

CCFNB BANCORP INC  
Form 10-Q  
August 11, 2009

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549  
FORM 10-Q**

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934**

**For the quarterly period ended June 30, 2009.**

**Or**

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE EXCHANGE ACT**

**For the transition period from \_\_\_\_\_ to \_\_\_\_\_.**

**No. 0-19028**

**(Commission file number)**

**CCFNB BANCORP, INC.**

**(Exact name of registrant as specified in its charter)**

**PENNSYLVANIA**

**(State or other jurisdiction of  
incorporation or organization)**

**23-2254643**

**(I.R.S. Employer  
Identification Number)**

**232 East Street, Bloomsburg, PA**

**(Address of principal executive offices)**

**17815**

**(Zip Code)**

Registrant's telephone number, including area code: **(570) 784-4400**

Indicate by check mark 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  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T(232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company

**(Do not check if a smaller reporting company)**

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act.) Yes  No

On July 31, 2009, there were 2,251,265 shares of the Registrant's Common stock outstanding, par value \$1.25.

**CCFNB Bancorp, Inc. and Subsidiary  
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**PART I Financial Information****Item 1. Financial Statements****CCFNB Bancorp, Inc.  
Consolidated Balance Sheets**

<b>(In Thousands)</b>	<b>(Unaudited)</b>	
	<b>June 30, 2009</b>	<b>December 31, 2008</b>
<b>ASSETS</b>		
Cash and due from banks	\$ 7,451	\$ 10,173
Interest-bearing deposits in other banks	169	149
Federal funds sold	1,005	5,163
 Total cash and cash equivalents	 8,625	 15,485
Investment securities, available for sale, at fair value	198,031	196,580
Loans, net of unearned income	328,169	320,068
Less: Allowance for loan losses	3,762	3,758
 Loans, net	 324,407	 316,310
Premises and equipment, net	11,871	12,609
Accrued interest receivable	2,076	2,388
Cash surrender value of bank-owned life insurance	11,212	10,943
Investment in limited partnerships	766	845
Intangible Assets:		
Core deposit	3,076	3,411
Goodwill	7,937	7,937
Other assets	2,298	1,811
 <b>TOTAL ASSETS</b>	 <b>\$ 570,299</b>	 <b>\$ 568,319</b>
 <b>LIABILITIES</b>		
Interest-bearing deposits	\$ 391,850	\$ 381,849
Noninterest-bearing deposits	49,978	52,460
 Total deposits	 441,828	 434,309
Short-term borrowings	45,382	55,462
Long-term borrowings	12,130	9,133
Junior subordinate debentures	4,640	4,640
Accrued interest payable	931	1,075
Other liabilities	2,489	2,925
 <b>TOTAL LIABILITIES</b>	 <b>507,400</b>	 <b>507,544</b>
 <b>STOCKHOLDERS EQUITY</b>		

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Common stock, par value \$1.25 per share; authorized 5,000,000 shares; issued 2,261,765 shares in 2009 and 2,253,080 shares in 2008	2,827	2,816
Surplus	27,332	27,173
Retained earnings	31,176	29,164
Accumulated other comprehensive income	1,715	1,622
Treasury stock, at cost; 7,000 shares in 2009 and 0 shares in 2008	(151)	
<b>TOTAL STOCKHOLDERS EQUITY</b>	<b>62,899</b>	<b>60,775</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS EQUITY</b>	<b>\$ 570,299</b>	<b>\$ 568,319</b>

See accompanying notes to unaudited consolidated financial statements.

## CCFNB Bancorp, Inc.

Consolidated Statements of Income  
(Unaudited)

(In Thousands, Except Per Share Data)	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2009	2008	2009	2008
<b>INTEREST AND DIVIDEND INCOME</b>				
Interest and fees on loans:				
Taxable	\$ 4,671	\$ 2,496	\$ 9,404	\$ 5,079
Tax-exempt	204	154	407	298
Interest and dividends on investment securities:				
Taxable	2,015	645	4,227	1,253
Tax-exempt	105	39	192	84
Dividend and other interest income	11	24	37	49
Federal funds sold	1	44	6	108
Deposits in other banks	1	7	1	20
<b>TOTAL INTEREST AND DIVIDEND INCOME</b>	<b>7,008</b>	<b>3,409</b>	<b>14,274</b>	<b>6,891</b>
<b>INTEREST EXPENSE</b>				
Deposits	1,920	990	3,933	2,026
Short-term borrowings	78	130	159	358
Long-term borrowings	150	138	287	292
Junior subordinate debentures	34		76	
<b>TOTAL INTEREST EXPENSE</b>	<b>2,182</b>	<b>1,258</b>	<b>4,455</b>	<b>2,676</b>
<b>NET INTEREST INCOME</b>	<b>4,826</b>	<b>2,151</b>	<b>9,819</b>	<b>4,215</b>
PROVISION FOR LOAN LOSSES	160		220	
<b>NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES</b>	<b>4,666</b>	<b>2,151</b>	<b>9,599</b>	<b>4,215</b>
<b>NON-INTEREST INCOME</b>				
Service charges and fees	426	241	824	480
Gain on sale of loans	250	59	346	106
Earnings on bank-owned life insurance	114	68	217	133
Brokerage	51	54	107	92
Trust	160	36	312	74
Investment security losses	(61)		(61)	
Other	421	79	782	152

<b>TOTAL NON-INTEREST INCOME</b>	1,361	537	2,527	1,037
<b>NON-INTEREST EXPENSE</b>				
Salaries	1,543	716	3,144	1,419
Employee benefits	400	225	834	470
Occupancy	254	118	561	256
Furniture and equipment	302	107	625	222
State shares tax	129	78	272	163
Professional fees	108	66	275	132
Director s fees	70	51	141	97
FDIC assessments	366	5	438	10
Other	932	319	1,782	615
<b>TOTAL NON-INTEREST EXPENSE</b>	4,104	1,685	8,072	3,384
<b>INCOME BEFORE INCOME TAX</b>				
PROVISION	1,923	1,003	4,054	1,868
INCOME TAX PROVISION	372	256	960	470
<b>NET INCOME</b>	\$ 1,551	\$ 747	\$ 3,094	\$ 1,398
<b>EARNINGS PER SHARE</b>	\$ 0.68	\$ 0.61	\$ 1.37	\$ 1.14
<b>CASH DIVIDENDS PER SHARE</b>	\$ 0.24	\$ 0.21	\$ 0.48	\$ 0.42
<b>WEIGHTED AVERAGE SHARES</b>				
<b>OUTSTANDING</b>	2,256,348	1,224,552	2,255,202	1,224,552

See accompanying notes to the unaudited consolidated financial statements.

## CCFNB Bancorp, Inc.

Consolidated Statements of Changes in Stockholders Equity  
(Unaudited)

(In Thousands Except Per Share Data)	Common Stock		Surplus	Accumulated			Total Stockholders Equity
	Shares	Amount		Retained Earnings	Other Comprehensive Income (Loss)	Treasury Stock	
Balance, December 31, 2007	1,226,536	\$ 1,533	\$ 2,271	\$ 27,679	\$ 144	\$	\$ 31,627
Comprehensive Income:							
Net income				1,398			1,398
Change in net unrealized gain (loss) on investment securities available-for-sale, net of reclassification adjustment and tax effects					(361)		(361)
Total comprehensive income							1,037
Common stock issuance under dividend reinvestment and stock purchase plans	5,247	7	121				128
Recognition of employee stock purchase plan expense			2				2
Purchase of treasury stock (12,000 shares)						(304)	(304)
Retirement of treasury stock	(12,000)	(15)	(289)			304	
Cash dividends, (\$0.42 per share)				(514)			(514)
Balance, June 30, 2008	1,219,783	\$ 1,525	\$ 2,105	\$ 28,563	\$ (217)	\$	\$ 31,976
Balance, December 31, 2008	2,253,080	\$ 2,816	\$ 27,173	\$ 29,164	\$ 1,622	\$	\$ 60,775
Comprehensive Income:							
Net income				3,094			3,094
Change in net unrealized gain on investment securities available-for-sale, net of reclassification adjustment and tax effects					93		93
Total comprehensive income							3,187
Common stock issuance under dividend reinvestment and stock purchase plans	8,685	11	157				168
Recognition of employee stock purchase plan expense			2				2
Purchase of treasury stock (7,000 shares)						(151)	(151)
Cash dividends, (\$0.48 per share)				(1,082)			(1,082)
Balance, June 30, 2009	2,261,765	\$ 2,827	\$ 27,332	\$ 31,176	\$ 1,715	\$ (151)	\$ 62,899

See accompanying notes to the unaudited consolidated financial statements.



## CCFNB Bancorp, Inc.

Consolidated Statements of Cash Flows  
(Unaudited)

<b>(In Thousands)</b>	<b>For The Six Months Ended June</b>	
	<b>2009</b>	<b>30,</b> <b>2008</b>
<b>OPERATING ACTIVITIES</b>		
Net Income	\$ 3,094	\$ 1,398
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	220	
Depreciation and amortization of premises and equipment	507	188
Impairment loss on securities	61	
Amortization and accretion on investment securities	189	20
Gain on sale of premises and equipment	(183)	
Loss on sale of other real estate owned	81	
Deferred income taxes benefit (provision)	178	(62)
Gain on sale of loans	(346)	(106)
Proceeds from sale of mortgage loans	10,116	6,182
Originations of mortgage loans held for resale	(11,326)	(5,921)
Amortization of intangibles and investment in limited partnerships	414	
Decrease in accrued interest receivable	312	61
Increases in cash surrender value of bank-owned life insurance	(269)	(157)
Decrease in accrued interest payable	(144)	(230)
Other, net	(1,159)	(753)
Net cash provided by operating activities	1,745	620
<b>INVESTING ACTIVITIES</b>		
Investment securities available for sale:		
Purchases	(54,929)	(29,536)
Proceeds from sales, maturities and redemptions	54,186	25,377
Proceeds from redemption of regulatory stock		120
Purchase of regulatory stock	(817)	(64)
Net (increase) decrease in loans	(7,173)	64
Proceeds from sale of premises and equipment	1,294	
Proceeds from sale of other real estate owned	343	
Acquisition of premises and equipment	(880)	(18)
Net cash used for investing activities	(7,976)	(4,057)
<b>FINANCING ACTIVITIES</b>		
Net increase in deposits	7,519	4,283
Net decrease in short-term borrowings	(10,080)	(538)
Proceeds from long-term borrowings	3,000	
Repayment of long-term borrowings	(3)	(2,003)
Acquisition of treasury stock	(151)	(304)

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Proceeds from issuance of common stock	168	128
Cash dividends paid	(1,082)	(514)
Net cash (used for) provided by financing activities	(629)	1,052
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(6,860)</b>	<b>(2,385)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD</b>	<b>15,485</b>	<b>13,401</b>
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	<b>\$ 8,625</b>	<b>\$ 11,016</b>

**SUPPLEMENTAL DISCLOSURES OF CASH FLOW  
INFORMATION**

Interest paid	\$ 4,599	\$ 2,717
Income taxes paid	871	622
Loans transferred to other real estate owned	412	

See accompanying notes to the unaudited consolidated financial statements.

**CCFNB BANCORP, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting and reporting policies of CCFNB Bancorp, Inc. (the Corporation ) are in accordance with the accounting principles generally accepted in the United States of America and conform to common practices within the banking industry. The more significant policies follow:

**PRINCIPLES OF CONSOLIDATION**

The consolidated financial statements include the accounts of CCFNB Bancorp, Inc. and its wholly-owned subsidiary, First Columbia Bank & Trust Co. (the Bank"). Columbia Financial Corporation ( CFC ), the former parent company of the Bank was acquired by CCFNB Bancorp, Inc. on July 18, 2008 and Columbia County Farmers National Bank ( CCFNB ) merged with and into the Bank on July 18, 2008. All significant inter-company balances and transactions have been eliminated in consolidation.

**NATURE OF OPERATIONS**

The Corporation is a financial holding company that provides full-banking services, including trust services, through the Bank, to individuals and corporate customers. The Bank has thirteen offices covering an area of approximately 752 square miles in Northcentral Pennsylvania. The Corporation and Bank are subject to the regulation of the Pennsylvania Department of Banking, the Federal Deposit Insurance Corporation, and the Federal Reserve Bank of Philadelphia.

Procuring deposits and making loans are the major lines of business. The deposits are mainly deposits of individuals and small businesses and include various types of checking accounts, passbook and statement savings, money market accounts, interest checking accounts, individual retirement accounts, and certificates of deposit. The Bank also offers non-insured Repo sweep accounts. Lending products include commercial, consumer, and mortgage loans. The trust services, trading under the name of B.B.C.T.,Co. include administration of various estates, pension plans, self-directed IRA s and other services. A third-party brokerage arrangement is also resident in the Lightstreet branch. This investment center offers a full line of stocks, bonds and other non-insured financial services.

**SEGMENT REPORTING**

The Bank acts as an independent community financial services provider, and offers traditional banking and related financial services to individual, business and government customers. Through its branch, internet banking, telephone and automated teller machine network, the Bank offers a full array of commercial and retail financial services, including the taking of time, savings and demand deposits; the making of commercial, consumer and mortgage loans; and the providing of other financial services. The Bank also performs personal, corporate, pension and fiduciary services through its B.B.C.T., Co. as well as offering diverse investment products through its investment center.

Management does not separately allocate expenses, including the cost of funding loan demand, between the commercial, retail, trust and investment center operations of the Corporation. As such, discrete financial information is not available and segment reporting would not be meaningful.

**USE OF ESTIMATES**

The preparation of these consolidated financial statements in conformity with accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of these consolidated financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from those estimates.

**INVESTMENT SECURITIES**

The Corporation classifies its investment securities as either held-to-maturity or available-for-sale at the time of purchase. Debt securities are classified as held-to-maturity when the Corporation has the ability and positive intent to hold the securities to maturity. Investment securities held-to-maturity are carried at cost adjusted for amortization of premiums and accretion of discounts to maturity.