

CNB FINANCIAL CORP/PA

Form 8-K

October 20, 2005

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of

the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported)

October 19, 2005

CNB FINANCIAL CORPORATION

(Exact name of Registrant as specified in its Charter)

Pennsylvania

(State or other jurisdiction
of incorporation)

2-88511

(Commission File No.)

25-1450605

(IRS Employer
Identification Number)

County National Bank

1 South Second Street

PO Box 42

Clearfield, Pennsylvania 16830

(Address of principal executive offices)

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Registrant's telephone number, including area code: (814) 765-9621

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02. Results of Operations and Financial Condition

CNB Financial Corporation (NASDAQ: CCNE), the parent company of County National Bank, today announced reported earnings for the quarter ended September 30, 2005 and for the nine months ended September 30, 2005.

(a) Financial Statements: None

(b) Exhibits:

Exhibit 99 News Release announcing third quarter earnings.

SIGNATURE

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.

Date: October 19, 2005

CNB Financial Corporation

By: /s/ Joseph B. Bower, Jr.
Joseph B. Bower, Jr.
Treasurer

Exhibit Index

| <u>Number</u> | <u>Description</u> |
|---------------|--|
| Exhibit 99 | News Release announcing third quarter earnings |

Exhibit 99

News Release

Contact: Joseph B. Bower, Jr
Treasurer
(814)765-9621

FOR IMMEDIATE RELEASE

CNB FINANCIAL CORPORATION REPORTS A 12% INCREASE IN THIRD QUARTER EARNINGS FOR 2005

Clearfield, Pennsylvania October, 2005

CNB Financial Corporation (NASDAQ: CCNE), the parent company of County National Bank, today announced reported earnings of \$2.3 million or \$0.25 diluted earnings per share for the quarter ended September 30, 2005, compared to \$2.0 million or \$0.22 diluted earnings per share for the same quarter of 2004.

Year to date earnings for the first nine months of 2005 are \$6.7 million compared to \$6.1 million in the same nine month period of 2004, representing a 10% increase in year over year earnings. The largest impact has been the increase in net interest income arising from the growth in average earnings assets of \$26.2 million, or 4.1%, over last year.

William F. Falger, President and Chief Executive Officer, commented, "The growth of earnings in excess of 10% is outstanding since it comes from growth generated in our existing markets. The Bank has been able to sustain approximately a 4% net interest margin while growing its earning assets. The growth in our current markets, along with our expansion into the Erie market with Erie Bank, positions CNB for a strong beginning as we look toward 2006."

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Financial Highlights (in thousands) (unaudited)

| Consolidated Balance Sheets | <u>30-Sept-05</u> <u>Consolidated</u> | 31-Dec-04 <u>Consolidated</u> | 30-Sept-04 <u>Consolidated</u> |
|--|--|----------------------------------|-----------------------------------|
| <u>Assets</u> | | | |
| Cash and due from banks | \$ 14,380 | \$ 14,296 | \$ 14,939 |
| Interest-bearing deposits | 7,174 | 15,616 | 5,081 |
| CASH & CASH EQUIVALENTS | 21,554 | 29,912 | 20,020 |
| Securities available for sale | 180,251 | 164,202 | 155,638 |
| Net Loans | 492,237 | 476,352 | 480,134 |
| FHLB & Federal Reserve Stock | 4,999 | 4,792 | 5,174 |
| Premises & Equipment, net | 13,962 | 13,761 | 13,500 |
| Bank Owned Life Insurance | 13,661 | 13,182 | 13,058 |
| Intangible, net | 11,611 | 11,862 | 11,898 |
| Accrued Interest & Other Assets | 10,441 | 11,154 | 9,791 |
| TOTAL ASSETS | \$ 748,716 | \$ 725,217 | \$ 709,213 |
| <u>Liabilities</u> | | | |
| Deposits | | | |
| Non-interest bearing deposits | \$ 75,899 | \$ 71,968 | \$ 73,653 |
| Interest bearing deposits | 524,662 | 524,937 | 508,540 |
| TOTAL DEPOSITS | 600,561 | 596,905 | 582,193 |
| Short-term borrowings | 2,000 | 2,000 | 2,000 |
| Federal Home Loan Bank Advances | 59,500 | 40,000 | 40,000 |
| Subordinated Debentures | 10,310 | 10,310 | 10,310 |
| Accrued expenses and other liabilities | 6,756 | 7,292 | 7,177 |
| TOTAL LIABILITIES | 679,127 | 656,507 | 641,680 |
| <u>Shareholders' Equity</u> | | | |
| Common stock, \$1 par value | 9,234 | 9,234 | 9,234 |
| Additional paid-in capital | 4,150 | 4,243 | 4,289 |
| Retained earnings | 57,242 | 54,347 | 53,736 |
| Treasury stock, at cost (187,267 shares for Sept 2005, 123,240 shares for Dec 2004, and 136,341 shares for Sept 2004) | (2,699) | (1,796) | (2,021) |
| Accumulated other comprehensive income | 1,662 | 2,682 | 2,295 |
| TOTAL SHAREHOLDERS' EQUITY | 69,589 | 68,710 | 67,533 |
| TOTAL LIABILITIES & SHAREHOLDERS' EQUITY | \$ 748,716 | \$ 725,217 | \$ 709,213 |
| Nonperforming Assets | \$ 3,497 | \$ 2,690 | \$ 4,952 |
| % of Total Assets | 0.47% | 0.37% | 0.70% |
| Trust Assets | \$ 182,455 | \$ 192,361 | \$ 188,409 |

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| Consolidated Income Statement | For Quarter Ended | | Year To Date | |
|--|--------------------------|-----------------|---------------------|-----------------|
| | 30-Sep-05 | 30-Sep-04 | 30-Sep-05 | 30-Sep-04 |
| Interest Income | | | | |
| Loans including fees | \$ 8,740 | \$ 7,774 | \$ 25,122 | \$ 22,983 |
| Deposits with banks | 88 | 39 | 224 | 64 |
| Federal funds sold | 126 | 4 | 232 | 29 |
| Securities | 1,726 | 1,500 | 5,211 | 4,746 |
| TOTAL INTEREST AND DIVIDENDS | 10,680 | 9,317 | 30,789 | 27,822 |
| Interest Expense | | | | |
| Deposits | 3,249 | 2,596 | 9,086 | 7,809 |
| Federal Home Loan Bank advances | 725 | 517 | 1,903 | 1,548 |
| Subordinated Debentures | 178 | 138 | 494 | 372 |
| Total interest expense | 4,152 | 3,251 | 11,483 | 9,729 |
| NET INTEREST INCOME | 6,528 | 6,066 | 19,306 | 18,093 |
| Provision for loan losses | 207 | 200 | 546 | 800 |
| NET INTEREST AFTER PROVISION | 6,321 | 5,866 | 18,760 | 17,293 |
| Other Income | | | | |
| Trust income | 238 | 232 | 698 | 698 |
| Service charges on deposits | 1,090 | 1,006 | 2,982 | 2,804 |
| Other charges and fees | 119 | 115 | 380 | 352 |
| Net security gains (losses) | - | 152 | 63 | 316 |
| Loss on other-than-temporary impaired securities | - | - | (240) | - |
| Gain on sale of loans | 32 | 46 | 90 | 103 |
| BOLI | 139 | 125 | 479 | 376 |
| Wealth Management | 125 | 44 | 419 | 140 |
| Other | 162 | (3) | 342 | 192 |
| TOTAL OTHER INCOME | 1,905 | 1,717 | 5,213 | 4,981 |
| Non-Interest Expenses | | | | |
| Salaries | 1,915 | 1,739 | 5,595 | 5,201 |
| Benefits | 698 | 795 | 2,178 | 2,200 |
| Occupancy, net | 663 | 629 | 2,032 | 1,941 |
| Data Processing | 419 | 354 | 1,199 | 1,091 |
| Amortization of intangible | 126 | 125 | 382 | 381 |
| Total other expenses | 1,340 | 1,319 | 3,796 | 3,596 |
| Total non-interest expenses | 5,161 | 4,961 | 15,182 | 14,410 |
| NET INCOME BEFORE TAXES | 3,065 | 2,622 | 8,791 | 7,864 |
| Applicable income taxes | 781 | 590 | 2,115 | 1,801 |
| NET INCOME | \$ 2,284 | \$ 2,032 | \$ 6,676 | \$ 6,063 |
| | | | | |
| Earnings Per Share, Fully diluted | \$ 0.25 | \$ 0.22 | \$ 0.73 | \$ 0.66 |
| Dividends Per Share | \$ 0.14 | \$ 0.13 | \$ 0.41 | \$ 0.39 |
| Return on Average Assets (ROA) | | | 1.22% | 1.15% |
| Return on Average Equity (ROE) | | | 13.22% | 12.57% |

Note: This press release may contain forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. Actual results and trends could differ materially from those set forth in such statements due to various factors. These factors include operating, legal and regulatory risks; changing economic competitive conditions; and other risks and uncertainties.

County National Bank's website is www.bankcnb.com.

