,343,311	$	329,865,123

COMMERCIAL NATIONAL FINANCIAL CORPORATION

CONSOLIDATED STATEMENTS OF INCOME

	Three Months Ending September 30		Nine Months Ending September 30	
	2001	2000	2001	2000
INTEREST INCOME:				
Interest and fees on loans	$ 4,137,329	$ 4,502,444	$ 12,699,998	$ 13,083,759
Interest and dividends on securities:				
Taxable	1,291,677	1,946,902	4,304,303	5,152,344
Exempt from federal income taxes	265,739	301,730	662,951	1,272,855
Interest on deposits with banks	179,650	972	360,155	95,112
Interest on federal funds sold	81,361	4,101	284,898	14,179
Total interest income	5,955,756	6,756,149	18,312,305	19,618,249
INTEREST EXPENSE				
Interest on deposits	1,957,015	2,374,478	6,377,339	6,961,962
Interest on short-term borrowings	1,610	309,488	38,010	709,230
Interest on long-term borrowings	436,137	397,410	1,089,005	1,054,157
Total interest expense	2,394,762	3,081,376	7,504,354	8,725,349
NET INTEREST INCOME	3,560,994	3,674,773	10,807,951	10,892,900
PROVISION FOR LOAN LOSSES	429,350	510,000	429,350	1,140,000
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	3,131,644	3,164,773	10,378,601	9,752,900
OTHER OPERATING INCOME:				
Asset management and trust income	124,879	106,697	409,195	347,659
Service charges on deposit accounts	211,683	179,435	584,041	527,757
Other service charges and fees	174,029	166,993	560,011	518,086
Net security gains (losses)	11,876	(49,638)	7,093	(912,482)
Other income	173,692	174,274	386,063	1,129,809
Total other operating income	696,159	577,761	1,946,403	1,610,829
OTHER OPERATING EXPENSES:				
Salaries and employee benefits	1,360,577	1,226,069	4,148,107	3,882,794

Net occupancy		146,016		148,432		459,530		437,892
Furniture and equipment		174,823		236,371		536,495		649,336
Pennsylvania shares tax		105,578		97,006		311,020		284,823
Other expenses		837,723		679,508		2,240,379		1,881,680
Total other operating expenses		2,624,717		2,387,386		7,695,531		7,136,525
INCOME BEFORE INCOME TAXES		1,203,086		1,355,148		4,629,473		4,227,204
Income tax expense		256,300		345,900		1,219,400		959,100
Net income	$	946,786	$	1,009,248	$	3,410,073	$	3,268,104
Average Shares Outstanding		3,434,510		3,522,741		3,434,510		3,522,741
Earnings Per Share	$	0.28	$	0.29	$	0.99	$	0.93
Cash Dividends Declared Per Share	$	0.19	$	0.17	$	0.57	$	0.51

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

COMMERCIAL NATIONAL FINANCIAL CORPORATION

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Common Stock	Retained Earnings (Deficit)	Treasury Stock	Accumulated Other Comprehensive Income	Total Stockholders' Equity
Balance at December 31, 1999	$ 7,200,000	$ 35,190,986	$ (1,179,433)	$ (1,807,660)	$ 39,403,893
Comprehensive income:					
Net income	-	3,268,104	-	-	3,268,104
Change in unrealized net gains on securities available for sale of $2,180,579, net of reclassification adjustment for gains included in net income of $(602,238)	-	-	-	1,578,341	1,578,341
Total comprehensive income					4,846,445
Cash dividends declared, $ 0.51 per share	-	(1,795,608)	-	-	(1,795,608)
Purchase of treasury stock	-	-	(773,814)	-	(773,814)
Balance at September 30, 2000	$ 7,200,000	$ 36,663,482	$ (1,953,247)	$ (229,319)	$ 41,680,916
Balance at December 31, 2000	$ 7,200,000	$ 37,438,970	$ (2,596,335)	$ 1,094,282	$ 43,136,917
Comprehensive income:					
Net income	-	3,410,073	-	-	3,410,073
Change in unrealized net gains on securities available for sale of $1,624,273, net of reclassification adjustment for gains included in net income of $4,681	-	-	-	1,628,954	1,628,954
Total comprehensive income					5,039,027
Cash dividends declared, $ 0.57 per share	-	(1,956,579)	-	-	(1,956,579)
Purchases of treasury stock	-	-	(529,085)	-	(529,085)
	$ 7,200,000	$ 38,892,464	$ (3,125,420)	$ 2,723,236	$ 45,690,280

Balance at September 30, 2001

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

COMMERCIAL NATIONAL FINANCIAL CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For Nine Months Ended Sept 30	
	2001	2000
OPERATING ACTIVITIES		
Net income	$3,410,073	$3,268,104
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation and amortization	514,650	593,352
Provision for loan losses	429,350	1,140,000
Net accretion of securities and loan fees	(304,699)	(227,168)
(Increase) decrease in interest receivable	21,040	(35,448)
Decrease in interest payable	(363,903)	(353,265)
Decrease in taxes receivable	211,983	763,704
Decrease in other liabilities	(159,020)	(574,277)
(Increase) decrease in other assets	473,819	(74,992)
Net security (gains) losses	(7,093)	912,482
Net cash provided by operating activities	4,226,200	5,412,492
INVESTING ACTIVITIES		
Net (increase) decrease in deposits with other banks	(1,138,666)	282,559
Decrease in federal funds sold	-	5,750,000
Purchase of securities AFS	(53,759,873)	(58,056,193)
Maturities and calls of securities AFS	13,106,125	13,554,753
Proceeds from sales of securities AFS	32,181,598	51,954,886
Funding for BOLI program	(5,000,000)	-
Net (increase) decrease in loans	(1,318,012)	(8,406,229)
Purchase of premises and equipment	(287,199)	(487,315)
Net cash used in investing activities	(16,216,027)	4,592,464
FINANCING ACTIVITIES		
Net increase (decrease) in deposits	(5,185,778)	3,050,350
Net decrease in other short-term borrowings	(5,025,000)	(9,425,000)

Net increase in long-term debt	25,000,000	-
Dividends paid	(1,956,579)	(1,795,608)
Purchase of treasury stock	(529,085)	(773,814)
Net cash provided by financing activities	12,303,558	(8,944,072
	313,731	1,060,881
Cash and cash equivalents at beginning of year	9,532,528	8,654,617
Cash and cash equivalents at end of quarter	$ 9,846,259	$ 9,715,498
Supplemental disclosures of cash flow information:		
Cash paid during the year for:		
Interest	$ 7,868,257	$ 9,078,614
Income Taxes	$ 902,040	$ 910,000

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

COMMERCIAL NATIONAL FINANCIAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2001

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, 2000, 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 September 30, 2001 and the results of operations for the three and nine month periods ended September 30, 2001 and 2000, and the statements of cash flows and changes in shareholders' equity for the nine month periods ended September 30, 2001 and 2000. The results of the nine months ended September 30, 2001 are not necessarily indicative of the results to be expected for the entire year.

Note 2 Allowance for Loan Losses

Description of changes:

	2001	2000
Allowance balance January 1	$2,736,712	$1,919,453
Additions:		
Provision charged to operating expenses	429,350	1,140,000
Recoveries on previously charged off Loans	31,974	30,519
Deductions:		
Loans charged off	(357,843)	(353,979)
Allowance balance September 30	$2,840,193	$2,735,993

Note 3 New Accounting Standards

In June of 2001, the Financial Accounting Standards Board issued Statement 143, "Accounting for Asset Retirement Obligations", which addresses the financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. This Statement requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. The associated asset retirement costs are capitalized as part of the carrying amount of the long-lived asset. This Statement will become effective for the Bank on January 1, 2003 but is not expected to have a significant impact on the financial condition or results of operations.

In August of 2001, the Financial Accounting Standards Board issued Statement 144, "Accounting for the Impairment of or Disposal of Long-Lived Assets". This Statement supersedes FASB Statement No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of", and the accounting and reporting provisions of APB Opinion No. 30, "Reporting the Results of Operations - Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions for the disposal of a segment of a business". This Statement

COMMERCIAL NATIONAL FINANCIAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(continued)

also amends ARB No. 51, "Consolidated Financial Statements". The provisions of this Statement will be effective for the Bank on January 1, 2002 but are not expected to have a significant impact on the financial condition or results of operations.

Note 4 Comprehensive Income

Comprehensive income was $854,651 and $652,731 for the three months ended September 30, 2001 and

Note 5

Legal Proceedings

Other than proceedings which occur in the normal course of business, there are no legal proceedin

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

AND RESULTS OF OPERATIONS

Overview

With the aggressive easing in monetary policy by the Federal Reserve over the course of the year, many financial institutions have found it very difficult to improve upon prior year's net interest income as interest earning assets have been able to reprice downward more quickly than interest-bearing liabilities and loan demand has slowed dramatically from its prior years pace. The corporation's year-to-date net interest income has declined slightly but is experiencing lower quarterly net interest income in 2001 due to the above mentioned circumstances.

In light of the economic effects of the recent terrorist attacks and the slowdown already experienced in the United States prior to these attacks, management is unable to predict the impact this may have on its earnings. Recent indications suggest that growth will remain sluggish for the remainder of this year and into next year.

Financial Condition

Total assets at September 30, 2001 increased $17,478,188 since the end of 2000. The increase was

In the first quarter of the year, the corporation extended its interest-bearing liability structu

Average earning assets represented 94.17% of average total assets for the first nine months of 20

The decrease in deposits of $5,185,778 from December 31, 2000 to September 30, 2001 is due mainly

Shareholders' equity was $45,690,280 on September 30, 2001 compared to $43,136,917 on December 31

Result of Operations

First Nine Months of 2001 as compared to the First Nine Months of 2000

Pre-tax net income for the first nine months of 2001 was $4,629,473 compared to $4,227,204 during the same period of 2000, representing a 9.52% increase.

Interest income was $18,312,305, a decrease of 6.66%. Reasons for this decrease were the reduction in holdings of investment securities and decreases in the prime-lending rate that are associated with a weakening in the general economy. The loan return rate decreased twenty-five (25) basis points to 8.20% and the securities return rate increased four (4) basis points to 6.56%. The return rate on total average earning assets decreased to 7.62% versus a 7.69% return from a year ago. Average earning asset volume declined $19,532,255, representing a 5.74% decrease.

Interest expense was $7,504,354, a decrease of 13.99% mainly due to the downward pricing of deposits from reasons mentioned above. The cost rate on average interest-bearing liabilities was 4.07%, a twenty-eight (28) basis point decrease from a year ago. Average interest-bearing liability volume declined $21,359,524, a decrease of 8.00%. This decrease in volume is mainly attributed towards the retirement of short-term borrowings held by the corporation a year ago.

Net interest income contracted slightly to $10,807,951 and represented 4.23% of average total assets compared to 4.11% during the first nine months of 2000.

The average allowance for loan losses increased 23.00% to $2,619,999. By comparison, total average loans remained flat year-to-date. The 2001 first nine months provision for loan losses was $429,350, compared to $1,140,000 for the first nine months of 2000, representing a 62.34% decrease.

Net interest income after the application of the provision for loan losses increased 6.42% to $10,807,951, representing a 4.06% return on total average assets compared to 3.68% for the first nine months of 2000.

Non-interest income increased 20.83% to $1,946,403. Asset management and trust fees increased 17.70% to $409,195. Service charges on deposit accounts

increased 10.66% to $560,011. Other service charges and fees rose 8.09% to $560,011. Other income decreased 65.83% to $386,063. This decrease reflects an

$822,875 premium that the corporation received in 2000 from selling the credit card portfolio. Net securities gains of $7,093 were realized on sold investments. In 2000, losses of $912,482 were realized on sold investments as the corporation reinvested the premium from the credit card loan portfolio sale to reposition the investment portfolio for enhanced future performance.

Non-interest expense reached $7,695,531, an increase of 7.83%, or $559,006, while total average assets declined 3.74%. Personnel costs rose 6.83%, a $265,313 increase. This increase is due to higher compensation and hospitalization expenses. Net occupancy expense rose 4.94%, or $21,638. Furniture and equipment expense declined 17.38%, representing a cost decrease of $112,841. Pennsylvania shares tax expense was $311,020, an increase of 9.20%. Other expense rose 19.06%, which equated to a $358,699 increase. Increases in advertising, professional fees and automated teller machine expense were the primary reasons for the rise in this category.

Federal income tax on total first nine months earnings was $1,219,400 compared to $959,100 a year ago. The change in tax rate is due to the reduction in tax-free investment income that occurred with the restructuring of the investment portfolio. Net income after taxes increased $141,969 to $3,410,073, an increase of 4.34%. The annualized return on average assets was 1.34% for the first nine months of 2001 compared to 1.23% for the nine months ended September 30, 2000. The annualized return on average equity through September 30, 2001 was 10.23% and had been 10.63% through the first nine months of 2000.

Three Months Ended September 30, 2001 as Compared to the Three Months Ended September 30, 2000

Pre-tax net income for the third quarter of 2001 declined 11.22% and was $1,203,086 compared to $1,355,148 during the same period of 2000.

Interest income was $5,955,756 a decrease of 11.22%. The loan return rate decreased fifty (50) basis points to 8.00%, the securities return rate decreased forty-nine (49) basis points to 6.29% and the return rate on total average earning assets decreased forty-five (45) basis points to 7.39%. The decline in the securities return rate is partly attributable to surplus funds being temporarily placed in overnight funds pending the forward settlement of higher yielding securities which commenced in August and will be completed in October. Total average earning assets decreased $22,517,730, or 6.53%.

Interest expense was $2,394,762 a decrease of 22.28%. The average interest-bearing liabilities declined by $22,176,363. The cost rate decreased to 3.86%, a seventy (70) basis point decrease from a year ago.

The average allowance for loan losses increased 2.36% to $2,535,696, while total average loans declined by 2.42%. The 2001 third quarter provision for loan losses was $429,350, compared to $510,000 for the third quarter of 2000, representing a 15.81% decrease.

Net interest income after the application of the provision for loan losses decreased 1.05% to $3,131,644 representing a 3.62% return on total average assets compared to 3.52% for the third quarter of 2000.

Non-interest income increased 118,398 or 20.49%, to $696,159. Asset management and trust income increased 17.04% to $124,879. Service charges on deposit accounts increased 17.97% to $211,683. Other service charges and fees grew 4.21% to $174,029. Net gains of $11,876 were realized on securities sold in the third quarter.

Non-interest expense rose $237,331, a 9.94% increase. Personnel costs rose $134,508, a 10.97% increase. Net occupancy expense declined $2,416 a 1.63% decrease. Furniture and equipment expense declined $61,548, a 26.04% decrease. Pennsylvania shares tax expense rose $8,572, an increase of 8.84%. Other expense rose $158,215, a 23.28% increase. Increases in advertising, professional fees and automated teller machine expense were the primary reasons for the rise in this category.

Federal income tax on total third quarter earnings was $256,300 compared to $345,900 a year ago. The change in tax rate is due to the greater tax-free income through municipal securities and the BOLI program investment. Net income after taxes decreased $62,462 to $946,786, a 6.19% decrease. The annualized return on average assets was 1.10% for the three months ended September 30, 2001 compared to 1.12% for the third quarter of 2000. The annualized return on average equity for the third quarter of 2001 was 8.40% compared to 9.70% for the third quarter of 2000.

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 debt investment securities available for sale that carried a book value of $110,025,477 on September 30, 2001. 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.

Investments maturing within one year were 8.16% of total assets on September 30, 2001 and .85% on September 30, 2000.

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, where 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 and therefore are presented as beginning to reprice in the earliest period presented in the "gap" table.

INTEREST

SENSITIVITY (In thousands)

The following table presents this information as of September 30, 2001 and December 31, 2000:

	September 30, 2001					
	0-30 DAYS	**31-90 DAYS**	**91-180 DAYS**	**181-365 DAYS**	**1 - 5 YEARS**	**OVER 5 YRS**
Interest-earning assets:						
Securities	$ 1,202	$ 2,404	$ 6,598	$ 13,194	$66,387	$20,241
Federal funds sold and other deposits with banks	1,423	-	-	-	-	-
Loans	28,626	4,292	5,585	10,516	93,776	63,267
Total interest-sensitive assets	**31,251**	**6,696**	**12,183**	**23,710**	**160,163**	**83,508**
Interest-bearing liabilities:						
Certificates of deposits	9,535	13,774	28,788	25,116	21,260	1,547
Other interest-bearing liabilities	-	4,447	4,447	6,597	41,484	51,669
Other-term borrowings	2,550	5,000	5,000 -	-	15,000	10,000
Total-interest sensitive liabilities	12,085	23,221	38,235	31,713	77,744	63,216
Interest sensitivity gap	**$ 19,166**	**$(16,525)**	**$(26,052)**	**$(8,003)**	**$82,419**	**$ 20,292**
Cumulative gap	**$19,166**	**$ 2,641**	**$(23,411)**	**$(31,414)**	**$51,005**	**$ 71,297**
Ratio of cumulative gap to earning assets	**5.92%**	**0.82%**	**(7.24%)**	**(9.71%)**	**15.77%**	**22.04%**

	December 31, 2000					
	0-30 DAYS	**31-90 DAYS**	**91-180 DAYS**	**181-365 DAYS**	**1 - 5 YEARS**	**OVER 5 YRS**
Interest-earning assets:						
Securities	$ 521	$ 1,052	$ 1,601	$ 3,250	$41,089	$ 52,163
Federal funds sold and other deposits with banks	284	-	-	-	-	-
Loans	31,751	3,771	5,405	13,842	85,694	66,958
Total interest-sensitive assets	**32,556**	**4,823**	**7,006**	**17,092**	**126,783**	**119,121**
Interest-bearing liabilities:						

Certificates of deposits	14,790	21,175	18,767	29,502	24,337	5,750
Other interest-bearing liabilities	-	4,122	4,122	6,009	39,222	49,787
Other-term borrowings	7,575	-	-	5,000	5,000	-
Total-interest sensitive liabilities	22,365	25,297	22,889	40,511	68,559	55,537
Interest sensitivity gap	**$ 10,191**	**$(20,474)**	**$(15,883)**	**$(23,419)**	**$58,224**	**$ 63,584**
Cumulative gap	**$10,191**	**$(10,283)**	**$(26,166)**	**$(49,585)**	**$ 8,639**	**$ 72,223**
Ratio of cumulative gap to earning assets	**3.26%**	**(3.29%)**	**(8.38%)**	**(15.87%)**	**2.77%**	**23.12%**

CREDIT QUALITY RISK

The following table presents a comparison of loan performance as of September 30, 2001 with that of September 30, 2000. 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. As of September 30, 2001 the corporation had no other real estate owned.

	At September 30,	
	2001	2000
Non-performing Loans:		
Loans on non-accrual basis	$ 2,743,289	$ 196,826
Past due loans	35,498	116,710
Renegotiated loans	64,422	427,272
Total Non-performing Loans	$ 2,843,209	$ 740,808
Other real estate owned	$ -	$ 98,154
Total Non-performing Assets	$ 2,843,209	$ 838,962
Loans outstanding at end of period	$ 208,867,208	$ 212,982,479
Average loans outstanding (year-to-date)	$ 206,619,793	$ 206,551,835
Non-performing loans as percent of total		
Loans	1.36%	.35%
Provision for loan losses	$ 429,350	$ 1,140,000
Net charge-offs	$ 325,868	$ 323,460
Net charge-offs as percent of average		
Loans	.16%	.16%
Provision for loan losses as		
Percent of net charge-offs	131.76%	352.44%
Allowance for loan losses as		
percent of average loans outstanding	1.37%	1.32%

CAPITAL RESOURCES

Shareholders' equity for the first nine months of 2001 averaged $44,454,742, which represents an increase of $3,461,818 over the average capital of $40,992,924 recorded in the same period of 2000. These capital levels represented a capital ratio of 13.06% in 2001 and 11.59 in 2000. When the loan loss allowance is included, the 2001 capital ratio becomes 13.83%.

The Federal Reserve Board's risk-based capital adequacy 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%; and (4) a minimum 4.00% leverage ratio of Tier I capital to average total assets. The minimum leverage ratio is to be 4-5 percent for all but the most highly rated banks, as determined by a regulatory rating system. As of September 30, 2001, the corporation, under these guidelines, had a Tier I and total equity capital to risk adjusted assets ratio of 20.85% and 22.10% respectively. The leverage ratio was 12.31%.

CAPITAL RESOURCES (continued)

The table below presents the corporation's capital position at September 30, 2001

(Dollar amounts in thousands)

	Amount	Percent of Adjusted Assets
Tier I Capital	$ 42,967	20.85
Tier I Requirement	8,244	4.00
Total Equity Capital	$ 45,547	22.10
Total Equity Capital Requirement	16,488	8.00
Leverage Capital	$ 42,967	12.54
Leverage Requirement	13,708	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

Not applicable

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)
	/s/ Gregg E. Hunter
Dated: November 13, 2001	Gregg E. Hunter,

	Vice Chairman and Chief Financial Officer
Dated: November 13, 2001	/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) 539-3501
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 MAC 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, Greensburg Kirk Nevin Arena, Latrobe Area Hospital, New Alexandria Qwik Mart, Norvelt Open Pantry and Saint Vincent College. All are linked to the national Cirrus, Honor and Plus networks and also accept MasterCard, Visa, Discover and American Express for cash advances.

Touchtone Teller 24-hour banking service:
(724)537-9977
Free from Blairsville, Derry,
Greensburg, Kecksburg, Latrobe,
Ligonier and New Alexandria.
1-800-803-BANK
Free from all other locations.

Website Address:
www.cnbthebank.com

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

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