

CCFNB BANCORP INC
Form 10-Q
November 13, 2013

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**

FORM 10-Q

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

For the quarterly period ended September 30, 2013.

Or

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

For the transition period from _____ to _____ .

No. 000-19028

(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 "larger accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

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Non-accelerated filer

(Do not check if a smaller reporting company)

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 November 1, 2013, there were 2,180,204 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**

(In Thousands)	(Unaudited) September 30, 2013	December 31, 2012
ASSETS		
Cash and due from banks	\$ 12,412	\$ 10,391
Interest-bearing deposits in other banks	472	10,146
Federal funds sold	599	2,054
Total cash and cash equivalents	13,483	22,591
Investment securities, available for sale, at fair value	181,664	170,444
Restricted securities, at cost	4,056	3,355
Loans held for sale	12,106	10,824
Loans, net of unearned income	385,118	363,941
Less: Allowance for loan losses	6,128	6,186
Loans, net	378,990	357,755
Premises and equipment, net	11,604	11,935
Accrued interest receivable	1,606	1,592
Cash surrender value of bank-owned life insurance	15,392	14,975
Investment in limited partnerships	1,254	1,413
Intangible Assets:		
Core deposit	927	1,203
Goodwill	7,937	7,937
Prepaid FDIC assessment	-	864
Other assets	4,012	2,833
TOTAL ASSETS	\$ 633,031	\$ 607,721
LIABILITIES		
Interest-bearing deposits	\$ 381,798	\$ 382,133
Noninterest-bearing deposits	77,461	80,895
Total deposits	459,259	463,028
Short-term borrowings	93,159	64,026
Long-term borrowings	2,108	4,112
Accrued interest payable	275	333
Other liabilities	3,459	1,686
TOTAL LIABILITIES	558,260	533,185
STOCKHOLDERS' EQUITY		
Common stock, par value \$1.25 per share; authorized 15,000,000 shares, issued 2,326,904 shares in 2013; and 2,315,646 shares in 2012	2,909	2,894
Surplus	29,336	28,931
Retained earnings	47,362	44,713
Accumulated other comprehensive income	(163)	2,046
	(4,673)	(4,048)

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Treasury stock, at cost; 146,700 shares in 2013 and 129,900 shares in 2012

TOTAL STOCKHOLDERS' EQUITY	74,771	74,536
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 633,031	\$ 607,721

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 September 30,		For the Nine Months Ended September 30,	
	2013	2012	2013	2012
INTEREST AND DIVIDEND INCOME				
Interest and fees on loans:				
Taxable	\$ 4,178	\$ 4,348	\$ 12,294	\$ 12,925
Tax-exempt	273	279	803	835
Interest and dividends on investment securities:				
Taxable	494	825	1,673	2,849
Tax-exempt	207	178	589	517
Dividend and other interest income	26	17	66	48
Federal funds sold	-	-	1	1
Deposits in other banks	2	19	24	44
TOTAL INTEREST AND DIVIDEND INCOME	5,180	5,666	15,450	17,219
INTEREST EXPENSE				
Deposits	542	754	1,692	2,447
Short-term borrowings	53	45	146	164
Long-term borrowings	17	31	72	107
TOTAL INTEREST EXPENSE	612	830	1,910	2,718
NET INTEREST INCOME	4,568	4,836	13,540	14,501
PROVISION FOR LOAN LOSSES	30	305	90	365
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	4,538	4,531	13,450	14,136
NON-INTEREST INCOME				
Service charges and fees	353	371	1,008	1,110
Gain on sale of loans	201	468	871	1,208
Earnings on bank-owned life insurance	120	122	359	381
Brokerage	113	106	349	331
Trust	147	167	433	467
Investment security gains (losses)	65	-	65	(17)
Interchange fees	289	267	829	783
Other	197	277	653	811
TOTAL NON-INTEREST INCOME	1,485	1,778	4,567	5,074
NON-INTEREST EXPENSE				
Salaries	1,607	1,638	4,873	4,882
Employee benefits	518	406	1,607	1,479
Occupancy	271	265	838	783
Furniture and equipment	279	274	852	865

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State shares tax	168	160	502	485
Professional fees	148	161	476	488
Director's fees	66	65	199	192
FDIC assessments	78	80	236	239
Telecommunications	68	58	200	185
Amortization of core deposit intangible	92	108	276	326
Automated teller machine and interchange	128	132	356	498
Other	397	625	1,237	1,513
TOTAL NON-INTEREST EXPENSE	3,820	3,972	11,652	11,935
INCOME BEFORE INCOME TAX PROVISION	2,203	2,337	6,365	7,275
INCOME TAX PROVISION	523	573	1,514	1,814
NET INCOME	\$ 1,680	\$ 1,764	\$ 4,851	\$ 5,461
EARNINGS PER SHARE	\$ 0.77	\$ 0.80	\$ 2.22	\$ 2.48
CASH DIVIDENDS PER SHARE	\$ 0.34	\$ 0.33	\$ 1.01	\$ 0.97
WEIGHTED AVERAGE SHARES OUTSTANDING	2,178,274	2,197,306	2,181,733	2,202,034

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 Shares	Amount	Surplus	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total Stockholders' Equity
Balance, December 31, 2011	2,300,987	\$ 2,876	\$ 28,421	\$ 40,418	\$ 2,260	\$ (2,560)	\$ 71,415
Comprehensive Income:							
Net income				5,461			5,461
Change in net unrealized gain on investment securities available-for-sale, net of reclassification adjustment and tax effects.					209		209
Common stock issuance under dividend reinvestment and stock purchase plans	10,894	14	372				386
Recognition of employee stock purchase plan expense			4				4
Purchase of treasury stock (25,500 shares)						(919)	(919)
Cash dividends, (\$0.97 per share)				(2,134)			(2,134)
Balance, September 30, 2012	2,311,881	\$ 2,890	\$ 28,797	\$ 43,745	\$ 2,469	\$ (3,479)	\$ 74,422
Balance, December 31, 2012	2,315,646	\$ 2,894	\$ 28,931	\$ 44,713	\$ 2,046	\$ (4,048)	\$ 74,536
Comprehensive Income:							
Net income				4,851			4,851
Change in net unrealized loss on investment securities available-for-sale, net of reclassification adjustment and tax effects.					(2,209)		(2,209)
Common stock issuance under dividend reinvestment and stock purchase plans	11,258	15	400				415
Recognition of employee stock purchase plan expense			5				5
Purchase of treasury stock (16,800 shares)						(625)	(625)
Cash dividends, (\$1.01 per share)				(2,202)			(2,202)
Balance, September 30, 2013	2,326,904	\$ 2,909	\$ 29,336	\$ 47,362	\$ (163)	\$ (4,673)	\$ 74,771

See accompanying notes to the unaudited consolidated financial statements.

CCFNB Bancorp, Inc.
Consolidated Statements of Comprehensive Income
(Unaudited)

(In Thousands)	For The Nine Months Ended September 30,	
	2013	2012
Net Income	\$ 4,851	\$ 5,461
Other comprehensive income:		

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Change in unrealized gain on investment securities available-for-sale	(3,412)		333	
Realized gain (loss) included in net income	65		(17)	
Other comprehensive loss before tax expense	(3,347)		316	
Tax effect	(1,138)		107	
Other comprehensive loss		(2,209)		209
Comprehensive income		\$ 2,642		\$ 5,670

See accompanying notes to the consolidated financial statements.

CCFNB Bancorp, Inc.
Consolidated Statements of Cash Flows
(Unaudited)

(In Thousands)	For The Nine Months Ended September 30,	
	2013	2012
OPERATING ACTIVITIES		
Net income	\$ 4,851	\$ 5,461
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	90	365
Depreciation and amortization of premises and equipment	529	544
Amortization and accretion on investment securities	1,001	634
Impairment loss on securities	-	17
Deferred income taxes	(146)	(262)
Gain on sale of investment securities	(65)	-
Gain on sale of loans	(871)	(1,208)
Proceeds from sale of mortgage loans	30,196	34,248
Originations of mortgage loans held for resale	(30,607)	(31,639)
Loss on sale of other real estate	14	-
Amortization of intangibles and investment in limited partnerships	435	494
Decrease in accrued interest receivable	(14)	(450)
Increase in cash surrender value of bank-owned life insurance	(417)	(439)
Decrease in accrued interest payable	(58)	(127)
Other, net	1,299	96
Net cash provided by operating activities	6,237	7,734
INVESTING ACTIVITIES		
Investment securities available for sale:		
Purchases	(60,665)	(98,814)
Proceeds from sales, maturities and redemptions	46,622	104,688
Proceeds from redemption of restricted securities	28	58
Purchase of restricted securities	(729)	(380)
Net increase in loans	(21,396)	(11,557)
Proceeds from sale of other real estate owned	45	98
Acquisition of premises and equipment	(198)	(847)
Net cash used in investing activities	(36,293)	(6,754)
FINANCING ACTIVITIES		
Net (decrease) increase in deposits	(3,769)	7,281
Net increase in short-term borrowings	29,133	14,530
Repayment of long-term borrowings	(2,004)	(2,004)
Acquisition of treasury stock	(625)	(919)
Proceeds from issuance of common stock	415	386
Cash dividends paid	(2,202)	(2,134)
Net cash provided by financing activities	20,948	17,140
NET INCREASE IN CASH AND CASH EQUIVALENTS	(9,108)	18,120
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	22,591	38,176
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 13,483	\$ 56,296

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

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Interest paid	\$	1,968	\$	2,845
Income taxes paid		1,452		2,120
Securities acquired but not settled		1,460		891
Loans transferred to other real estate owned		71		160

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 (&#