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Interest income not recognized

$204 $6 $8

At December 31, 2008, 2007 and 2006, the recorded investment in loans that are considered to be impaired as defined by SFAS No. 114 was $4,453,000, $77,000 and $91,000, respectively. No additional charge to operations was required to provide for these impaired loans as the specifically allocated allowance of $198,000 at December 31, 2008, is estimated by management to be adequate to provide for the loan loss allowance associated with these impaired loans. The portion of the allowance for loan losses allocated for impaired loans was $5,000 and $6,000 at December 31, 2007 and 2006, respectively. The average recorded investment in impaired loans during the years ended December 31, 2008, 2007 and 2006 was approximately $1,905,000, $55,000 and $316,000, respectively.

Loans past due 90 days or more and still accruing interest amounted to $77,000 at December 31, 2007, as presented in accordance with AICPA Statement of Position 01-06, Accounting by Certain Entities (Including Entities with Trade Receivables) that Lend to or Finance the Activities of Others, effective for fiscal years beginning after December 15, 2001. There were no loans past due 90 days and still accruing interest at December 31, 2008.

At December 31, 2008, there were no significant commitments to lend additional funds with respect to non-accrual and restructured loans.

Changes in the allowance for loan losses for the years ended December 31, 2008, 2007 and 2006 were as follows:

(In Thousands)	**2008**	2007	2006
Balance, beginning of year	**$ 1,437**	$ 1,456	$ 1,553
Provision charged to operations	**750**	30	175
Allowance acquired	**1,683**		
Loans charged off	**(148)**	(85)	(300)
Recoveries	**36**	36	28
Balance, end of year	**$ 3,758**	$ 1,437	$ 1,456

5. MORTGAGE SERVICING RIGHTS

The Bank sells real estate mortgages. The mortgage loans sold which are serviced for others are not included in the accompanying Consolidated Balance Sheets. The unpaid principal balances of mortgage loans serviced for others were $39,702,000 and $13,479,000 at December 31, 2008 and 2007, respectively. The balances of amortized mortgage servicing rights included in other assets at December 31, 2008 and 2007 were $206,000 and $49,000, respectively. Valuation allowances were not provided since fair values were determined to exceed carrying values. Fair values were determined using a discount rate of 6% and average expected lives of 3 to 6 years.

The following summarizes mortgage servicing rights capitalized and amortized:

(In Thousands)	**2008**	2007
Balance, beginning of year	**$ 49**	$ 27
Servicing asset additions and acquisition	**201**	40
Amortization	**(44)**	(18)
Balance, end of year	**$ 206**	$ 49

The Bank does not require custodial escrow accounts in connection with the foregoing loan servicing.

6. PREMISES AND EQUIPMENT

A summary of premises and equipment at December 31, 2008 and 2007 follows:

(In Thousands)	**2008**	2007
Land	**$ 1,514**	$ 980
Premises	**12,550**	5,302
Furniture and equipment	**9,696**	3,808
Leasehold improvements	**64**	
Total	**23,824**	10,090
Less accumulated depreciation and amortization	**11,215**	5,003
Net premises and equipment	**$ 12,609**	$ 5,087

Depreciation amounted to $693,000, $409,000 and $376,000 in 2008, 2007 and 2006, respectively.

7. DEPOSITS

Major classifications of deposits at December 31, 2008 and 2007 consisted of:

(In Thousands)	**2008**	2007
Demand deposits	**$ 52,460**	$ 19,394
Interest-bearing demand deposits	**100,896**	28,784
Savings	**55,265**	30,903
Time deposits over $100,000	**58,379**	30,641
Other time deposits	**167,309**	61,216
Total deposits	**$ 434,309**	$ 170,938

The following is a schedule reflecting remaining maturities of time deposits of $100,000 and over at December 31, 2008:

(In Thousands)	
2009	$ 41,823
2010	6,075
2011	4,140
2012	4,126
2013	2,215
Total	$ 58,379

Interest expense related to time deposits of $100,000 or more was $1,581,000 in 2008, $1,369,000 in 2007 and $1,128,000 in 2006.

8. SHORT-TERM BORROWINGS

Securities sold under agreements to repurchase and Federal Home Loan Bank advances generally represented overnight or less than 30-day borrowings. U.S. Treasury tax and loan notes for collections made by the Bank were payable on demand. Short-term borrowings consisted of the following at December 31, 2008 and 2007:

	2008			
(In Thousands)	**Ending Balance**	**Weighted Average Balance**	**Maximum Month End Balance**	**Average Rate**
Securities sold under agreements to repurchase	**$54,462**	**$41,573**	**$62,692**	**1.77%**
Other short-term borrowings		**849**	**5,400**	**1.04%**
U.S. Treasury tax and loan notes	**1,000**	**490**	**1,000**	**1.38%**
Total	**$55,462**	**$42,912**	**$69,092**	**1.76%**

	2007			
(In Thousands)	Ending Balance	Weighted Average Balance	Maximum Month End Balance	Average Rate
Securities sold under agreements to repurchase	$29,265	$31,206	$37,490	4.61%
U.S. Treasury tax and loan notes	246	376	1,000	4.91%
Total	$29,511	$31,582	$38,490	4.61%

9. LONG-TERM BORROWINGS

Long-term borrowings consist of advances due to the FHLB Pittsburgh. Under terms of a blanket agreement, the loans were secured by certain qualifying assets of the Bank which consisted principally of first mortgage loans and certain investment securities. The carrying value of these collateralized items was $131,435,000 at December 31, 2008. The Bank has lines of credit with Federal Reserve Bank Discount Window and FHLB Pittsburgh in the aggregate amount of $229,603,000 at December 31, 2008. The unused portion of these lines of credit was $220,470,000 at December 31, 2008. Long-term borrowings consisted of the following at December 31, 2008 and 2007:

(In Thousands)	**2008**	2007
Loan dated February 18, 1998 in the original amount of $2,000,000 for a 10-year term with a 5-year put. Interest only was payable monthly at 5.48% with a floating rate option, at the discretion of FHLB, at the end of five years. Principal balances outstanding.	**$**	$ 2,000,000
Loan dated June 25, 1998 in the original amount of $72,000 for a 30-year term requiring monthly payments of $425 including interest at 5.86%. Principal balances outstanding.	**60,000**	61,000
Loan dated February 23, 1999 in the original amount of $29,160 for a 20-year term requiring monthly payments of $179 including interest at 5.50%. Principal balances outstanding.	**22,000**	23,000
Loan dated August 20, 1999 in the original amount of $32,400 for a 20-year term requiring monthly payments of $199 including interest at 5.50%. Principal balances outstanding.	**25,000**	26,000
Loan dated January 27, 2000 in the original amount of $5,000,000 for a 10-year term with a 1-year conversion date, at the discretion of FHLB, and a 3-month conversion frequency thereafter. At December 31, 2008 the interest rate was 6.00%. Principal balances outstanding.	**5,000,000**	5,000,000
Loan dated August 16, 2000 in the original amount of $2,000,000 for a 10-year term with a 6-month conversion date, at the discretion of FHLB, and a 3-month conversion frequency thereafter. At December 31, 2008 the interest rate was 5.93%. Principal balances outstanding.	**2,000,000**	2,000,000
Loan dated September 20, 2000 in the original amount of $2,000,000 for a 10-year term with a 3-year conversion date, at the discretion of FHLB, and a 3-month conversion frequency thereafter. At December 31, 2008 the interest rate was 6.10%. Principal balances outstanding.	**2,000,000**	2,000,000
Loan dated December 13, 2000 in the original amount of $32,092 for a 20-year term requiring monthly payments of $197 including interest at 5.50%. Principal balances outstanding.	**26,000**	27,000
Total	**$ 9,133,000**	$ 11,137,000

At December 31, 2008, the annual maturities of long-term debt were as follows: $5,000 in 2009, $9,005,000 in 2010, $5,000 in 2011, $5,000 in 2012, $6,000 in 2013 and $107,000 thereafter.

10. COMPREHENSIVE INCOME

The components of the change in other comprehensive income and related tax effects are as follows:

	Years Ended December 31,		
(In Thousands)	**2008**	2007	2006

Unrealized holding gains on available-for-sale investment securities	**$ 2,671**	$ 262	$ 413
Reclassification adjustment for gains (losses) realized in income	**(431)**	1	1
Change in unrealized gains before tax effect	**2,240**	263	414
Tax effect	**762**	89	141
Net change in unrealized gains	**$ 1,478**	$ 174	$ 273

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11. STOCKHOLDERS EQUITY AND STOCK PURCHASE PLANS

The Amended Articles of Incorporation contain a provision that permits the Corporation to issue warrants for the purchase of shares of common stock, par value $1.25 per share (the Common Stock), at below market prices in the event any person or entity acquires 25% or more of the Common Stock.

The Corporation offers employees a stock purchase plan. The maximum number of shares of the Common Stock to be issued under this plan is 20,000. In addition, the Corporation may choose to purchase shares on the open market to facilitate this plan. A participating employee may annually elect deductions of at least 1% of base pay, but not more than 10% of base pay, to cover purchases of shares under this plan. A participating employee shall be deemed to have been granted an opportunity to purchase a number of shares of the Common Stock equal to the annual aggregate amount of payroll deductions elected by the employee divided by 90% of the fair market value of Common Stock on the first day of January in each year. Stock issued to participating employees under the plan for the most recent three year period was:

		Per Share	
	Number of Shares	Employees Purchase Price	Market Value of Shares
Year Issued:			
2008	**606**	**$22.86**	**$25.40**
2007	557	$25.50	$28.33
2006	464	$25.38	$28.20

The Corporation also offers to its stockholders a Dividend Reinvestment and Stock Purchase Plan. Under the plan, the Corporation registered with the Securities and Exchange Commission 500,000 shares of the Common Stock to be sold pursuant to the plan. The price per share for purchases under this plan is determined at each quarterly dividend payment date by the reported average mean between the bid and asked prices for the shares at the close of trading in the over-the-counter market on the trading day immediately preceding the quarterly dividend payment date. Participation in this plan by shareholders began in June 1995. Shares issued under this plan for the most recent three year period were:

(In Thousands, Except Per Share Data)	Number of Shares	Total Proceeds
Year:		
2008	**11,652**	**$254**
2007	8,315	$222
2006	6,863	$193

12. INCOME TAXES

The provision for income tax expense consisted of the following components:

	For the Years Ended December 31,		
(In Thousands)	**2008**	2007	2006
Currently payable	**$ 1,155**	$ 913	$ 809
Deferred benefit	**(259)**	(25)	(32)
Total income tax provision	**$ 896**	$ 888	$ 777

A reconciliation of the actual provision for federal income tax expense and the amounts which would have been recorded based upon the statutory rate of 34% follows:

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(In Thousands)	**2008** Amount	%	2007 Amount	%	2006 Amount	%
Provision at statutory rate	**$ 1,351**	**34.0%**	$ 1,202	34.0%	$ 1,084	34.0%
Tax-exempt income	**(327)**	**(8.2)**	(236)	(6.7)	(235)	(7.4)
Bank-owned life insurance income-net	**(124)**	**(3.1)**	(97)	(2.7)	(86)	(2.7)
Tax credit from limited partnerships less amortization, net	**(68)**	**(1.7)**				
Non-decuctible expenses	**51**	**1.3**	32	0.9	28	0.9
Other, net	**13**	**0.2**	(13)	(0.4)	(14)	(0.4)
Effective income tax and rate	**$ 896**	**22.5%**	$ 888	25.1%	$ 777	24.4%

The net deferred tax asset recorded by the Corporation consisted of the following tax effects of temporary timing differences at December 31, 2008, 2007 and 2006:

(In Thousands)	**2008**	2007
Deferred tax assets:		
Allowance for loan losses	**$ 991**	$ 387
Allowance for off balance sheet losses	**3**	4
Deferred compensation and director s fees	**488**	338
Non-accrual loan interest	**106**	9
Mortgage service rights		13
Investment in limited partnerships	**96**	
Impairment losses on investment securities	**445**	
* Property valuation	**309**	
Capital loss carryforward	**41**	
Total	**2,479**	751
Deferred tax liabilities:		
Loan fees and costs	**(39)**	(60)
Bond accretion	**(63)**	(14)
Depreciation	**(609)**	(323)
Investment in insurance agency	**(17)**	(16)
* Intangibles	**(843)**	
* Other	**(224)**	
Unrealized investment security gains	**(836)**	(74)
Total	**(2,631)**	(487)
Deferred tax (liability)asset, net	**$ (152)**	$ 264

The above net deferred tax (liability) asset is included in other liabilities and other assets on the accompanying consolidated balance sheets. Those items noted with an (*) resulted from the acquisition of Columbia Financial Corporation, see Note 15. It is anticipated that all tax assets shown above will be realized, accordingly, no valuation allowance was provided. The Corporation has a capital loss carryforward in the amount of $127,000 as of December 31, 2008.

The Corporation and the Bank file a consolidated federal income tax return. The Corporation is also required to file a separate state income tax return and has available state operating loss carryforwards totaling $704,000. The losses expire through 2027. The related deferred net state tax asset in the amount of $67,000 has been fully reserved and is not reflected in the net tax asset since management is of the opinion that such assets will not be realized in the foreseeable future.

13. EMPLOYEE BENEFIT AND DEFERRED COMPENSATION PLANS

EMPLOYEE BENEFIT PLANS

The Bank maintains a 401K salary deferral profit sharing plan for the benefit of its employees. Under the salary deferral component, employees may elect to contribute up to 25% of their compensation, with the possibility that the Bank may make matching contributions to the plan. Under the profit sharing component, contributions are made at the discretion of the Bank s Board of Directors. Matching contributions amounted to $157,000, $91,000 and $75,000 for the years ended December 31, 2008, 2007 and 2006, respectively. There were no discretionary contributions for the years ended December 31, 2008, 2007 and 2006.

DEFERRED COMPENSATION PLANS

Directors

During 1990, the Bank entered into agreements with two directors to establish non-qualified deferred compensation plans for each of these directors. In 1994, additional plans were established for these two directors plus another director. These plans were limited to four-year terms. The Bank may, however, enter into subsequent similar plans with its directors. Each of the participating directors deferred the payment to himself of certain directors fees to which he was entitled. Each director s future payment is based upon the cumulative amount of deferred fees together with interest currently accruing thereon at the rate of 8% per annum, subject to change by the Board of Directors. The total accrued liability as of December 31, 2008 and 2007 was $204,000 and $207,000, respectively, relating to these directors deferred compensation agreements. During 2008, an amendment to two of the plans allowed for the complete payout of the plans on January 2, 2009 at the current deferred amount of $191,000.

During 2003, the directors were given the option of receiving or deferring their directors fees under a non-qualified deferred compensation plan which allows the director to defer such fees until the year following the expiration of the directors term. Payments are then made over specified terms under these arrangements up to a ten-year period. Interest is to accrue on these deferred fees at a 5-year certificate of deposit rate, which was 4.62% in 2008. The certificate of deposit rate will reset in January 2013. Three directors have elected to participate in this program and the total accrued liability as of December 31, 2008 and 2007 was $232,000, and $171,000, respectively.

Total directors fees, including amounts currently paid for the years ended December 31, 2008, 2007 and 2006 were $244,000, $188,000 and $171,000, respectively.

During 2008, the directors were given the option of receiving or deferring their directors fees under a non-qualified deferred compensation plan with the same features as the above plan. The interest rate that will be paid beginning with the January 2009 director pay, is 4% for a 5-year period and will reset in January 2014. Two directors have elected to participate in this plan for 2009.

Officers

In 1992, the Bank entered into agreements with two executive officers to establish non-qualified deferred compensation plans. Each officer deferred compensation in order to participate in this deferred compensation plan. If the officer continued to serve as an officer of the Bank until he attained 65 years of age, the Bank agreed to pay him 120 guaranteed consecutive monthly payments commencing on the first day of the month following the officer s 65th birthday. Each officer s guaranteed monthly payment was based upon the future value of life insurance purchased with the compensation the officer has deferred. The Bank obtained life insurance (designating the Bank as the beneficiary) on the life of each participating officer in an amount which is intended to cover the Bank s obligations under this deferred compensation plan, based upon certain actuarial assumptions. During 2002, the agreements with the two executive officers were modified. Under one agreement, the executive officer receives $225,000 payable monthly over a 10-year period commencing in February 2003. Under another agreement, another executive officer receives $175,000 payable monthly over a 10-year period commencing in April 2003. This second agreement also provided post-employment health care benefits to the executive officer until the attainment of age 65. As of December 31, 2008 and 2007, the net cash value of insurance policies was $438,000 and $412,000, respectively, and the total accrued liability, equal to the present value of these obligations, was $150,000 and $182,000, respectively, relating to these executive officers deferred compensation plans.

In April 2003, the Bank entered into non-qualified deferred compensation agreements with three officers to provide supplemental retirement benefits commencing with the executive s retirement and ending 15 years thereafter. The

deferred compensation expense related to these agreements for the years ended December 31, 2008, 2007 and 2006 was $119,000, $110,000 and $97,000 respectively, and the total accrued liability as of December 31, 2008 and 2007 was $553,000 and $434,000, respectively.

The Bank entered into agreements to provide post-retirement benefits to employees in the form of life insurance payable to the employee s estate upon their death through endorsement split dollar life insurance arrangements. The Corporation adopted the guidance in EITF-06-4 effective January 1, 2007 to recognize the liability for future benefits in the amount of $12,000. The post- retirement benefit expense related to these split dollar arrangements amounted to $58,000 for the year ended December 31, 2008.

The total accrued liability for the split dollar post retirement benefits amounted to $297,000 and $12,000 for the years ended December 31, 2008 and 2007, respectively.

Total deferred compensation and split dollar post retirement benefit expense for current and retired officers for the years ended December 31, 2008, 2007 and 2006 was $187,000, $120,000 and $108,000, respectively, and the total accrued liability under the officers deferred compensation and split dollar post retirement plans as of December 31, 2008 and 2007 was $1,000,000 and $628,000, respectively.

14. LEASE COMMITMENTS AND CONTINGENCIES

The Corporation leases facilities and office equipment under operating leases expiring through 2016. Rental expense under operating leases totals approximately $78,000 in 2008 and $36,000 in 2007 and 2006. Minimum future rental payments under non-cancelable operating leases having remaining terms of excess of 1 year as of December 31, 2008 are as follows:

2009	$106,731
2010	82,069
2011	82,069
2012	74,511
2013	60,879
Thereafter	19,249

In 2008, the Corporation purchased the license to utilize banking software, and entered into contractual commitments to pay annual license fees associated with the software. The license fee was waived for the first year and future fees are payable based on the Bank s asset size. As part of the agreement, the second and third year license fees will be based on the Bank s asset size as of March 31, 2008. The Corporation estimates the annual fees for the years ended December 31, 2009 and 2010 will amount to $110,000 and $113,000, respectively.

15. ACQUISITION

On July 18, 2008, the Corporation completed its acquisition of Columbia Financial Corporation(CFC). Under the terms of the Agreement and Plan of Reorganization dated as of November 29, 2007, CFC merged with and into the Corporation; and the Corporations wholly-owned subsidiary, Columbia County Farmers National Bank merged with and into the Bank. The Corporation acquired 100% of the outstanding shares of CFC for a total purchase price of $26,316,000. The transaction was accounted for in accordance with SFAS No. 141, Business Combinations . In connection therewith, the Corporation issued approximately 1,030,286 shares of its common stock and paid cash of approximately $3,000 in lieu of the issuance of fractional shares in exchange for all of the issued and outstanding shares of CFC common stock. Assets and liabilities of CFC are recorded at estimated fair values as of the acquisition date and the results of the acquired entity operations are included in income from that date. The fair values of acquired assets and liabilities, including identified intangible assets, are finalized as quickly as possible following the acquisition. The CFC purchase price allocation is substantially complete; however, its valuations may be subject to revision as additional information becomes available. Purchase accounting adjustments determinable within twelve months of acquisition date result in adjustments to goodwill.

The following table shows the excess purchase price of the carrying value of net assets acquired, purchase price allocation and resulting goodwill recorded for this acquisition. Changes to the carrying amount of goodwill, premises and equipment and junior subordinate debentures, since the merger date, reflect additional information obtained about the fair value of the assets acquired and liabilities assumed.

(In Thousands)	
Purchase price	$ 26,316
Carrying value of net assets acquired	(17,855)
Excess of purchase price over carrying value of net assets acquired	8,461
Purchase accounting adjustments:	

Loans	30
Premises and equipment	853
Deposits	1,235
Severance and related costs	840
Deferred taxes	208
Subtotal	11,627
Core deposit intangibles	(3,690)
Goodwill	$ 7,937

The following table summarized the estimated fair value of net assets acquired:

(In Thousands)	
Assets	
Cash and cash equivalents	$ 5,157
Interest-bearing deposits in other banks	129
Federal funds sold	517
Investment securities	138,257
Loans, net of allowance for loan losses	160,724
Premises and equipment	6,492
Accrued interest receivable	1,534
Bank-owned life insurance	3,462
Investment in limited partnerships	919
Goodwill and other intangibles	11,627
Other assets	564
Total assets	$ 329,382
Liabilities	
Deposits	$ 264,692
Borrowings	31,883
Junior subordinate debentures	4,640
Accrued interest payable	764
Other liabilities	1,087
Total liabilities	$ 303,066
Fair value of net assets acquired	$ 26,316

The following unaudited pro forma consolidated financial information presents the combined results of operations of the Corporation as if the CFC acquisition had occurred as of the beginning of 2008 and 2007, respectively:

	For the Years Ended December 31,	
(In Thousands, Except Per Share Data)	2008	2007
Net interest income	$ 19,132	$ 18,047
Provision for loan losses	775	330
Net interest income after provision for loan losses	18,357	17,717
Non-interest income	4,739	4,137
Non-interest expense	16,923	16,181
Income before income tax provision	6,173	5,673
Income tax provision	1,743	1,297
Net income	$ 4,430	$ 4,376

Net income per common share	$ 1.97	$ 1.93
Average common shares outstanding	2,251,486	2,263,625

The pro forma results include amortization of fair value adjustments on loans, premises and equipment, deposits, and debt, and amortization of newly acquired intangibles. The proforma number of average shares outstanding includes adjustments for shares issued for the acquisitions but does not assume any incremental repurchases. The pro forma results presented do not reflect cost savings or revenue enhancements anticipated from the acquisition and are not necessarily indicative of what actually would have occurred if the acquisition had been completed as of the beginning of the periods presented, nor are they necessarily indicative of future consolidated results.

16. RELATED PARTY TRANSACTIONS

Certain directors and executive officers of the Corporation and the Bank, as well as companies in which they are principal owners (i.e., at least 10% ownership), were indebted to the Bank at December 31, 2008 and 2007. These loans were made on substantially the same terms and conditions, including interest rates and collateral, as those prevailing at the time for comparable transactions with unrelated parties. These loans did not present more than the normal risk of collectibility nor present other unfavorable features. A summary of the activity on these related party loans consisted of the following:

(In Thousands)	Beginning Balance	Additions	Payments	Ending Balance
2008	**$926**	**$7,633**	**$(756)**	**$7,803**
2007	931	600	(605)	926

The above loans represent funds drawn and outstanding at the date of the accompanying consolidated financial statement. Commitments by the Bank to related parties on loan commitments and standby letters of credit for 2008 and 2007 presented an off-balance sheet risk to the extent of undisbursed funds in the amount of $2,696,000 and $918,000, respectively.

Deposits from certain officers and directors and/or their affiliated companies held by the Bank amounted to $9,745,000 and $1,728,000 at December 31, 2008 and 2007, respectively.

The total consolidated loans made by the bank at December 31, 2008**,** to its directors and executive officers as a group, members of their immediate families and companies in which they have a 10% or more ownership interest was $10,502,000 or approximately 17.3 percent of the Corporation s total consolidated capital accounts. This amount also represented the largest amount of all these loans in 2008. These loans did not involve more than the normal risk of collectability nor did they present other unfavorable features.

17. REGULATORY MATTERS

Dividends are paid by the Corporation to shareholders from its assets which are mainly provided by dividends from the Bank. However, national and state banking laws place certain restrictions on the amount of cash dividends allowed to be paid by the Bank to the Corporation. Generally, the Bank may not make dividends to the Corporation, if such payments would reduce the Bank s surplus to an amount below that of the Bank s capital. Accordingly, in 2009, without prior regulatory approval, the Bank may declare dividends to the Corporation in the amount of $15,103,000. Regulations also limit the amount of loans and advances from the Bank to the Corporation to 10% of consolidated net assets.

The Corporation is subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Corporation s consolidated financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Corporation must meet specific capital guidelines that involve quantitative measures of the Corporation s assets, liabilities, and certain off-balance sheet items as calculated under regulatory accounting practices. The Corporation s capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

Quantitative measures established by regulation to ensure capital adequacy require the Corporation to maintain minimum amounts and ratios (set forth in the table below) of Total and Tier I Capital (as defined in the regulations) to risk-weighted assets (as defined), and of Tier I Capital (as defined) to average assets (as defined). Management believes, as of December 31, 2008 and 2007, that the Corporation and the Bank met all capital adequacy requirements to which they are subject.

As of December 31, 2008, 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 as set forth in the table.

The following table reflects the Corporation s actual consolidated capital amounts and ratios at December 31:

	2008		2007	
(In Thousands)	**Amount**	**Ratio**	Amount	Ratio
Total Capital (to Risk-weighted Assets)				
Actual	**$ 55,851**	**16.5%**	$ 32,930	18.9%
For Capital Adequacy Purposes	**27,112**	**8.0**	13,917	8.0
To Be Well-Capitalized	**33,890**	**10.0**	17,396	10.0
Tier I Capital (to Risk-weighted Assets)				
Actual	**$ 52,083**	**15.4%**	$ 31,483	18.1%
For Capital Adequacy Purposes	**13,556**	**4.0**	6,958	4.0
To Be Well-Capitalized	**20,334**	**6.0**	10,436	6.0
Tier I Capital (to Average Assets)				
Actual	**$ 52,083**	**9.3%**	$ 31,483	12.7%
For Capital Adequacy Purposes	**22,476**	**4.0**	9,908	4.0
To Be Well-Capitalized	**28,095**	**5.0**	12,385	5.0

The Corporation s capital ratios are not materially different from those of the Bank.

18. FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK AND CONCENTRATIONS OF CREDIT RISK

The Corporation is a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit, standby letters of credit and commercial letters of credit. Those instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the consolidated balance sheets. The contract or notional amounts of those instruments reflect the extent of involvement the Corporation has in particular classes of financial instruments. The Corporation does not engage in trading activities with respect to any of its financial instruments with off-balance sheet risk.

The Corporation may require collateral or other security to support financial instruments with off-balance sheet credit risk. The contract or notional amounts at December 31, 2008 and 2007 were as follows:

(In Thousands)	**2008**	2007
Financial instruments whose contract amounts repsresent credit risk:		
Commitments to extend credit	**$68,412**	$20,492
Standby letters of credit	**3,064**	1,679
Dealer floor plans	**1,129**	66
Loans held for sale	**72**	418

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Because many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Corporation evaluates each customer s creditworthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Corporation upon extension of credit, is based on management s credit evaluation of the counter-party. Collateral held varies but may include accounts receivable, inventory, property, plant, equipment and income-producing commercial properties.

Standby letters of credit and commercial letters of credit are conditional commitments issued by the Corporation to guarantee payment to a third party when a customer either fails to repay an obligation or fails to perform some

non-financial obligation. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. The Corporation holds collateral supporting those commitments for which collateral is deemed necessary. The extent of collateral held for those commitments at December 31, 2008 varied from 0 percent to 100 percent. The average amount collateralized was 44.4 percent.

The Corporation s exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit and letters of credit is represented by the contractual notional amount of those instruments. The Corporation uses the same credit policies in making commitments and conditional obligations, as it does for on-balance sheet instruments.

The Corporation granted commercial, consumer and residential loans to customers primarily within Pennsylvania. Of the total loan portfolio, 83.7% was for real estate loans, principally residential. It was the opinion of management that this high concentration did not pose an adverse credit risk. Further, it is management s opinion that the remainder of the loan portfolio was balanced and diversified to the extent necessary to avoid any significant concentration of credit.

19. FAIR VALUE MEASUREMENTS

Effective January 1, 2008, the Corporation adopted SFAS No. 157, which, among other things, requires enhanced disclosures about assets and liabilities carried at fair value. SFAS No. 157 establishes a hierarchal disclosure framework associated with the level of pricing observability utilized in measuring assets and liabilities at fair value. The three broad levels defined by SFAS No.157 hierarchy are as follows:

Level I: Quoted prices are available in active markets for identical assets or liabilities as of the reported date.

Level II: Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observables as of the reported date. The nature of these assets and liabilities include items for which quoted prices are available but traded less frequently, and items that are fair valued using other financial instruments of which can be directly observed.

Level III: Assets and liabilities that have little or no pricing observability as of the reported date. These items do not have two-way markets and are measured using management s best estimate of fair value, where the inputs into determination of fair value require significant management judgment or estimation.

The following table presents the assets reported on the consolidated statements of financial condition at their fair value as of December 31, 2008 by level within the fair value hierarchy. As required by SFAS No. 157, financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

	December 31, 2008			
(In Thousands)	Level I	Level II	Level III	Total
Assets:				
Investment Securities, available-for-sale	$2,293	$194,287	$	$196,580

At December 31, 2008, investments measured at fair value on a recurring basis and the valuation methods used are as follows:

(In Thousands)	Level I	Level II	Level III	Total
Available for sale securities				
Obligation of US Government Agencies				
Mortgage-backed	$	$ 118,046	$	$ 118,046
Other		64,080		64,080
Obligations of state and political subdivisions		9,994		9,994
Equity securities	2,293			2,293
Restricted equity securities		2,167		2,167
	$ 2,293	$ 194,287	$	$ 196,580

The estimated fair values of equity securities classified as Level I are derived from quoted market prices in active markets; these assets consists mainly of stocks held in other banks. The estimated fair values of all debt securities classified as Level II are obtained from nationally-recognized third-party pricing agencies. The estimated fair values are derived primarily from cash flow models, which include assumptions for interest rates, credit losses, and

prepayment speeds. The significant inputs utilized in the cash flow models are based on market data obtained from sources independent of the Corporation (observable inputs), and are therefore classified as Level II within the fair value hierarchy.

20. ESTIMATED FAIR VALUES OF FINANCIAL INSTRUMENTS

Statement of Financial Accounting Standards (SFAS) No. 107, Disclosures about Fair Value of Financial Instruments , requires disclosure of fair value information about financial instruments, whether or not required to be recognized in the consolidated balance sheet, for which it is practicable to estimate such value. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. These techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Fair value estimates derived through these techniques cannot be

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substantiated by comparison to independent markets and, in many cases, could not be realized in immediate settlement of the instrument. SFAS No. 107 excludes certain financial instruments and all nonfinancial instruments from its disclosure requirements. Accordingly, the aggregate fair value amounts presented do not represent the underlying value of the Corporation.

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.

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

Under SFAS No. 107, 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 December 31, 2008 and 2007.

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.

At December 31, 2008 and 2007, the carrying values and estimated fair values of financial instruments are presented in the table below:

(In Thousands)	**2008** Carrying Amount	**2008** Estimated Fair Value	2007 Carrying Amount	2007 Estimated Fair Value
Financial Assets:				
Cash and short-term investments	**$ 15,485**	**$ 15,485**	$ 13,401	$ 13,401
Investment securities	**196,580**	**196,580**	57,686	57,686
Loans, net	**316,310**	**317,203**	160,023	161,044
Cash surrender value of bank owned life insurance	**10,943**	**10,943**	7,077	7,077
Accrued interest receivable	**2,388**	**2,388**	1,082	1,082
Financial Liabilities:				
Interest- bearing deposits	**381,849**	**384,105**	151,544	151,562
Noninterest- bearing deposits	**52,460**	**52,460**	19,394	19,394
Short-term borrowings	**55,462**	**55,462**	29,511	29,511
Long-term borrowings	**9,133**	**9,452**	11,137	11,708
Junior subordinate debentures	**4,640**	**4,640**		
Accrued interest payable	**1,075**	**1,075**	475	475
Off-Balance Sheet Assets (Liabilities):				
Commitments to extend credit		**$ 68,412**		$ 20,492
Standby letters of credit		**3,064**		1,679
Dealer floor plans		**1,129**		66

21. PARENT COMPANY FINANCIAL INFORMATION

Condensed financial information for CCFNB Bancorp, Inc. (Parent Company only) was as follows:

BALANCE SHEETS	December 31, 2008	2007	2006
Assets			
Cash	**$ 524**	$ 131	$ 162
Investment in subsidiary	**61,568**	30,091	28,606
Investment in other equity securities	**2,292**	1,037	1,342
Prepayments and other assets	**942**	402	261
Receivable from subsidiary	**200**		
Total Assets	**$65,526**	$31,661	$30,371
Liabilities and Stockholders Equity			
Junior subordinate debentures	**$ 4,640**		
Accrued expenses and other liabilities	**111**	$ 15	$ 92
Payable to subsidiary		19	30
Total Liabilities	**4,751**	34	122
Stockholders Equity			
Common stock	**2,816**	1,533	1,552
Surplus	**27,173**	2,271	2,673
Retained earnings	**29,164**	27,679	26,054
Accumulated other comprehensive income (loss)	**1,622**	144	(30)
Total Stockholders Equity	**60,775**	31,627	30,249
Total Liabilities and Stockholders Equity	**$65,526**	$31,661	$30,371

STATEMENTS OF INCOME	Years Ended December 31, 2008	2007	2006
Income			
Dividends from subsidiary bank	**$2,359**	$1,534	$1,478
Dividends other	**81**	46	44
Securities losses, net	**(431)**		
Interest		1	2
Total Income	**2,009**	1,581	1,524
Operating expenses	**202**	89	82
Income Before Taxes and Equity in Undistributed Net Income of Subsidiary and Insurance Agency	**1,807**	1,492	1,442
Applicable income tax benefit	**(206)**	(21)	(22)
Income Before Equity in Undistributed Net Income of Subsidiary and Equity in Income from Insurance Agency	**2,013**	1,513	1,464

Equity in undistributed income of subsidiary	**1,059**	1,122	946
Equity in income from investment in insurance agency	**6**	12	2
Net Income	**$3,078**	$2,647	$2,412

	Years Ended December 31,		
STATEMENTS OF CASH FLOWS	**2008**	2007	2006
Operating Activities:			
Net income	**$ 3,078**	$ 2,647	$ 2,412
Adjustments to reconcile net income to net cash provided by operating activities:			
Securities gains	**(6)**		
Impairment loss on securites	**437**		
Equity in undistributed net income of subsidiary	**(1,059)**	(1,122)	(945)
(Increase) decrease in amounts due from (to) subsidiary	**(219)**		69
Increase (decrease) in income taxes and accrued expenses payable	**(263)**	(124)	(79)
Net Cash Provided By Operating Activities	**1,968**	1,401	1,457
Investing Activities:			
Purchase of equity securities	**(153)**		
Acquisition of bank cash	**251**		
Proceeds from sale of equity securities	**51**		
Net Cash Provided B y Investing Activities	**149**		
Financing Activities:			
Acquisition of treasury stock	**(398)**	(658)	(681)
Proceeds from issuance of common stock	**267**	236	205
Cash dividends	**(1,593)**	(1,010)	(974)
Net Cash Used In Financing Activities	**(1,724)**	(1,432)	(1,450)
Increase (Decrease) in Cash and Cash Equivalents	**393**	(31)	7
Cash and Cash Equivalents at Beginning of Year	**131**	162	155
Cash and Cash Equivalents at End of Year	**$ 524**	$ 131	$ 162

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders of CCFNB Bancorp, Inc.

We have audited the accompanying consolidated balance sheets of CCFNB Bancorp, Inc. and Subsidiary as of December 31, 2008 and 2007, and the related consolidated statements of income, changes in stockholders equity, and cash flows for each of the years in the three-year period ended December 31, 2008. These consolidated financial statements are the responsibility of the Corporation s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. The Corporation is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation s internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of CCFNB Bancorp, Inc. and Subsidiary as of December 31, 2008 and 2007, and the consolidated results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2008 in conformity with accounting principles generally accepted in the United States of America.

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

J. H. Williams & Co., LLP
Kingston, Pennsylvania
March 10, 2009

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

None.

Item 9A(T). Controls and Procedures

(a) Disclosure Controls and Internal Controls.

Disclosure Controls are procedures that are designed with the objective of ensuring that information required to be disclosed in our reports filed under the Securities Exchange Act of 1934 (Exchange Act), such as this report, is recorded, processed, summarized and reported within the time periods specified in the Commission s rules. Disclosure Controls are also designed with the objective of ensuring that such information is accumulated and communicated to our management, including the CEO and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

We have created a disclosure committee. The committee consists of nine key management personnel. The purpose of the committee is to verify that all internal controls and procedures are in place in each area of authority. Whistle-Blowing procedures have been put in place and communicated to all directors and employees. The disclosure committee meets quarterly.

We design Internal Control procedures with the objective of providing reasonable assurance that: (1) our transactions are properly authorized; (2) our assets are safeguarded against unauthorized or improper use; and (3) our transactions are properly recorded and reported, all to permit the preparation of our financial statements in conformity with generally accepted accounting principals**.**

Limitations on the Effectiveness of Controls. Our management, including the CEO and Chief Financial Officer ,does not expect that our Disclosure Controls or our Internal Controls will prevent all error or all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits or controls must be considered relative to their costs. 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 Corporation and the Bank 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. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, a control system may become inadequate because of changes in conditions, or the degree of compliance with the policies and procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Scope of the Controls Evaluation. The CEO and Chief Financial Officer evaluation of our Disclosure Controls and Internal Controls included a review of such controls objectives and design, such control s implementation by us and the Bank and the effect of these controls on the information generated for use in this report. In the course of the Controls Evaluation, we sought to identify data errors, controls problems or acts of fraud and to confirm that appropriate corrective action, including process improvements, were being undertaken. This type of evaluation will be done on a quarterly basis so that the conclusions concerning controls effectiveness can be reported in our Quarterly Reports on Form 10-Q and Annual Reports on Form 10-K. Our Internal Controls are also evaluated on an ongoing basis by our internal auditors, by other personnel in the Bank and by our external independent auditors in connection with their audit and review activities. The overall goals of these various evaluation activities are to monitor our Disclosure Controls and Internal Controls and to make modifications as necessary. Our intent in this regard is that the Disclosure Controls and Internal Controls will be maintained as dynamic systems that change (including with improvements and corrections) as conditions warrant.

Among other matters, we sought in our evaluation to determine whether there were any significant deficiencies or material weaknesses in our and the Bank s Internal Controls, or whether we had identified any acts of fraud involving personnel who have a significant role in our and the Bank s Internal Controls. This information was important both for

the Controls Evaluation generally and because items 5 and 6 in the Section 302 Certifications of the CEO and Chief Financial Officer require that the CEO and Chief Financial Officer disclose that information to our Board s Audit Committee and to our independent auditors and to report on related matters in this section of our Annual Report. In the professional auditing literature, significant deficiencies are referred to as reportable conditions . These are control issues that could have a significant adverse effect on the ability to record, process, summarize and report financial data in the financial statements. A material weakness is defined in the auditing literature as a particularly serious reportable condition where the internal control does not reduce to a relatively low level the risk that misstatements caused by error or fraud may occur in amounts that would be material in relation to the financial statements and not be detected within a timely period by employees in the normal course of performing their assigned functions. In addition, we sought to deal with other controls matters in the Controls Evaluation, and in each case if a problem was identified, we considered what revision, improvement or correction to make in accord with our on-going procedures.

In accord with Commission requirements, the CEO and Chief Financial Officer note that, as of December 31, 2008, there have been no significant changes in Internal Controls or in other factors that could significantly affect Internal Controls, including any corrective actions with regard to significant deficiencies and material weaknesses.

Conclusions. The Corporation s management, including the Corporation s chief executive officer and chief financial officer, have evaluated the effectiveness of the Corporation s disclosure controls and procedures, as such term is defined in Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934, as amended, (Exchange Act). Based upon their evaluation, the chief executive officer and chief financial officer concluded that, as of the end of the period covered by this report, the Corporation s disclosure controls and procedures were effective for the purpose of ensuring that the information required to be disclosed in the reports that the Corporation files or submits under the Exchange Act with Commission s is recorded, processed, summarized and reported within the time periods specified in the Commission s rules and forms, and is accumulated and communicated to the Corporation s management, including its chief executive and chief financial officers, as appropriate to allow timely decisions regarding required disclosure.

(b) Management s Report on Internal Control Over Financial Reporting

Management of the Corporation is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act. The Corporation s internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

A material weakness is a significant deficiency (as defined in Public Company Accounting Oversight Board Auditing Standard No. 2), or a combination of significant deficiencies, that results in there being more than a remote likelihood that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis by management or employees in the normal course of performing their assigned functions.

Management assessed the effectiveness of the Corporation s internal control over financial reporting as of December 31, 2008. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control-Integrated Framework. Based on this assessment, management believes that, as of December 31, 2008, the Corporation s internal control over financial reporting was effective.

This annual report does not include an attestation report of the Corporation s registered public accounting firm regarding internal control over financial reporting. Management s report was not subject to attestation by the Corporation s registered public accounting firm pursuant to temporary rules of the Commission that permit the Corporation to provide only management s report in this annual report.

/s/ Lance O. Diehl
President
Chief Executive Officer

Date: March 10, 2009

/s/ Jeffrey T. Arnold
Chief Financial Officer and Treasurer

Date: March 10, 2009

(c) Changes to Internal Control Over Financial Reporting

There were no changes in the Corporation s internal control over financial reporting during the three months ended December 31, 2008 that have materially impacted, or are reasonably likely to material affect, the Corporation s internal control over financial reporting.

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Directors

For information relating to the directors of the Corporation, the section captioned Board of Directors in the Corporation s Proxy Statement for the 2009 Annual Meeting of Stockholders is incorporated by reference.

Executive Officers

For information relating to officers of the Corporation, the section captioned Executive Compensation in the Corporation s Proxy Statement for the 2009 Annual meeting of Stockholders is incorporated by reference.

Compliance with Section 16(a) of the Exchange Act

For information regarding compliance with Section 16(a) of the Exchange Act, the section captioned Stock Ownership in the Corporation s Proxy Statement for the 2009 Annual Meeting of Stockholders is incorporated by reference.

Disclosure of Code of Ethics

The Corporation has adopted a Code of Ethics that applies to directors, officers, and employees of the Corporation and the Bank. A copy of the Code of Ethics is posted on the Corporation s website at www.firstcolumbiabank.com. The Corporation intends to satisfy the disclosure requirements under Item 10 of Form 8-K regarding an amendment to, or a waiver from, a provision of its Code of Ethics by posting such information on its website.

Corporate Governance

For information regarding the audit committee and its composition, the sections captioned Committees of the Board of Directors and Audit Committee Report , in the Corporation s Proxy Statement for the 2009 Annual Meeting of Stockholders is incorporated by reference.

Item 11. Executive Compensation

For information regarding executive compensation, the section captioned Executive Compensation in the Corporation s Proxy Statement for the 2009 Annual meeting of Stockholders is incorporated by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Security Ownership of Certain Beneficial Owners Information required by this item is incorporated herein by reference to the section captioned Stock Ownership in the Corporation s Proxy Statement for the 2009 Annual Meeting of Stockholders.

Security Ownership of Management Information required by this item is incorporated herein by reference to the section captioned Stock Ownership in the Corporation s Proxy Statement for the 2009 Annual Meeting of Stockholders.

Item 13. Certain Relationships and Related Transactions, Director Independence

Certain Relationships and Related Transactions

There were no arrangements or vending contracts, etc. with any immediate family member or business associate of any board member or named executive officer exceeding $120,000.

The Corporation encourages its directors and executive officers to have banking and financial transactions with the bank. All of these transactions are made on comparable terms and with similar interest rates as those prevailing for other customers. Information concerning loans and deposits with Directors and Executive Officers is provided in Note 16 to the Consolidated Financial Statements, which is included in Part II, Item 8 of this Annual Report on Form 10-K.

Director Independence

For information regarding director independence, the section captioned Corporate Governance in the Corporation s Proxy Statement for the 2009 Annual Meeting of Stockholders is incorporated by reference.

14. Principal Accounting Fees and Services

For information regarding the principal accounting fees and expenses, the section captioned Independent Registered Public Accounting Firm in the Corporation s Proxy Statement for the 2009 Annual Meeting of Stockholders is incorporated by reference.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) The following documents are filed as part of this report:

1. The following financial statements are incorporated by reference in Item 8:

Report of Independent Registered Public Accounting Firm
Consolidated Balance Sheet as of December 31, 2008 and 2007
Consolidated Statement of Income for the Years Ended December 31, 2008, 2007 and 2006
Consolidated Statement of Changes in Stockholders Equity for the Years Ended December 31, 2008, 2007 and 2006
Consolidated Statement of Cash Flows for the Years Ended December 31, 2008, 2007 and 2006
Notes to Consolidated Financial Statements

2. All financial statement schedules are omitted because the required information is either not applicable, not required or is shown in the respective financial statement or in the notes thereto, which are incorporated by reference at subsection (a) (1) of this item.
3. The following exhibits are filed herewith, or incorporated by reference as a part of this report..

3.1 Amended and Restated Articles of Incorporation (1)

3.2 Amended Bylaws (2)

10.1 Executive Employment Agreement of Lance O. Diehl (3)

10.2 Executive Employment Agreement of Edwin A. Wenner (4)

10.3 Form of Deferred Director Fees Agreement (5)

10.4 Supplemental Executive Retirement Plan Agreement and Amendment for Lance O. Diehl (6))

10.5 Supplemental Executive Retirement Plan Agreement and Amendment for Edwin A. Wenner (7)

10.6 Supplemental Executive Retirement Plan Agreement for Jacob S. Trump (8)

10.7 Executive Employment Agreement for Paul Page (9)

11 Statement re computation of per share earnings

12 Statement re computation of ratios

13 Annual report to security holders, Form 10-Q or quarterly report to security holders

14 Code of Conduct and Ethics

20.1 Form 8-K filed during reporting period (10)

20.2 Form 8-K filed during reporting period (11)

21 List of Subsidiaries of the Corporation

23 Consent of Independent Certified Public Accountants

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

32.1 Section 1350 Certification of Chief Executive Officer

32.2 Section 1350 Certification of Chief Financial Officer

99.1 Charter of the Audit Committee

(1) Incorporated by reference to Exhibit 3.1 to Registrant s Current Report on Form 8-K, dated May 9, 2005, filed with the commission on May 10, 2005. Amended on current Form 8-K, dated July 18, 2008, filed with the commission on July 18, 2008.

(2) Incorporated by reference to Exhibit 3.2 to Registrants Current Report on Form 8-K, dated November 9, 2005, filed with the Commission on November 10, 2005.

(3) Incorporated by reference to Exhibit 10.1 to Registrant s Registration Statement on Form S-4, dated April 1, 2008, filed with the Commission on March 27, 2008.

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(4) Incorporated by reference to Exhibit 10.2 to Registrant s Registration Statement on Form S-4, dated April 1, 2008, filed with the Commission on March 27, 2008.

(5) Incorporated by reference to Exhibit 10.3 to Registrant s Current Report on Form 8-K, dated December 14, 2004, filed with the Commission on December 15, 2004.

(6) Incorporated by reference to Exhibit 10.4 to Registrant s Current Report on Form 8-K, dated December 14, 2004, filed with the Commission on December 15, 2004.

(7) Incorporated by reference to Exhibit 10.5 to Registrant s Current Report on Form 8-K, dated December 14, 2004, filed with the Commission on December 15, 2004.

(8) Incorporated by reference to Exhibit 10.6 to Registrant s Current Report on Form 8-K, dated December 14, 2004, filed with the Commission on December 15, 2004.

(9) Incorporated by reference to Exhibit 10.7 to Registrant s Registration Statement on Form S-4, dated April 1, 2008, filed with the Commission on March 27, 2008.

(10) Incorporated by reference to Exhibit 10.1 to Registrant s Current Report on Form 8-K, dated October 14, 2008, filed with the Commission on October 16, 2008.

(11) Incorporated by reference to Exhibit 10.2 to Registrant s Current Report on Form 8-K, dated December 9, 2008, filed with the Commission on December 12, 2008.

(b) See item 15(a)(3)

(c) None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

CCFNB BANCORP, INC.
(Registrant)

By: /s/ Lance O. Diehl — Date: March 10, 2009
Lance O. Diehl
President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

By: /s/ Robert W. Brewington, Jr. — Date: March 10, 2009
Robert W. Brewington, Jr.
Director

By: /s/ Edward L. Campbell — Date: March 10, 2009
Edward L. Campbell.
Director

By: /s/ Lance O. Diehl — Date: March 10, 2009
Lance O. Diehl
President, Chief Executive Officer and
Director

By: /s/ Robert W. Dillon — Date: March 10, 2009
Robert W. Dillon
Director

By: /s/ Frank D. Gehrig — Date: March 10, 2009
Frank D. Gehrig
Director

By: /s/ William F. Gittler — Date: March 10, 2009
William F. Gittler
Director

By: /s/ Glenn E. Halterman — Date: March 10, 2009
Glenn E. Halterman
Director, Chairman of the Board

By:	/s/ Elwood R. Harding, Jr.. Elwood R. Harding, Jr. Director	Date: March 10, 2009
By:	/s/ Joanne I. Keenan Joanne I. Keenan Director	Date: March 10, 2009
By:	/s/ Willard H. Kile, Jr. Willard H. Kile, Jr. Director	Date: March 10, 2009
By:	/s/ W. Bruce McMichael, Jr. W. Bruce McMichael, Jr. Director	Date: March 10, 2009

By: /s/ Mary Ann B. Naugle Date: March 10, 2009
Mary Ann B. Naugle
Director

By: /s/ Andrew B. Pruden Date: March 10, 2009
Andrew B. Pruden
Director

By: /s/ Charles B. Pursel Date: March 10, 2009
Charles B. Pursel
Director

By: /s/ Paul E. Reichart Date: March 10, 2009
Paul E. Reichart
Director, Vice Chairman of the Board

By: /s/ Steven H. Shannon Date: March 10, 2009
Steven H. Shannon
Director

By: /s/ Jeffrey T. Arnold Date: March 10, 2009
Jeffrey T. Arnold
Chief Financial Officer and Treasurer

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