TRINET GROUP INC
Form SC 13G/A
February 13, 2018

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549
SCHEDULE 13G
UNDER THE SECURITIES EXCHANGE ACT OF 1934
(Amendment No. 3)*
TriNet Group, Inc.

(Name of Issuer)
Common Stock

(Title of Class of Securities)
896288 107

(CUSIP Number)
December 31, 2017

(Date of Event Which Requires Filing of this Statement)
Check the appropriate box to designate the rule pursuant to which this Schedule is filed:
..
Rule 13d-1(b)
..
Rule 13d-1(c)
ý Rule 13d-1(d)
*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter the disclosures provided in a prior cover page.
The information required in the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

CUSIP No. 896288 107

1.	Names of Reporting Persons Martin Babinec		
2.	Check the Appropriate Box if a Member of a Group (see instructions) (a) ¨ (b) ¨		
3.	SEC USE ONLY		
4.	Citizenship or Place of Organization United States		
Number of Shares Beneficially Owned by Each Reporting Person With:	5.	Sole Voting Power 3,871,072 shares	
	6.	Shared Voting Power 759,369 shares	
	7.	Sole Dispositive Power 3,871,072 shares	
	8.	Shared Dispositive Power 759,369 shares	
9.	Aggregate Amount Beneficially Owned by Each Reporting Person		

	4,630,441 shares
10.	Check if the Aggregate Amount in Row (9) Excludes Certain Shares (see instructions) ¨
11.	Percent of Class Represented by Amount in Row 9 6.66%
12.	Type of Reporting Person (see instructions) IN

CUSIP No. 896288 107

1.	Names of Reporting Persons Martin and Krista Babinec, Trustees of The Babinec Family Trust		
2.	Check the Appropriate Box if a Member of a Group (see instructions) (a) ¨ (b) ¨		
3.	SEC USE ONLY		
4.	Citizenship or Place of Organization United States		
Number of Shares Beneficially Owned by Each Reporting Person With:	5.	Sole Voting Power 3,730,496 shares	
	6.	Shared Voting Power Not applicable.	
	7.	Sole Dispositive Power 3,730,496 shares	
	8.	Shared Dispositive Power Not applicable.	
9.	Aggregate Amount Beneficially Owned		

	by Each Reporting Person 3,730,496 shares
10.	Check if the Aggregate Amount in Row (9) Excludes Certain Shares (see instructions) ¨
11.	Percent of Class Represented by Amount in Row 9 5.37%
12.	Type of Reporting Person (see instructions) OO

CUSIP No. 896288 107

1.	Names of Reporting Persons Babinec 2008 Children’s Trust		
2.	Check the Appropriate Box if a Member of a Group (see instructions) (a) ¨ (b) ¨		
3.	SEC USE ONLY		
4.	Citizenship or Place of Organization United States		
Number of Shares Beneficially Owned by Each Reporting Person With:	5.	Sole Voting Power Not applicable.	
	6.	Shared Voting Power 759.369 shares	
	7.	Sole Dispositive Power Not applicable.	
	8.	Shared Dispositive Power 759.369 shares	
9.	Aggregate Amount Beneficially Owned by Each Reporting Person		

	759.369 shares
10.	Check if the Aggregate Amount in Row (9) Excludes Certain Shares (see instructions) ¨
11.	Percent of Class Represented by Amount in Row 9 1.09%
12.	Type of Reporting Person (see instructions) OO

CUSIP No. 896288 107

1.	Names of Reporting Persons Babinec Foundation, Inc.		
2.	Check the Appropriate Box if a Member of a Group (see instructions) (a) ¨ (b) ¨		
3.	SEC USE ONLY		
4.	Citizenship or Place of Organization United States		
Number of Shares Beneficially Owned by Each Reporting Person With:	5.	Sole Voting Power 99,540 shares	
	6.	Shared Voting Power Not applicable.	
	7.	Sole Dispositive Power 99,540 shares	
	8.	Shared Dispositive Power Not applicable.	
9.	Aggregate Amount Beneficially Owned by Each Reporting Person		

	99,540 shares
10.	Check if the Aggregate Amount in Row (9) Excludes Certain Shares (see instructions) ¨
11.	Percent of Class Represented by Amount in Row 9 0.14%
12.	Type of Reporting Person (see instructions) CO

CUSIP No. 896288 107

1.	Names of Reporting Persons William and Elizabeth Babinec Family Charity Trust		
2.	Check the Appropriate Box if a Member of a Group (see instructions) (a) ¨ (b) ¨		
3.	SEC USE ONLY		
4.	Citizenship or Place of Organization United States		
Number of Shares Beneficially Owned by Each Reporting Person With:	5.	Sole Voting Power 33,448 shares	
	6.	Shared Voting Power Not applicable.	
	7.	Sole Dispositive Power 33,448 shares	
	8.	Shared Dispositive Power Not applicable.	
9.	Aggregate Amount Beneficially Owned by Each Reporting		

	Person 33,448 shares
10.	Check if the Aggregate Amount in Row (9) Excludes Certain Shares (see instructions) ¨
11.	Percent of Class Represented by Amount in Row 9 0.05%
12.	Type of Reporting Person (see instructions) OO

Item 1(a).	Name of Issuer: TriNet Group, Inc.
Item 1(b).	Address of Issuer's Principal Executive Offices: 1100 San Leandro Blvd., Ste. 400, San Leandro, CA 94577
Item 2(a).	Name of Person Filing: Martin Babinec Martin and Krista Babinec, Trustees of The Babinec Family Trust ("Family Trust") Babinec 2008 Children's Trust ("Children's Trust") Babinec Foundation, Inc. ("Foundation") William and Elizabeth Babinec Family Charity Trust ("Charity Trust")
Item 2(b).	Address of Principal Business Office or, if none, Residence: The address and principal business office of the Reporting Person is: c/o TriNet Group, Inc. 1100 San Leandro Blvd., Ste. 400 San Leandro, CA 94577
Item 2(c).	Citizenship: Martin Babinec – US citizen Family Trust – New York Children's Trust – New York Foundation – New York Charity Trust – New York
Item 2(d).	Title of Class of Securities: Common Stock
Item 2(e).	CUSIP Number: 896288 107
Item 3.	If this statement is filed pursuant to §§240.13d-1(b), or 240.13d-2(b) or (c), check whether the person filing is a:
(a)	¨ Broker or dealer registered under Section 15 of the Act (15 U.S.C. 78o);
(b)	¨ Bank as defined in section 3(a)(6) of the Act (15 U.S.C. 78c);
(c)	¨ Insurance company as defined in section 3(a)19) of the Act (15 U.S.C. 78c);
(d)	¨ Investment company registered under section 8 of the Investment Company Act of 1940 (15 U.S.C. 80a-8);
(e)	¨ An investment adviser in accordance with §240.13d-1(b)(1)(ii)(E);
(f)	¨ An employee benefit plan or endowment fund in accordance with §240.13d-1(b)(1)(ii)(F);
(g)	¨ A parent holding company or control person in accordance with §240.13d-1(b)(1)(ii)(G);
(h)	¨ A savings associations as defined in Section 3(b) of the Federal Deposit Insurance Act (12 U.S.C. 1813);
(i)	¨ A church plan that is excluded from the definition of an investment company under section 3(c)(14) of the Investment Company Act of 1940 (15 U.S.C. 80a-3);
(j)	¨ A non-U.S. institution in accordance with §240.13d–1(b)(1)(ii)(J);
(k)	¨ Group, in accordance with §240.13d–1(b)(1)(ii)(K).
	If filing as a non-U.S. institution in accordance with §240.13d–1(b)(1)(ii)(J), please specify the type of institution: ____

Item 4. Ownership

Provide the following information regarding the aggregate number and percentage of the class of securities of the Issuer identified in Item 1.

(a) Amount Beneficially Owned: See Cover Page Item 9 for each Reporting Person, which reflects each such Reporting Person's aggregate beneficial ownership as of December 31, 2017. The filing of this Schedule 13G shall not be construed as an admission that the Reporting Persons are, for purposes of Section 13(d) of the Securities Exchange Act of 1934, as amended, the beneficial owners of any of the shares reported herein.

(b) Percent of Class: See Cover Page Item 11 for each Reporting Person's percentage ownership as of December 31, 2017. Such percentages are based on 69,492,862 shares of Common Stock outstanding, which is the total number of shares outstanding as of October 24, 2017 as reported in the Issuer's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on November 2, 2017 and 7,588 shares of Common Stock issuable pursuant to vesting of restricted stock units within 60 days of December 31, 2017.

(c) The number of shares that each Reporting Person has sole or shared power to vote or direct to vote or to dispose or to direct the disposition of: See Cover Page Items 5-9 for each Reporting Person.

Item 5. Ownership of 5 Percent or Less of a Class

If this statement is being filed to report the fact that as of the date hereof the reporting person has ceased to be the beneficial owner of more than 5 percent of the class of securities, check the following ¨.

Item 6. Ownership of More than 5 Percent on Behalf of Another Person

Not applicable.

Item 7. Identification and Classification of the Subsidiary Which Acquired the Security Being Reported on By the Parent Holding Company or Control Person.

Not applicable.

Item 8. Identification and Classification of Members of the Group
Not applicable.
Item 9. Notice of Dissolution of a Group
Not applicable.
Item 10. Certification
Not applicable.

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

February 13, 2018

Date

/s/ Martin Babinec

Martin Babinec

Individually, as Trustee of The Babinec Family Trust, as Trustee of the William and Elizabeth Babinec Family Charity Trust, on behalf of Babinec 2008 Children's Trust and as Director of Babinec Foundation, Inc.

> 51,997 51,997

Long-term borrowings

10,127 10,266 15,128 15,375

Junior subordinate debentures

4,640 4,640 4,640 4,640

Accrued interest payable

763 763 859 859

Off-Balance Sheet Assets (Liabilities):

Commitments to extend credit

$75,345 $71,868

Standby letters of credit

3,142 3,393

Dealer floor plans

1,080 932

The following methods and assumptions were used by the Corporation in estimating its fair value disclosures for financial instruments:

CASH AND OTHER SHORT-TERM INSTRUMENTS

Cash and due from banks, interest bearing deposits with other banks, and Federal Funds sold had carrying values which were a reasonable estimate of fair value. Accordingly, fair values regarding these instruments were provided by reference to carrying values reflected on the consolidated balance sheets.

INVESTMENT SECURITIES

The fair value of investment securities which included mortgage backed securities were estimated based on bid prices published in financial newspapers or bid quotations received from securities dealers.

RESTRICTED SECURITIES

The carrying value of regulatory stock approximates fair value based on applicable redemption provisions.

LOANS

Fair values were estimated for categories of loans with similar financial characteristics. Loans were segregated by type such as commercial, tax-exempt, real estate mortgages and consumer. For estimation purposes, each loan category was further segmented into fixed and adjustable rate interest terms and also into performing and non-performing classifications.

The fair value of each category of performing loans was calculated by discounting future cash flows using the current rates at which similar loans would be made to borrowers with similar credit ratings and for the same remaining maturities.

Fair value for non-performing loans was based on management s estimate of future cash flows discounted using a rate commensurate with the risk associated with the estimated future cash flows. The assumptions used by management were judgmentally determined using specific borrower information.

CASH SURRENDER VALUE OF BANK OWNED LIFE INSURANCE

The fair values are equal to the current carrying value.

ACCRUED INTEREST RECEIVABLE AND PAYABLE

The fair values are equal to the current carrying value.

DEPOSITS

The fair value of deposits with no stated maturity, such as Demand Deposits, Savings Accounts, and Money Market Accounts, was equal to the amount payable on demand at March 31, 2010 and December 31, 2009.

Fair values for fixed rate Certificates of Deposit were estimated using a discounted cash flow calculation that applied interest rates currently being offered on certificates to a schedule of aggregated expected monthly maturities on time deposits.

SHORT-TERM BORROWINGS

The carrying amounts of federal funds purchased and securities sold under agreements to repurchase and other short-term borrowings approximated their fair values.

LONG-TERM BORROWINGS

The fair values of long-term borrowings, other than capitalized leases, are estimated using discounted cash flow analyses based on the Corporation s incremental borrowing rate for similar instruments. The carrying amounts of capitalized leases approximated their fair values, because the incremental borrowing rate used in the carrying amount calculation was at the market rate.

COMMITMENTS TO EXTEND CREDIT AND STANDBY LETTERS OF CREDIT

Management estimated that there were no material differences between the notional amount and the estimated fair value of those off-balance sheet items, because they were primarily composed of unfunded loan commitments which were generally priced at market value at the time of funding.

11. MANAGEMENT S ASSERTIONS AND COMMENTS REQUIRED TO BE PROVIDED WITH FORM 10Q FILING

In management s opinion, the consolidated interim financial statements reflect fair presentation of the consolidated financial position of the Corporation, and the results of their operations and their cash flows for the interim periods presented. Further, the consolidated interim financial statements are unaudited, however they reflect all adjustments, which are in the opinion of management, necessary to present fairly the consolidated financial condition and consolidated results of operations and cash flows for the interim periods presented and that all such adjustments to the consolidated financial statements are of a normal recurring nature.

These consolidated interim financial statements have been prepared in accordance with requirements of Form 10Q and therefore do not include all disclosures normally required by accounting principles generally accepted in the United States of America applicable to financial institutions as included with consolidated financial statements included in the Corporation s annual Form 10K filing. The reader of these consolidated interim financial statements may wish to refer to the Corporation s annual report or Form 10K for the period ended December 31, 2009 filed with the Securities and Exchange Commission.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders of CCFNB Bancorp, Inc.:

We have reviewed the accompanying consolidated balance sheet of CCFNB Bancorp, Inc. and Subsidiary as of March 31, 2010, the related consolidated statements of income for the three month periods ended March 31, 2010 and 2009 and changes in stockholders equity and cash flows for the three-month periods ended March 31, 2010 and 2009. These consolidated interim financial statements are the responsibility of the management of CCFNB Bancorp, Inc. and Subsidiary.

We conducted our reviews in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the consolidated interim financial statements referred to above for them to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with the auditing standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of CCFNB Bancorp, Inc. and Subsidiary as of December 31, 2009, and the related consolidated statements of income, changes in stockholders equity, and cash flows for the year then ended (not presented herein); and in our report dated March 9, 2010, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying consolidated balance sheet as of December 31, 2009, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

/s/ J. H. Williams & Co., LLP

J.H. Williams & Co., LLP

Kingston, Pennsylvania

May 12, 2010

Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations
CAUTIONARY STATEMENT

Certain statements in this section and elsewhere in this Quarterly Report on Form 10-Q, other periodic reports filed by us under the Securities Exchange Act of 1934, as amended, and any other written or oral statements made by or on behalf of us may include forward looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 which reflect our current views with respect to future events and financial performance. Such forward looking statements are based on general assumptions and are subject to various risks, uncertainties, and other factors that may cause actual results to differ materially from the views, beliefs and projections expressed in such statements. These risks, uncertainties and other factors include, but are not limited to:

Our business and financial results are affected by business and economic conditions, both generally and specifically in the Northcentral Pennsylvania market in which we operate. In particular, our business and financial results may be impacted by:

Changes in interest rates and valuations in the debt, equity and other financial markets.

Disruptions in the liquidity and other functioning of financial markets, including such disruptions in the market for real estate and other assets commonly securing financial products.

Actions by the Federal Reserve Board and other government agencies, including those that impact money supply and market interest rates.

Changes in our customers and suppliers performance in general and their creditworthiness in particular.

Changes in customer preferences and behavior, whether as a result of changing business and economic conditions or other factors.

Changes resulting from the newly enacted Emergency Economic Stabilization Act of 2008.

A continuation of recent turbulence in significant segments of the United States and global financial markets, particularly if it worsens, could impact our performance, both directly by affecting our revenues and the value of our assets and liabilities and indirectly by affecting our customers and suppliers and the economy generally.

Our business and financial performance could be impacted as the financial industry restructures in the current environment by changes in the competitive landscape.

Given current economic and financial market conditions, our forward-looking financial statements are subject to the risk that these conditions will be substantially different than we are currently expecting. These statements are based on our current expectations that interest rates will remain low through 2010 with continued wide market credit spreads and our view that national economic trends currently point to a subdued recovery through the end of 2010.

Legal and regulatory developments could have an impact on our ability to operate our business or our financial condition or results of operations or our competitive position or reputation. Reputational impacts, in turn, could affect matters such as business generation and retention, our ability to attract and retain management, liquidity and funding. These legal and regulatory developments could include: (a) the unfavorable resolution of legal proceedings or regulatory and other governmental inquiries; (b) increased litigation risk from recent regulatory and other governmental developments; (c) the results of the regulatory examination process, and regulators future use of supervisory and enforcement tools; (d) legislative and regulatory reforms, including changes to laws and regulations involving tax, pension, education and mortgage lending, the protection of confidential customer information, and other aspects of the financial institution industry; and (e) changes in accounting policies and principles.

Our business and operating results are affected by our ability to identify and effectively manage risks inherent in our businesses, including, where appropriate, through the effective use of third-party insurance and capital management techniques.

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Our ability to anticipate and respond to technological changes can have an impact on our ability to respond to customer needs and to meet competitive demands.

Our ability to implement our business initiatives and strategies could affect our financial performance over the next several years.

Competition can have an impact on customer acquisition, growth and retention, as well as on our credit spreads and product pricing, which can affect market share, deposits and revenues.

Our business and operating results can also be affected by widespread natural disasters, terrorist activities or international hostilities, either as a result of the impact on the economy and capital and other financial markets generally or on us or on our customers and suppliers.

The words believe, expect, anticipate, project and similar expressions signify forward looking statements. Reade are cautioned not to place undue reliance on any forward looking statements made by or on behalf of us. Any such statement speaks only as of the date the statement was made. We undertake no obligation to update or revise any forward looking statements.

The following discussion and analysis should be read in conjunction with the detailed information and consolidated financial statements, including notes thereto, included elsewhere in this Form 10Q. Our consolidated financial condition and results of operations are essentially those of our subsidiary, the Bank. Therefore, the analysis that follows is directed to the performance of the Bank.

RESULTS OF OPERATIONS

NET INTEREST INCOME

2010 vs. 2009

Tax-equivalent net interest income, as reflected in the following tables, increased $96,000 thousand to $5.2 million for the three months ended March 31, 2010. Reported tax-equivalent interest income decreased $386,000 thousand to $7.0 million for the three months ended March 31, 2010. The decrease to interest income was primarily rate driven as maturing investment securities re-priced throughout the past year. Tax-equivalent interest income from investment securities decreased $340,000 thousand for the three months ended March 31, 2010 as compared to 2009 first quarter results. Reported interest expense decreased $482,000 thousand to $1.8 million for the three months ended March 31, 2010. The decrease was primarily rate driven as the average rate paid on interest-bearing liabilities decreased to 1.52 percent for the three months ended March 31, 2010 from 2.03 percent during the same period of 2009.

Net interest margin decreased to 3.80 percent at March 31, 2010 from 3.95 percent at March 31, 2009. The net decrease in margin resulted primarily from the yield on interest-bearing deposits decreasing 54 basis points to 1.53 percent at March 31, 2010 while the yield on total borrowings decreased 26 basis points to 1.49 percent at March 31, 2010. A decrease of 180 basis points on the long-term borrowings for the three months ended March 31, 2010 was the primary reason for the yield decrease in the total borrowings as the short-term borrowing yield increased 12 basis points over the same period. The yield decrease on long-term borrowings reflects the maturity and repayment of a $5.0 million FHLB borrowing during the three months ended March 31, 2010. The FHLB borrowing carried a 6.0 annual percentage rate. The yield on interest-earning assets decreased 60 basis points to 5.10 percent for the three months ended March 31, 2010. The yield on total investments decreased 121 basis points to 3.77 percent for the three months ended March 31, 2010.

The following Average Balance Sheet and Rate Analysis table presents the average assets, actual income or expense and the average yield on assets, liabilities and stockholders equity for the three months ended March 31, 2010 and 2009.

AVERAGE BALANCE SHEET AND RATE ANALYSIS
THREE MONTHS ENDED MARCH 31,

	2010			**2009**		
(In Thousands)	Average Balance (1)	Interest	Average Rate	Average Balance (1)	Interest	Average Rate
ASSETS:						
Tax-exempt loans	$ 20,251	$ 321	6.43%	$ 19,891	$ 308	6.28%
All other loans	314,504	4,678	6.03%	303,855	4,733	6.32%
Total loans (2)(3)(4)	334,755	4,999	6.06%	323,746	5,041	6.31%
Taxable securities	204,375	1,871	3.66%	180,892	2,238	4.95%
Tax-exempt securitites (3)	10,965	159	5.80%	9,351	132	5.65%
Total securities	215,340	2,030	3.77%	190,243	2,370	4.98%
Federal funds sold	857		0.00%	10,722	5	0.19%
Interest-bearing deposits	5,799	2	0.14%	573	1	0.71%
Total interest-earning assets	556,751	7,031	5.10%	525,284	7,417	5.70%
Other assets	46,202			44,292		
TOTAL ASSETS	$ 602,953			$ 569,576		
LIABILITIES:						
Savings	$ 58,920	58	0.40%	$ 55,231	54	0.40%
Now deposits	72,100	26	0.15%	69,265	26	0.15%
Money market deposits	42,609	81	0.77%	42,289	127	1.22%
Time deposits	234,970	1,372	2.37%	227,652	1,806	3.22%
Total deposits	408,599	1,537	1.53%	394,437	2,013	2.07%
Short-term borrowings	52,727	106	0.82%	46,623	81	0.70%
Long-term borrowings	11,850	125	4.28%	9,132	137	6.08%
Junior subordinate debentures	4,640	23	2.01%	4,640	42	3.67%
Total borrowings	69,217	254	1.49%	60,395	260	1.75%

Total interest-bearing liabilities	477,816	1,791	1.52%	454,832	2,273	2.03%
Demand deposits	54,948			49,751		
Other liabilities	3,956			3,385		
Stockholders equity	66,233			61,608		
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	$ 602,953			$ 569,576		
Interest rate spread (6)			3.58%			3.67%
Net interest income/margin (5)		$ 5,240	3.80%		$ 5,144	3.95%

(1) Average volume information was compared using daily (or monthly) averages for interest-earning and bearing accounts. Certain balance sheet items utilized quarter-end balances for averages.

(2) Interest on loans includes fee income.

(3) Tax exempt interest revenue is shown on a tax-equivalent basis using a statutory federal income tax rate of 34 percent for 2010 and 2009.

(4) Nonaccrual loans have been

included with loans for the purpose of analyzing net interest earnings.

(5) Net interest margin is computed by dividing annualized net interest income by total interest earning assets.

(6) Interest rate spread represents the difference between the average rate earned on interest-earning assets and the average rate paid on interest-bearing liabilities.

Reconcilement of Taxable Equivalent Net Interest Income
For the Three Months Ended March 31,

(In Thousands)	2010	2009
Total interest income	$ 6,868	$ 7,266
Total interest expense	1,791	2,273
Net interest income	5,077	4,993
Tax equivalent adjustment	163	151
Net interest income (fully taxable equivalent)	$ 5,240	$ 5,144

Rate/Volume Analysis

To enhance the understanding of the effects of volumes (the average balance of earning assets and costing liabilities) and average interest rate fluctuations on the balance sheet as it pertains to net interest income, the table below reflects these changes for 2010 versus 2009:

	Three Months Ended March 31, 2010 vs 2009 Increase (Decrease) Due to		
(In Thousands)	Volume	Rate	Net
Interest income:			
Loans, tax-exempt	$ 6	$ 7	$ 13
Loans	158	(213)	(55)
Taxable investment securities	215	(582)	(367)
Tax-exempt investment securities	23	4	27
Federal funds sold	(5)		(5)
Interest bearing deposits	2	(1)	1
Total interest-earning assets	399	(785)	(386)
Interest expense:			
Savings	4		4
NOW deposits	1	(1)	
Money market deposits	1	(47)	(46)
Time deposits	43	(477)	(434)
Short-term borrowings	12	13	25
Long-term borrowings, FHLB	29	(41)	(12)
Junior subordinate debentures		(19)	(19)
Total interest-bearing liabilities	90	(572)	(482)
Change in net interest income	$ 309	$ (213)	$ 96

PROVISION FOR LOAN LOSSES
2010 vs. 2009

The provision for loan losses is based upon management s quarterly review of the loan portfolio. The purpose of the review is to assess loan quality, identify impaired loans, analyze delinquencies, evaluate potential charge-offs and recoveries, and assess the general conditions in the markets served. Management remains committed to an aggressive and thorough program of problem loan identification and resolution. Periodically, an independent loan review is performed for the Bank. The allowance for loan losses is evaluated quarterly and is calculated by applying historic loss factors to the various outstanding loans types while excluding loans for which a specific allowance has already been determined. Loss factors are based on management s consideration of the nature of the portfolio segments, historical loan loss experience, industry standards and trends with respect to nonperforming loans, and its core knowledge and experience with specific loan segments.

Although management believes that it uses the best information available to make such determinations and that the allowance for loan losses is adequate at March 31, 2010, future adjustments could be necessary if circumstances or economic conditions differ substantially from the assumptions used in making the initial determinations. A downturn in the local economy or employment and delays in receiving financial information from borrowers could result in increased levels of nonperforming assets and charge-offs, increased loan loss provisions and reductions in interest income. Also, as part of the examination process, bank regulatory agencies periodically review the Bank s loan loss allowance. The bank regulators could require the recognition of additions or reductions to the loan loss allowance based on their judgment of information available to them at the time of their examination.

The provision for loan losses amounted to $310,000 and $60,000 for the three months ended March 31, 2010 and 2009, respectively. Management concluded the increase of the provision was appropriate considering the gross loan growth experience of $6.4 million, increases in nonperforming assets, and the general downturn in the national economy. Utilizing the resources noted above, management concluded that the allowance for loan losses remains at a level adequate to provide for probable losses inherent in the loan portfolio.

NON-INTEREST INCOME

2010 vs. 2009

Total non-interest income increased $132,000 thousand or 11.3 percent to $1.3 million for the three months ended March 31, 2010. The service charges and fees increased $28,000 or 7.0 percent to $426,000 for the three months ended March 31, 2010. Gain on sale of loans increased $34,000 or 35.4 percent from $96,000 in 2009 to $130,000 in 2010. Brokerage income increased $33,000 or 58.9 percent from $56,000 in 2009 to $89,000 in 2010. Trust income increased $19,000 or 12.5 percent from $152,000 in 2009 to $171,000 in 2010.

	For The Three Months Ended					
	March 31, 2010		March 31, 2009		Change	
(In Thousands)	Amount	% Total	Amount	% Total	Amount	%
Service charges and fees	$ 426	32.8%	$ 398	34.1%	$ 28	7.0%
Gain on sale of loans	130	10.0	96	8.2	34	35.4
Earnings on bank-owned life insurance	116	8.9	103	8.8	13	12.6
Brokerage and insurance	89	6.9	56	4.8	33	58.9
Trust	171	13.2	152	13.0	19	12.5
Interchange fees	195	15.0	164	14.2	31	18.9
Other	171	13.2	197	16.9	(26)	(13.2)
Total non-interest income	$1,298	100.0%	$1,166	100.0%	$132	11.3%

NON-INTEREST EXPENSE

2010 vs. 2009

Total non-interest expense increased $7,000 thousand or 0.2 percent from $4.0 million in 2009. The increases primarily resulted from higher FDIC assessment rates as well as the health insurance portion of the employee benefits. FDIC assessments increased $73,000 due to the imposition of higher regular quarterly assessment rates. Employee benefits increased $37,000 or 8.5 percent for the three months ended March 31, 2010.

One standard to measure non-interest expense is to express annualized non-interest expense as a percentage of average total assets. As of March 31, 2010 this percentage was 2.64 percent compared to 2.79 percent in 2009.

	For The Three Months Ended					
	March 31, 2010		March 31, 2009		Change	
(In Thousands)	Amount	% Total	Amount	% Total	Amount	%
Salaries	$1,576	39.7%	$1,601	40.4%	$(25)	(1.6)%
Employee benefits	471	11.8	434	10.9	37	8.5
Occupancy	293	7.4	307	7.7	(14)	(4.6)
Furniture and equipment	311	7.8	323	8.1	(12)	(3.7)
State shares tax	133	3.3	143	3.6	(10)	(7.0)
Professional fees	145	3.6	167	4.2	(22)	(13.2)
Directors fees	67	1.7	71	1.8	(4)	(5.6)
FDIC assessments	147	3.7	74	1.9	73	98.6
Telecommunications	96	2.4	86	2.2	10	11.6
Amortization of core deposit intangible	151	3.8	168	4.2	(17)	(10.1)
Automated teller machine and interchange	130	3.3	127	3.2	3	2.4
Other	455	11.5	467	11.8	(12)	(2.6)
Total non-interest expense	$3,975	100.0%	$3,968	100.0%	$ 7	0.2%

FINANCIAL CONDITION

Consolidated assets at March 31, 2010 were $606.1 million which represented an increase of $3.6 million from $602.5 million at December 31, 2009.

Gross loans increased 2.0 percent from $330.5 million at December 31, 2009 to $336.9 million at March 31, 2010.

The loan-to-deposit ratio is a key measurement of liquidity. Our loan-to-deposit ratio increased during 2010 to 72.0 percent compared to 71.5 percent at December 31, 2009.

INVESTMENTS

All of our securities are available-for-sale and are carried at estimated fair value. Available-for-sale securities are reported on the consolidated balance sheet at fair value with an offsetting adjustment to deferred taxes. The possibility of material price volatility in a changing interest rate environment is offset by the availability to the bank of restructuring the portfolio for gap positioning at any time through the securities classified as available-for-sale. As reflected in the Consolidated Statements of Changes in Stockholders Equity, the impact of the fair value accounting was an unrealized gain, net of tax, on March 31, 2010 of $2,871,000 compared to an unrealized gain, net of tax, on December 31, 2009 of $2,523,000, which represents an unrealized gain, net of tax, of $348,000 for the three months ended March 31, 2010. The following table shows the amortized cost and estimated fair value of the investment securities as of the dates shown:

	March 31, 2010	
(In Thousands)	Amortized Cost	Estimated Fair Value
Obligation of U.S.Government Corporations and Agencies:		
Mortgage-backed	$ 126,809	$ 130,874
Other	57,042	57,365
Obligations of state and political subdivisions	10,231	10,368
Total debt securities	194,082	198,607

Marketable equity securities	2,136	1,961
Total investment securities AFS	$ 196,218	$ 200,568

	December 31, 2009	
(In Thousands)	Amortized Cost	Estimated Fair Value
Obligation of U.S.Government Corporations and Agencies:		
Mortgage-backed	$ 134,762	$ 138,856
Other	68,323	68,339
Obligations of state and political subdivisions	11,265	11,374
Total debt securities	214,350	218,569
Marketable equity securities	2,093	1,697
Total investment securities AFS	$ 216,443	$ 220,266

LOANS

The loan portfolio increased 2.0 percent from $330.5 million at December 31, 2009 to $336.9 million at March 31, 2010. The percentage distribution in the loan portfolio was 79.7 percent in real estate loans at $268.3 million; 12.4 percent in commercial loans at $42.0 million; 2.2 percent in consumer loans at $7.4 million; and 5.7 percent in tax exempt loans at $19.2 million.

The following table presents the breakdown of loans by type as of the date indicated:

					Change	
(In Thousands)		March 31, 2010		December 31, 2009	Amount	%
Commercial, financial and agricultural	$	41,972	$	37,642	$ 4,330	11.5%
Tax-exempt		19,202		18,055	1,147	6.4
Real estate		246,537		253,463	(6,926)	(2.7)
Real estate construction		21,772		13,526	8,246	61.0
Installment loans to individuals		7,357		7,725	(368)	(4.8)
Add (deduct): Unearned discount		(12)		(15)	3	(20.0)
Unamortized loan costs, net of fees		116		93	23	24.7
Gross loans	$	336,944	$	330,489	$ 6,455	2.0%

The following table presents the percentage distribution of loans by category as of the date indicated:

	March 31, 2010	December 31, 2009
Commercial, financial and agricultural	12.4%	11.4%
Tax-exempt	5.7	5.5
Real estate	73.2	76.7
Real estate construction	6.5	4.1
Installment loans to individuals	2.2	2.3
Gross loans	100.0%	100.0%

ALLOWANCE FOR LOAN LOSSES

The allowance for loan losses was $4.0 million at March 31, 2010, compared to $3.8 million at March 31, 2009. This allowance equaled 1.19 percent and 1.16 percent of total loans, net of unearned income, as of March 31, 2010 and 2009, respectively. The loan loss reserve is analyzed quarterly and reviewed by the Bank s Board of Directors. No concentration or apparent deterioration in classes of loans or pledged collateral was evident. Semi-monthly loan meetings with the Bank s Director Loan Committee reviewed new loans. Delinquent loans, loan exceptions and certain large loans are addressed by the full Board no less than monthly to determine compliance with policies. Allowance for loan losses was considered adequate based on delinquency trends and actual loans written as it relates to the loan portfolio.

The following table presents a summary of the Bank s loan loss experience as of the dates indicated:

	For the Three Months Ended March 31,	
(In Thousands)	2010	2009
Average Loans Outstanding during the period	$ 334,755	$ 323,746
Balance, beginning of year	$ 4,210	$ 3,758
Provision charged to operations	310	60
Loans charged off:		
Commercial, financial, and agricultural		(67)
Real estate mortgages	(536)	
Installment loans to indiviuals	(4)	(10)
Recoveries:		
Commercial, financial, and agricultural	1	
Real estate mortgages	1	7
Installment loans to indiviuals	4	5
Balance, end of period	$ 3,986	$ 3,753
Net charge-offs to Average loans outstanding during the period	-0.16%	-0.02%

NON-PERFORMING LOANS

As of March 31, 2010, loans 30-89 days past due totaled $1.5 million compared to $1.7 million at December 31, 2009. Non-accrual loans totaled $3.7 million at March 31, 2010 and $4.4 million at December 31, 2009. Overall, past due and non-accrual loans decreased $828 thousand to $5.2 million at March 31, 2010 from $6.1 million at December 31, 2009.

The following table presents past due and non-accrual loans by loan type and in summary as of the dates indicated:

(In Thousands)	March 31, 2010	December 31, 2009
Commercial, financial and agricultural		
Days 30-89	$ 102	$ 14
Days 90 plus		
Non-accrual	143	145
Real estate		
Days 30-89	1,355	1,632
Days 90 plus		
Non-accrual	3,581	4,216
Installment loans to individuals		
Days 30-89	47	49
Days 90 plus		
Non-accrual		
	$ 5,228	$ 6,056

Days 30-89	$	1,504	$	1,695
Days 90 plus				
Non-accrual		3,724		4,361
	$	5,228	$	6,056
Restructured loans still accruing	$	322	$	323
Other real estate owned	$	329	$	29

DEPOSITS

Total average deposits increased by 3.2 percent from $449.0 million at December 31, 2009 to $463.5 million at March 31, 2010. Savings deposits increased 4.3 percent to $58.9 million at March 31, 2010 from $56.5 million at December 31, 2009. Money

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market deposits decreased 3.0 percent to $42.6 million as of March 31, 2010 from $43.9 million as of December 31, 2009. Interest bearing NOW accounts increased 5.0 percent from $68.7 million at December 31, 2009 to $72.1 million at March 31, 2010**.**

The average balances and average rate paid on deposits are summarized as follows:

	March 31, 2010		December 31, 2009			
		Average		Average	Change	
(In Thousands)	Balance	Rate	Balance	Rate	Amount	%
Non-interest bearing	$ 54,948	%	$ 51,908	%	$ 3,040	5.9%
Savings	58,920	0.40	56,493	0.40	2,427	4.3
Now deposits	72,100	0.15	68,650	0.15	3,450	5.0
Money market deposits	42,609	0.77	43,906	1.03	(1,297)	(3.0)
Time deposits	234,970	2.37	228,005	2.94	6,965	3.1
Total deposits	$463,547	1.35%	$448,962	1.67%	$14,585	3.2%

BORROWED FUNDS

Average short-term borrowings, including securities sold under agreements to repurchase and day-to-day FHLB Pittsburgh borrowings increased 8.0 percent from $48.8 million at December 31, 2009 to $52.7 million at March 31, 2010. Average long-term borrowings decreased $642 thousand from $12.5 million at December 31, 2009 to $11.9 million at March 31, 2010.

	March 31, 2010		December 31, 2009		Change	
(In Thousands)	Amount	% Total	Amount	% Total	Amount	%
Short-term borrowings:						
Securities sold under agreement to repurchase	$49,043	70.9%	$47,873	72.6%	$1,170	2.4%
Short-term borrowings, FHLB	3,134	4.5	352	0.5	2,782	790.3
U.S. Treasury tax and loan notes	550	0.8	601	0.9	(51)	(8.5)
Total short-term borrowings	52,727	76.2%	48,826	74.0%	3,901	8.0
Long-term borrowings, FHLB	11,850	17.1	12,492	18.9	(642)	(5.1)
Junior subordinate debentures	4,640	6.7	4,640	7.0		
Total borrowed funds	$69,217	100.0%	$65,958	100.0%	$3,259	4.9%

LIQUIDITY

Liquidity management is required to ensure that adequate funds will be available to meet anticipated and unanticipated deposit withdrawals, debt service payments, investment commitments, commercial and consumer loan demand, and ongoing operating expenses. Funding sources include principal repayments on loans, sale of assets, growth in time and core deposits, short and long-term borrowings, investment securities coming due, loan prepayments and repurchase agreements. Regular loan payments are a dependable source of funds, while the sale of investment securities, deposit growth and loan prepayments are significantly influenced by general economic conditions and the level of interest rates.

We manage liquidity on a daily basis. We believe that our liquidity is sufficient to meet present and future financial obligations and commitments on a timely basis.

CAPITAL RESOURCES

Capital continues to be a strength for the Bank. Capital is critical as it must provide growth, payment to shareholders, and absorption of unforeseen losses. The federal regulators provide standards that must be met.

As of March 31, 2010, the Bank was categorized as well-capitalized under the regulatory framework for prompt corrective action. To be categorized as well-capitalized, the Bank must maintain minimum total risk-based, Tier I risk-based, and Tier I leverage ratios.

Our actual consolidated capital amounts and ratios as of March 31, 2010 and December 31, 2009 are in the following table:

	2010		2009	
(In Thousands)	Amount	Ratio	Amount	Ratio
Total Capital (to Risk-weighted Assets)				
Actual	$61,059	17.3%	$60,322	17.6%
For Capital Adequacy Purposes	28,184	8.0	27,394	8.0
To Be Well-Capitalized	35,230	10.0	34,243	10.0
Tier I Capital (to Risk-weighted Assets)				
Actual	$57,062	16.2%	$56,102	16.4%
For Capital Adequacy Purposes	14,092	4.0	13,697	4.0
To Be Well-Capitalized	21,138	6.0	20,546	6.0
Tier I Capital (to Average Assets)				
Actual	$57,062	9.6%	$56,102	9.8%
For Capital Adequacy Purposes	23,696	4.0	22,861	4.0
To Be Well-Capitalized	29,620	5.0	28,577	5.0

Our capital ratios are not materially different from those of the Bank.

INTEREST RATE RISK MANAGEMENT

Interest rate risk management involves managing the extent to which interest-sensitive assets and interest-sensitive liabilities are matched. Interest rate sensitivity is the relationship between market interest rates and earnings volatility due to the repricing characteristics of assets and liabilities. The Bank s net interest income is affected by changes in the level of market interest rates. In order to maintain consistent earnings performance, the Bank seeks to manage, to the extent possible, the repricing characteristics of its assets and liabilities.

One major objective of the Bank when managing the rate sensitivity of its assets and liabilities is to stabilize net interest income. The management of and authority to assume interest rate risk is the responsibility of the Bank s Asset/Liability Committee (ALCO), which is comprised of senior management and Board members. ALCO meets quarterly to monitor the ratio of interest sensitive assets to interest sensitive liabilities. The process to review interest rate risk management is a regular part of management of the Bank. Consistent policies and practices of measuring and reporting interest rate risk exposure, particularly regarding the treatment of noncontractual assets and liabilities, are in effect. In addition, there is an annual process to review the interest rate risk policy with the Board of Directors which includes limits on the impact to earnings from shifts in interest rates.

The ratio between assets and liabilities repricing in specific time intervals is referred to as an interest rate sensitivity gap. Interest rate sensitivity gaps can be managed to take advantage of the slope of the yield curve as well as forecasted changes in the level of interest rate changes.

To manage the interest sensitivity position, an asset/liability model called gap analysis is used to monitor the difference in the volume of the Bank s interest sensitive assets and liabilities that mature or reprice within given periods. A positive gap (asset sensitive) indicates that more assets reprice during a given period compared to liabilities, while a negative gap (liability sensitive) has the opposite effect. The Bank employs computerized net interest income simulation modeling to assist in quantifying interest rate risk exposure. This process measures and quantifies the impact on net interest income through varying interest rate changes and balance sheet compositions. The use of this model assists the ALCO to gauge the effects of the interest rate changes on interest sensitive assets and liabilities in order to determine what impact these rate changes will have upon our net interest spread.

At March 31, 2010, our cumulative gap positions and the potential earnings change resulting from a 300 basis point change in rates were both within the internal risk management guidelines.

In addition to gap analysis, the Bank uses earnings simulation to assist in measuring and controlling interest rate risk. The Bank also simulates the impact on net interest income of plus and minus 100, 200 and 300 basis point rate shocks. The results of these theoretical rate shocks provide an additional tool to help manage the Bank s interest rate risk.

It is our opinion that the asset/liability mix and the interest rate risk associated with the balance sheet is within manageable parameters. Additionally, the Bank s Asset/Liability Committee meets quarterly with an investment consultant.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

In the normal course of conducting business activities, the Corporation is exposed to market risk, principally interest rate risk, through the operations of its banking subsidiary. Interest rate risk arises from market driven fluctuations in interest rates that affect cash flows, income, expense and values of financial instruments and was discussed previously in this Form 10-Q.

No material changes in market risk occurred during the current period. A detailed discussion of market risk is provided in the Annual Report on Form 10-K for the period ended December 31, 2009.

Item 4. Controls and Procedures

Our Chief Executive Officer (CEO) and Chief Financial Officer (CFO) have concluded that our disclosure controls and procedures (as defined in Rules 13a 15(e) and 15d 15(e) under the Securities Exchange Act of 1934, as amended), based on their evaluation of these controls and procedures as of the end of the period covered by this Report, were effective as of such date at the reasonable assurance level as discussed below to ensure that information required to be disclosed by us in the reports we file under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission and that such information is accumulated and communicated to our management, including its principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Our management, including the CEO and CFO, does not expect that our disclosure controls and internal controls will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the system are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within our company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. In addition, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by management override of the controls.

The CEO and CFO have evaluated the changes to our internal controls over financial reporting that occurred during our fiscal Quarter Ended March 31, 2010, as required by paragraph (d) Rules 13a 15 and 15d 15 under the Securities Exchange Act of 1934, as amended, and have concluded that there were no changes that materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

PART II Other Information

Item 1. Legal Proceedings

Management and the Corporation s legal counsel are not aware of any litigation that would have a material adverse effect on the consolidated financial position of the Corporation. There are no proceedings pending other than the ordinary routine litigation incident to the business of the Corporation and its subsidiary, First Columbia Bank & Trust Co.. In addition, no material proceedings are pending or are known to be threatened or contemplated against the Corporation and the Bank by government authorities.

Item 1A. Risk Factors

In addition to the other information set forth in this report, you should carefully consider the factors discussed in Part I, Item 1.A. Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2009, which could materially affect our business, financial condition or future results. At March 31, 2010 the risk factors of the Corporation have not changed materially from those in our Annual Report on Form 10-K. However, the risks described in our Annual Report on Form 10-K are not the only risks that we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

	Total Number of	Average Price Paid	Total Number of	Maximum Number (or

Period	Shares (or Units) Purchased	per Share (or Units) Purchased	Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs (1)	Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs
Month #1 (January 1 - January 31, 2010)	4,600	$26.75	4,600	172,900
Month #2 (February 1 - February 28, 2010)	2,500	26.75	2,500	170,400
Month #3 (March 1 - March 31, 2010)	10,400	27.25	10,400	160,000

(1) This program was announced in 2009 and represents the third buy-back program. The Board of Directors approved the purchase of 200,000 shares. There was no expiration date associated with this program.

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Item 3. Defaults Upon Senior Securities

Not applicable.

Item 5. Other Information

None

Item 6. Exhibits

31.1 Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer

31.2 Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer

32 Section 906 Certification of Chief Executive Officer and Chief Financial Officer

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this quarterly report on Form 10-Q for the period ended March 31, 2010, to be signed on its behalf by the undersigned thereunto duly authorized.

CCFNB BANCORP, INC.
(Registrant)

By /s/ Lance O. Diehl
Lance O. Diehl
President and CEO
(Principal Executive Officer)
Date: May 12, 2010

By /s/ Jeffrey T. Arnold
Jeffrey T. Arnold, CPA, CIA
Chief Financial Officer and Treasurer
(Principal Financial Officer)
(Principal Accounting Officer)
Date: May 12, 2010

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