

CNB FINANCIAL CORP/PA  
Form 8-K  
July 24, 2006

**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)

July 21, 2006

**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, the parent company of County National Bank, today announced reported earnings of \$2.3 million or \$0.26 diluted earnings per share for the quarter ended June 30, 2006, compared to \$2.3 million or \$0.26 diluted earnings per share for the same quarter of 2005.

(a) Financial Statements: None

(b) Exhibits:

Exhibit 99 News Release announcing second 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: July 24, 2006

CNB Financial Corporation

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



Exhibit Index

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



Exhibit 99

## *News Release*

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

FOR IMMEDIATE RELEASE

### **CNB FINANCIAL CORPORATION REPORTS SECOND QUARTER EARNINGS FOR 2006**

**Clearfield, Pennsylvania July, 2006**

CNB Financial Corporation, the parent company of County National Bank, today announced reported earnings of \$2.3 million or \$0.26 diluted earnings per share for the quarter ended June 30, 2006, compared to \$2.3 million or \$0.26 diluted earnings per share for the same quarter of 2005.

Year to date earnings for 2006 are \$4.8 million compared to \$4.4 million in the same period of 2005, representing an 8.5% increase.

William F. Falger, President and Chief Executive Officer, commented, "We are very pleased by our financial performance during the quarter and year to date. The Corporation has experienced good loan growth, and with the opening of our first ERIEBANK office in August, we are encouraged that this growth will continue."



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Financial Highlights (in thousands)

(unaudited)

(unaudited)

| Consolidated Balance Sheets   | 30-Jun-06<br><u>Consolidated</u> | 31-Dec-05<br><u>Consolidated</u> | 30-Jun-05<br><u>Consolidated</u> |
|---|----------------------------------|----------------------------------|----------------------------------|
| <b><u>Assets</u></b>  |                                  |                                  |                                  |
| Cash and due from banks   | \$ 16,341                        | \$ 19,146                        | \$ 16,341                        |
| Interest-bearing deposits   | 17,951                           | 23,871                           | 15,867                           |
| <b>CASH &amp; CASH EQUIVALENTS</b>  | <b>34,292</b>                    | 43,017                           | 32,208                           |
| Securities available for sale   | 161,304                          | 161,897                          | 170,545                          |
| <b>NET LOANS</b>  | <b>525,830</b>                   | 505,010                          | 494,769                          |
| FHLB & Federal Reserve Stock  | 5,206                            | 4,789                            | 5,519                            |
| Premises & Equipment, Net   | 14,565                           | 13,912                           | 14,075                           |
| Bank Owned Life Insurance   | 14,134                           | 13,796                           | 13,522                           |
| Intangible, net   | 11,849                           | 11,994                           | 11,696                           |
| Accrued Interest & Other Assets   | 9,777                            | 9,603                            | 10,149                           |
| <b>TOTAL ASSETS</b>   | <b>\$ 776,957</b>                | \$ 764,018                       | \$ 752,483                       |
| <b><u>Liabilities</u></b>   |                                  |                                  |                                  |
| Deposits  |                                  |                                  |                                  |
| Non-interest bearing deposits   | \$ 79,382                        | \$ 80,874                        | \$ 71,817                        |
| Interest bearing deposits   | 543,677                          | 537,629                          | 532,476                          |
| <b>TOTAL DEPOSITS</b>   | <b>623,059</b>                   | 618,503                          | 604,293                          |
| Short-term borrowings   | 854                              | 2,000                            | 1,534                            |
| Other borrowings  | 67,000                           | 58,250                           | 59,500                           |
| Subordinated Debentures   | 10,310                           | 10,310                           | 10,310                           |
| Accrued expenses and other liab.  | 5,646                            | 4,970                            | 7,208                            |
| <b>TOTAL LIABILITIES</b>  | <b>706,869</b>                   | 694,033                          | 682,845                          |
| <b><u>Shareholders' Equity</u></b>  |                                  |                                  |                                  |
| Common stock (1)  | -                                | 9,234                            | 9,234                            |
| Additional paid-in  | 13,414                           | 4,160                            | 4,134                            |
| Retained earnings   | 60,689                           | 58,439                           | 56,246                           |
| Treasury stock, at cost (275,725 shares for June 2006,<br>209,596 shares for Dec 2005, and<br>128,338 shares for June 2005) | (3,987)                          | (3,031)                          | (1,801)                          |
| Restricted Stock Awards   | (145)                            | -                                | -                                |
| Accumulated other comprehensive income  | 117                              | 1,183                            | 1,825                            |
| <b>TOTAL SHAREHOLDERS' EQUITY</b>   | <b>70,088</b>                    | 69,985                           | 69,638                           |
| <b>TOTAL LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>   | <b>\$ 776,957</b>                | \$ 764,018                       | \$ 752,483                       |
| <b>Nonperforming Assets</b>   | <b>\$ 2,064</b>                  | \$ 2,180                         | \$ 2,942                         |
| <b>% of Total Assets</b>  | <b>0.27%</b>                     | 0.28%                            | 0.39%                            |
| <b>Trust Assets</b>   | <b>\$ 194,454</b>                | \$ 179,738                       | \$ 184,464                       |

(1) On April 18, 2006, the shareholders of the Corporation voted to change from \$1.00 par value to no par stock. The change had no effect on the dollar amount of total shareholder's equity and simply resulted in a reclassification between the common stock and additional paid in capital line items.



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| Consolidated Income Statement                      | For Quarter Ended |                 | Year To Date    |                 |
|--|-------------------|-----------------|-----------------|-----------------|
|  | 30-Jun-06         | 30-Jun-05       | 30-Jun-06       | 30-Jun-05       |
| <b>Interest Income</b>                             |                   |                 |                 |                 |
| Loans including fees                               | \$ 10,110         | \$ 8,451        | \$ 19,544       | \$ 16,382       |
| Deposits with banks                                | 107               | 71              | 209             | 137             |
| Federal funds sold                                 | 62                | 23              | 218             | 106             |
| Securities   | 2,016             | 1,772           | 3,832           | 3,488           |
| <b>TOTAL INTEREST AND DIVIDENDS</b>                | <b>12,295</b>     | <b>10,317</b>   | <b>23,803</b>   | <b>20,113</b>   |
| Interest Expense                                   |                   |                 |                 |                 |
| Deposits   | 4,177             | 2,965           | 7,960           | 5,836           |
| Federal Home Loan Bank advances                    | 729               | 671             | 1,432           | 1,179           |
| Subordinated Debentures                            | 213               | 166             | 413             | 317             |
| Total interest expense                             | 5,119             | 3,802           | 9,805           | 7,332           |
| <b>NET INTEREST INCOME</b>                         | <b>7,176</b>      | <b>6,515</b>    | <b>13,998</b>   | <b>12,781</b>   |
| Provision for loan losses                          | 390               | 172             | 755             | 339             |
| <b>NET INTEREST AFTER PROVISION</b>                | <b>6,786</b>      | <b>6,343</b>    | <b>13,243</b>   | <b>12,442</b>   |
| Other Income                                       |                   |                 |                 |                 |
| Trust income                                       | 249               | 239             | 504             | 459             |
| Service charges on deposits                        | 1,038             | 1,006           | 1,994           | 1,891           |
| Other charges and fees                             | 141               | 129             | 290             | 261             |
| Net security gains (losses)                        | -                 | 63              | 341             | 63              |
| Loss on other-than-temporarily impaired securities | -                 | (240)           | -               | (240)           |
| Mortgage Servicing Income                          | 43                | 24              | 97              | 49              |
| BOLI   | 170               | 159             | 338             | 340             |
| Wealth Management                                  | 159               | 200             | 273             | 293             |
| Other  | 133               | 150             | 259             | 92              |
| <b>TOTAL OTHER INCOME</b>                          | <b>1,933</b>      | <b>1,730</b>    | <b>4,096</b>    | <b>3,208</b>    |
| Non-Interest Expenses                              |                   |                 |                 |                 |
| Salaries & Benefits                                | 2,675             | 2,518           | 5,343           | 4,924           |
| Occupancy, net                                     | 664               | 668             | 1,402           | 1,370           |
| Data Processing                                    | 541               | 389             | 1,037           | 780             |
| Amortization of intangible                         | 104               | 127             | 207             | 157             |
| Director's Fees                                    | 123               | 171             | 218             | 299             |
| Total other expenses                               | 1,408             | 1,044           | 2,750           | 2,399           |
| Total non-interest expenses                        | 5,515             | 4,917           | 10,957          | 9,929           |
| <b>NET INCOME BEFORE TAXES</b>                     | <b>3,204</b>      | <b>3,156</b>    | <b>6,382</b>    | <b>5,721</b>    |
| Federal income tax                                 | 869               | 812             | 1,616           | 1,330           |
| <b>NET INCOME</b>                                  | <b>\$ 2,335</b>   | <b>\$ 2,344</b> | <b>\$ 4,766</b> | <b>\$ 4,391</b> |
| <br>   |                   |                 |                 |                 |
| <b>Earnings Per Share, Fully diluted</b>           | <b>\$ 0.26</b>    | <b>\$ 0.26</b>  | <b>\$ 0.53</b>  | <b>\$ 0.48</b>  |
| <b>Dividends Per Share</b>                         | <b>\$ 0.14</b>    | <b>\$ 0.14</b>  | <b>\$ 0.28</b>  | <b>\$ 0.27</b>  |
| <b>Return on Average Assets (ROA)</b>              |                   |                 | <b>1.26%</b>    | <b>1.22%</b>    |
| <b>Return on Average Equity (ROE)</b>              |                   |                 | <b>13.66%</b>   | <b>13.26%</b>   |

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](http://www.bankcnb.com).

