CCFNB BANCORP INC
Form 10-Q
May 14, 2003

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

[X] QUARTERLY REPORT UNDER SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2003

[ ] TRANSITION REPORT UNDER SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ______________ to _____________

Commission file number 0-19028

CCFNB BANCORP, INC.
(Name of small business Issuer 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)

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

Check whether the issuer (1) 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 issuer was required to file such reports), and (2) has been subject to such filing requirings for the past 90 days. Yes [X] No [ ]

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. 1,287,004 shares of $1.25 (par) common stock were outstanding as of April 28, 2003.

CCFNB BANCORP, INC. AND SUBSIDIARY

MARCH 31, 2003

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CCFNB BANCORP, INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS)

	MARCH 31, 2003 UNAUDITED	DECEMBER 31, 2002
ASSETS		
Cash and due from banks	$ 5,013	$ 5,953
Interest-bearing deposits with other banks	4,055	8,010
Federal funds sold	3,008	2,057
Investment securities:		
Securities Available-for-Sale	57,277	53,527
Loans, net of unearned income	149,066	151,338
Allowance for loan losses	1,350	1,298
Net loans	$147,716	$150,040
Premises and equipment	4,378	4,415
Other real estate owned	43	68
Cash surrender value life insurance	3,674	3,627
Accrued interest receivable	859	894
Other assets	620	441
TOTAL ASSETS	$226,643	$229,032
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Deposits:		
Non-interest bearing	$ 14,749	$ 15,238
Interest bearing	156,967	156,889
Total Deposits	$171,716	$172,127
Short-term borrowings	15,227	17,274
Long-term borrowings	11,344	11,347
Accrued interest and other expenses	1,291	1,332
Other liabilities	28	112
TOTAL LIABILITIES	$199,606	$202,192
STOCKHOLDERS' EQUITY		
Common stock, par value $1.25 per share; authorized		

5,000,000 shares; issued and outstanding 1,289,004 shares in 2003 and 1,292,724 shares in 2002	$ 1,611	$ 1,616
Surplus	3,922	4,009
Retained earnings	20,980	20,679
Accumulated other comprehensive income (loss)	524	536
TOTAL STOCKHOLDERS' EQUITY	$ 27,037	$ 26,840
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$226,643	$229,032

See accompanying notes to Consolidated Financial Statements.

CCFNB BANCORP, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME
(IN THOUSANDS EXCEPT PER SHARE DATA)
UNAUDITED

	FOR THE THREE MONTHS ENDING MARCH 31,	
	2003	2002
INTEREST INCOME		
Interest and fees on loans:		
Taxable	$ 2,333	$ 2,472
Tax-exempt	45	32
Interest and dividends on investment securities:		
Taxable interest	340	456
Tax-exempt interest	184	206
Dividends	16	16
Interest on federal funds sold	12	3
Interest on deposits in other banks	14	17
TOTAL INTEREST INCOME	$ 2,944	$ 3,202
INTEREST EXPENSE		
Interest on deposits	$ 1,017	$ 1,169
Interest on short-term borrowings	80	83
Interest on long-term borrowings	168	168
TOTAL INTEREST EXPENSE	$ 1,265	$ 1,420
Net interest income	$ 1,679	$ 1,782
Provision for loan losses	50	24
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	$ 1,629	$ 1,758
NON-INTEREST INCOME		
Service charges and fees	$ 183	$ 162

Trust department income	36	48
Other income	107	33
TOTAL NON-INTEREST INCOME	$ 326	$ 243
NON-INTEREST EXPENSES		
Salaries and wages	$ 525	$ 534
Pensions and other employee benefits	186	184
Occupancy expense, net	103	89
Furniture and equipment expense	118	154
Other operating expenses	384	349
TOTAL NON-INTEREST EXPENSES	$ 1,316	$ 1,310
Income before income taxes	$ 639	$ 691
Income tax expense	132	159
NET INCOME	$ 507	$ 532
PER SHARE DATA		
Net income	$ .39	$ .40
Cash dividends	$ .16	$ .15
Weighted average shares outstanding	1,289,815	1,320,694

See accompanying notes to Consolidated Financial Statements.

CCFNB BANCORP, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)
UNAUDITED

	FOR THE THREE MONTHS ENDING MARCH 31,	
	2003	2002
OPERATING ACTIVITIES		
Net income	$ 507	$ 532
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	50	24
Depreciation and amortization	95	126
Premium amortization on investment securities	105	58
Discount accretion on investment securities	(12)	(6)
Deferred income taxes (benefit)	(25)	(8)
(Gain) on sales of investment securities Available-for-Sale	0	0
(Gain) on sale of mortgage loans	(14)	0
Proceeds from sale of mortgage loans	1,221	0
Originations of mortgage loans for resale	(1,207)	0
(Gain) on sale of other real estate owned	(12)	0

(Gain) loss from investment in insurance agency	6	8
(Increase) decrease in accrued interest receivable and other assets	(150)	(201)
Net increase in cash surrender value of bank owned life insurance	(47)	(12)
Increase (decrease) in accrued interest, other expenses and other liabilities	(93)	(62)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 424	$ 459
INVESTING ACTIVITIES		
Purchase of investment securities Available-for-Sale	$(16,164)	$ (5,000)
Proceeds from sales, maturities and redemptions of investment securities Available-for-Sale	12,304	8,791
Net (increase) decrease in loans	2,273	(2,384)
Purchases of premises and equipment	(59)	(58)
Proceeds from sale of other real estate owned	37	0
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	$ (1,609)	$ 1,349
FINANCING ACTIVITIES		
Net increase (decrease) in deposits	$ (411)	$ 3,686
Net increase (decrease) in short-term borrowings	(2,047)	(182)
Net increase (decrease) in long-term borrowings	(3)	(3)
Acquisition of treasury stock	(144)	(245)
Proceeds from issuance of common stock	52	51
Cash dividends paid	(206)	(197)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	$ (2,759)	$ 3,110
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	$ (3,944)	$ 4,918
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	16,020	8,518
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 12,076	$ 13,436
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during the year for:		
Interest	$ 1,332	$ 1,506
Income taxes	$ 0	$ 68

See accompanying notes to Consolidated Financial Statements.

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CCFNB BANCORP, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of CCFNB Bancorp, Inc. and Subsidiary (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, Columbia County Farmers National Bank (the "Bank"). All significant inter-company balances and transactions have been eliminated in consolidation.

NATURE OF OPERATIONS & LINES OF BUSINESS

The Corporation provides full banking services, including trust services, through the Bank, to individuals and corporate customers. The Bank has six offices covering an area of approximately 484 square miles in Northeastern Pennsylvania. The Corporation and its banking subsidiary are subject to regulation of the Office of the Comptroller of the Currency, The Federal Deposit Insurance Corporation and the Federal Reserve Bank of Philadelphia.

Procuring deposits and making loans are the major lines of business. The deposits are mainly deposits of individuals and small businesses and the loans are mainly real estate loans covering primary residences and small business enterprises. The trust services, under the name of CCFNB and Co., include administration of various estates, pension plans, self-directed IRA's and other services. A third-party brokerage arrangement is also resident in the main branch, namely Bloomsburg. This investment center offers a full line of stocks, bonds and other non-insured financial services.

On December 19, 2000 the Corporation became a Financial Holding Company by having filed an election to do so with the Federal Reserve Board. The Financial Holding Company status was required in order to acquire an interest in a local insurance agency that occurred during January 2001.

USE OF ESTIMATES

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

INVESTMENT SECURITIES

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

Debt securities not classified as Held-to-Maturity and equity securities included in the Available-for-Sale category, are carried at fair value, and the amount of any unrealized gain or loss net of the effect of deferred income taxes is reported as other comprehensive income in the consolidated Statement of Stockholders' Equity.

Management's decision to sell Available-for-Sale securities is based on changes in economic conditions controlling the sources and uses of funds, terms, availability of and yield of alternative investments, interest rate risk, and the need for liquidity.

The cost of debt securities classified as Held-to-Maturity or Available-for-Sale is adjusted for amortization of premiums and accretion of discounts to maturity. Such amortization and accretion, as well as interest and dividends, is included in interest income from investments. Realized gains and losses are included in net investment securities gains. The cost of investment securities sold, redeemed or matured is based on the specific identification method.

LOANS

Loans are stated at their outstanding principal balances, net of deferred fees or costs, unearned income, and the allowance for loan losses. Interest on loans is accrued on the principal amount outstanding, primarily on an actual day basis. Non-refundable loan fees and certain direct costs are deferred and amortized over the life of the loans using the interest method. The amortization is reflected as an interest yield adjustment, and the deferred portion of the net fees and costs is reflected as a part of the loan balance.

Real estate mortgage loans held for resale are carried at the lower of cost or market on an aggregate basis. These loans are sold with limited recourse to the Corporation.

PAST DUE LOANS - Generally, a loan is considered past due when a payment is in arrears for a period of 10 or 15 days, depending on the type of loan. Delinquent notices are issued at this point and collection efforts will continue on loans past due beyond 60 days which have not been satisfied. Past due loans are continually evaluated with determination for charge-off being made when no reasonable chance remains that the status of the loan can be improved.

NON-ACCRUAL LOANS - Generally, a loan is classified as non-accrual, with the accrual of interest on such a loan discontinued when the contractual payment of principal or interest has become 90 days past due or management has serious doubts about further collectibility of principal or interest, even though the loan currently is performing. A loan may remain on accrual status if it is in the process of collection and is either guaranteed or well secured. When a loan is placed on non-accrual status, unpaid interest credited to income in the current year is reversed, and unpaid interest accrued in prior years is charged against the allowance for loan losses. Certain non-accrual loans may continue to perform, wherein, payments are still being received with those payments generally applied to principal. Non-accrual loans remain under constant scrutiny and if performance continues, interest income may be recorded on a cash basis based on management's judgement as to collectibility of principal.

ALLOWANCE FOR LOAN LOSSES - The allowance for loan losses is established through provisions for loan losses charged against income. Loans deemed to be uncollectible are charged against the allowance for loan losses, and subsequent recoveries, if any, are credited to the allowance.

A factor in estimating the allowance for loan losses is the measurement of impaired loans. A loan is considered impaired when, based on current information and events, it is probable that the Corporation will be unable to collect all amounts due according to the contractual terms of the loan agreement. Under current accounting standards, the allowance for loan losses related to impaired loans is based on discounted cash flows using the loan's effective interest rate or the fair value of the collateral for certain collateral dependent loans.

The allowance for loan losses is maintained at a level established by management to be adequate to absorb estimated potential loan losses. Management's periodic evaluation of the adequacy of the allowance for loan losses is based on the Corporation's past loan loss experience, known and inherent risks in the portfolio, adverse situations that may affect the borrower's ability to repay (including the timing of future payments), the estimated value of any underlying collateral, composition of the loan portfolio, current economic conditions, and other relevant factors. This evaluation is inherently subjective as it requires material estimates, including the amounts and timing of future cash flows expected to be received on impaired loans that may be susceptible to significant change.

DERIVATIVES

The Bank has outstanding loan commitments that relate to the origination of mortgage loans that will be held for resale. Pursuant to Statement of Financial Accounting Standards (SFAS) No. 133 "Accounting for Derivative Instruments and Hedging Activities" as amended by SFAS No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities" and the guidance contained in the Derivatives Implementation Group Statement 133 Implementation Issue No. C 13, the Bank has accounted for such loan commitments as derivative instruments. The effective date of the implementation guidance was the first day of the first fiscal quarter beginning after April 10, 2002. The outstanding loan commitments in this category did not give rise to any losses for the period ended March 31, 2003 and the year ended December 31, 2002, as the fair market value of each outstanding loan commitment exceeded the Bank's cost basis in each loan commitment.

PREMISES AND EQUIPMENT

Premises and equipment are stated at cost less accumulated depreciation computed principally on the straight-line method over the estimated useful lives of the assets. Maintenance and minor repairs are charged to operations as incurred. The cost and accumulated depreciation of the premises and equipment retired or sold are eliminated from the property accounts at the time of retirement or sale, and the resulting gain or loss is reflected in current operations.

MORTGAGE SERVICING RIGHTS

The Corporation originates and sells real estate loans to investors in the secondary mortgage market. After the sale, the Corporation retains the right to service these loans. When originated mortgage loans are sold and servicing is retained, a servicing asset is capitalized based on relative fair value at the date of sale. Servicing assets are amortized as an offset to other fees in proportion to, and over the period of, estimated net servicing income. The unamortized cost is

included in other assets in the accompanying consolidated balance sheet. The servicing rights are periodically evaluated for impairment based on their relative fair value.

OTHER REAL ESTATE OWNED

Real estate properties acquired through, or in lieu of, loan foreclosure are held for sale and are initially recorded at fair value on the date of foreclosure establishing a new cost basis. After foreclosure, valuations are periodically performed by management and the real estate is carried at the lower of carrying amount or fair value less cost to sell and is included in other assets. Revenues derived from and costs to maintain the assets and subsequent gains and losses on sales are included in other non-interest income and expense.

BANK OWNED LIFE INSURANCE

The Corporation invests in Bank Owned Life Insurance (BOLI). Purchase of BOLI provides life insurance coverage on certain employees with the Corporation being owner and beneficiary of the policies.

INVESTMENT IN INSURANCE AGENCY

On January 2, 2001, the Corporation acquired a 50% interest in a local insurance agency, a corporation organized under the laws of the Commonwealth of Pennsylvania. The income or loss from this investment is accounted for under the equity method of accounting. The carrying value of this investment as of March 31, 2003 and December 31, 2002 was $159,293 and $165,431, respectively, and is carried in other assets in the accompanying consolidated balance sheets.

INCOME TAXES

The provision for income taxes is based on the results of operations, adjusted primarily for tax-exempt income. Certain items of income and expense are reported in different periods for financial reporting and tax return purposes. Deferred tax assets and liabilities are determined based on the differences between the consolidated financial statement and income tax bases of assets and liabilities measured by using the enacted tax rates and laws expected to be in effect when the timing differences are expected to reverse. Deferred tax expense or benefit is based on the difference between deferred tax asset or liability from period to period.

PER SHARE DATA

Statement of Financial Accounting Standards (SFAS) No. 128, "Earnings Per Share", requires dual presentation of basic and diluted earnings per share. Basic earnings per share is calculated by dividing net income by the weighted average number of shares of common stock outstanding at the end of each period. Diluted earnings per share is calculated by increasing the denominator for the assumed conversion of all potentially dilutive securities. The Corporation does not have any securities which have or will have a dilutive effect, accordingly, basic and diluted per share data are the same.

CASH FLOW INFORMATION

For purposes of reporting consolidated cash flows, cash and cash equivalents include cash on hand and due from banks, interest-bearing deposits in other banks and federal funds sold. The Corporation considers cash classified as interest-bearing deposits with other banks as a cash equivalent because they are represented by cash accounts essentially on a demand basis. Federal funds are also included as a cash equivalent because they are generally purchased and sold for one-day periods.

TRUST ASSETS AND INCOME

Property held by the Corporation in a fiduciary or agency capacity for its customers is not included in the accompanying consolidated financial statements because such items are not assets of the Corporation. Trust Department income is generally recognized on a cash basis and is not materially different than if it was reported on an accrual basis.

SEGMENT REPORTING

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

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

RECENT ACCOUNTING PRONOUNCEMENTS

Statement of Financial Accounting Standards (SFAS) No. 142, "Goodwill and Other Intangible Assets" is generally effective for fiscal years beginning after December 31, 2001, and addresses the financial accounting and reporting for acquired goodwill and other intangible assets and replaces APB Opinion No. 17 "Intangible Assets". The statement addresses how intangible assets that are acquired individually or with a group or other assets (but not those acquired in a business combination) should be accounted for in financial statements upon their acquisition. Goodwill and other intangible assets with an indefinite useful life should not be amortized but should be tested for impairment at least annually. Intangibles that are separable from goodwill and that have a determinable useful life should be amortized over the determinable useful life. The standard does not have any impact on the Corporation's consolidated financial condition or results of operations.

Statement of Financial Accounting Standards (SFAS) No. 143 "Accounting for Asset Retirement Obligations" is generally effective for financial

statements for fiscal years beginning after June 15, 2002. The statement addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. It applies to legal obligations associated with the retirement of long-lived assets that result from the acquisition, construction development and (or) the normal operation of a long-lived asset. The Statement requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. The associated asset retirement costs are capitalized as part of the carrying amount of the long-lived asset. This standard is not expected to have any impact on the Corporation's consolidated financial condition or results of operations.

Statement of Financial Accounting Standards (SFAS) No. 144, "Accounting for Impairment or Disposal of Long-Lived Assets" is generally effective for financial statements issued for fiscal years beginning after December 15, 2001, and for interim periods within those fiscal years. The statement addresses financial accounting and reporting for the impairment or disposal of long-lived assets. The statement replaces FASB Statement No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of", and the accounting and reporting provisions of APB Opinion No. 30, "Reporting the Results of Operations - Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions", for the disposal of a "segment of a business" (as previously defined in that opinion). The statement also amends ARB No. 51, "Consolidated Financial Statements", to eliminate the exception to consolidation for a subsidiary for which control is likely to be temporary. This standard does not have any impact on the Corporation's consolidated financial conditions or results of operations.

Statement of Financial Accounting Standards (SFAS) No. 145, "Recession of FASB Statements No. 4, 44 and 64, Amendment of FASB Statement No. 13 and Technical Corrections" is generally effective for financial statements issued on or after May 15, 2002. The statement rescinds FASB Statement No. 4, "Reporting Gains and Losses from Extinguishment of Debt", and an amendment of that statement, FASB Statement No. 64, "Extinguishments of Debt Made to Satisfy Sinking-Fund Requirements". The statement amends FASB Statement No. 13, "Accounting for Leases", to eliminate an inconsistency between the required accounting for sale-leaseback transactions and the required accounting for certain lease modifications that have economic effects that are similar to sale-leaseback transactions. The statement also amends other existing authoritative pronouncements to make various technical corrections, clarify meanings, or describe their applicability under changed conditions. This standard does not have any impact on the Corporation's consolidated financial condition or results of operations.

Statement of Financial Accounting Standards (SFAS) No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure" is generally effective for financial statements for fiscal years and interim periods beginning after December 31, 2002. The statement amends SFAS No. 123, "Accounting for Stock-Based Compensation", to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. The statement also amends the disclosure requirements of SFAS No. 123 to require prominent disclosures in both annual and interim financial

statements about the method of accounting for stock-based compensation and the effect of the method used on reported results. The Corporation does not have any stock-based compensation, therefore the standard has no impact on the Corporation's consolidated financial condition or results of operations.

ADVERTISING COSTS

It is the Corporation's policy to expense advertising costs in the period in which they are incurred. Advertising expense for the periods ended March 31, 2003 and March 31, 2002, were approximately $15,871 and $12,717, respectively.

RECLASSIFICATION

Certain amounts in the consolidated financial statements of the prior years have been reclassified to conform with presentation used in the 2002 consolidated financial statements. Such reclassifications had no effect on the Corporation's consolidated financial condition or net income.

NOTE 2 - ALLOWANCE FOR LOAN LOSSES

Changes in the allowance for loan losses for the periods ended March 31, 2003 and March 31, 2002 were as follows:

	(Amounts in Thousands)	
	2003	2002
Balance, beginning of year	$ 1,298	$ 1,028
Provision charged to operations	50	24
Loans charged-off	(19)	(53)
Recoveries	21	16
Balance, March 31	$ 1,350	$ 1,015

At March 31, 2003 the recorded investment in loans that are considered to be impaired as defined by SFAS No. 114 was $302,675. No additional charge to operations was required to provide for the impaired loans since the total allowance for loan losses is estimated by management to be adequate to provide for the loan loss allowance required by SFAS No. 114 along with any other potential losses.

At March 31, 2003, there were no significant commitments to lend additional funds with respect to non-accrual and restructured loans.

There were no real estate loans held for resale at March 31, 2003 and December 31, 2002.

Non-accrual loans at March 31, 2003 and December 31, 2002 were $2,348,000 and $2,122,074, respectively.

Loans past due 90 days or more and still accruing interest amounted to $587,000 at March 31, 2003.

NOTE 3 - SHORT-TERM BORROWINGS

Federal funds purchased, 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.

NOTE 4 - LONG-TERM BORROWINGS

Long-term borrowings are comprised of advances from the Federal Home Loan Bank.

NOTE 5 - DEFERRED COMPENSATION PLANS

In April 2003 the Bank entered into non-qualified deferred compensation agreements with three executive officers to provide supplemental retirement benefits commencing with the executive's retirement and ending 15 years thereafter. The aggregate commitment under these agreements is $2,400,000, and the expected charge to operations to fund such plans for the year ending December 31, 2003 is estimated to be approximately $48,775.

There were no substantial changes in other plans as disclosed in the 2002 Annual Report.

NOTE 6 - STOCKHOLDERS' EQUITY

Changes in stockholders' equity for the period ended March 31, 2003 were as follows:

	(AMOUNTS IN THOUSANDS, EXCEPT COMMON SHARE					
	COMMON SHARES	COMMON STOCK	SURPLUS	COMPREHENSIVE INCOME (LOSS)	RETAINED EARNINGS	A C
Balance at January 1, 2003.........	1,292,724	$ 1,616	$ 4,009	$ 0	$20,679	$
Comprehensive Income:						
Net income........................	0	0	0	507	507	
Change in unrealized gain (loss) on investment securities available-for-sale net of reclassification adjustment and tax effects.................	0	0	0	(12)	0	
TOTAL COMPREHENSIVE INCOME (LOSS)				$ 495		
Issuance of 2,280 shares of common stock under dividend reinvestment and stock purchase plans.........	2,280	3	49		0	
Purchase of 6,000 shares of						

treasury stock..................	0	0	0	0	
Retirement of 6,000 shares of					
treasury stock..................	(6,000)	(8)	(136)	0	
Cash dividends $.16 per share......	0	0	0	(206)	
Balance at March 31, 2003..........	1,289,004	$ 1,611	$ 3,922	$20,980	$

NOTE 7 - 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 March 31, 2003 and December 31, 2002 were as follows:

	(AMOUNTS IN THOUSANDS)	
	MARCH 31, 2003	DECEMBER 31, 2002
FINANCIAL INSTRUMENTS WHOSE CONTRACT AMOUNTS REPRESENT CREDIT RISK:		
Commitments to extend credit....................	$10,681,391	$11,768,038
Financial standby letters of credit.............	1,842,578	1,842,578
Performance standby letters of credit...........	48,404	48,404
Dealer floor plans..............................	1,661,903	1,393,763

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 the performance of a customer to a third party. 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 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 within Pennsylvania. Of the total loan portfolio at March 31, 2003, 82.07% was for real estate loans, principally residential. It was the opinion of management that the high concentration did not pose an adverse credit risk. Further, it was 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.

NOTE 8 - 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 CCFNB Bancorp, Inc. and Subsidiary, 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.

The results of operations for the three-month period ended March 31, 2003, are not necessarily indicative of the results to be expected for the full year.

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, 2002, filed with the Securities and Exchange Commission.

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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, 2003, and the related consolidated statements of income and cash flows for the three month periods ended March 31, 2003 and 2002. These consolidated interim financial statements are the responsibility of the management of CCFNB Bancorp, Inc. and Subsidiary.

We conducted our reviews in accordance with standards established by the American Institute of Certified Public Accountants. 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 auditing standards generally accepted in the United States of America, 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 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 auditing standards generally accepted in the United States of America, the consolidated balance sheet of CCFNB Bancorp, Inc. and Subsidiary as of December 31, 2002, and the related consolidated statements of income, stockholders' equity, and cash flows for the year then ended (not presented herein); and in our report dated January 20, 2003, 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, 2002, 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
April 22, 2003

CCFNB BANCORP, INC.
FORM 10-Q
FOR THE QUARTER ENDED MARCH 2003

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Consolidated Summary of Operations

(Dollars in Thousands, except for per share data)

	At and For the Three Months Ended March 31,			At and For the Yea	
	2003	2002	2002	2001	
Income and Expense:					
Interest income	$ 2,944	$ 3,202	$ 12,780	$ 13,720	$
Interest expense	1,265	1,420	5,741	6,924	
Net interest income	1,679	1,782	7,039	6,796	
Loan loss provision	50	24	309	163	
Net interest income after loan loss Provision	1,629	1,758	6,730	6,633	
Non-interest income	326	243	1,210	1,149	
Non-interest expense	1,316	1 310	5,479	5,104	
Income before income taxes	639	691	2,461	2,678	
Income taxes	132	159	539	621	
Net income	$ 507	$ 532	$ 1,922	$ 2,057	$
Per Share: (1)					
Net income	$ .39	$ 40	$ 1.47	$ 1.54	$
Cash dividends paid	.16	.15	.63	.59	
Average shares outstanding	1,289,815	1,320,694	1,309,084	1,338,007	1,
Average Balance Sheet:					
Loans	$ 150,025	$ 143,568	$ 147,545	$ 139,219	$
Investments	54,539	55,067	54,197	50,593	
Other earning assets	8,016	5,529	5,309	6,569	
Total assets	227,838	215,940	223,476	208,630	
Deposits	171,922	157,509	150,883	149,601	
Other interest-bearing liabilities .	27,595	30,939	29.356	31.629	
Stockholders' equity	26,939	26,024	26,615	25,890	
Balance Sheet Data:					
Loans	$ 149,066	$ 145,337	$ 151,338	$ 142,990	$
Investments	57,277	53,012	53,528	57,121	
Other earning assets	7,063	6,399	10,068	3,32	
Total assets	226,643	217,641	229,032	214,238	
Deposits	171,716	159,352	172,127	155,666	
Other interest-bearing liabilities .	26,571	30,953	28,621	31,384	
Stockholders' equity	27,037	26,006	26,840	26,042	
Ratios: (2)					
Return on average assets	.89%	.99%	.86%	.99%	
Return on average equity	7.56%	8.18%	7.22%	7.90%	
Dividend payout ratio	40.63%	37.03%	42.86%	38.31%	
Average equity to average assets ratio..............................	11.52%	12.05%	11.77%	12.16%	

(1) Per share data has been calculated on the weighted average number of shares outstanding.

(2) The ratios for the three month period ending March 31, 2003 and 2002 are annualized.

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This Form 10-Q, both in the MD & A and elsewhere, contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are not historical facts and include expressions about our confidence and strategies and our expectations about new and existing programs and products, relationships, opportunities, technology and market conditions. These statements may be identified by such forward-looking terminology as "expect," "look," "believe," "anticipate," "may," "will," or similar statements or variations of such terms. Such forward-looking statements involve certain risks and uncertainties. These include, but are not limited to, the direction of interest rates, continued levels of loan quality and origination volume, continued relationships with major customers, and sources for loans, as well as the effects of economic conditions and legal and regulatory barriers and structure. Actual results may differ materially from such forward-looking statements. We assume no obligation for updating any such forward-looking statement at any time. Our consolidated financial condition and results of operations are essentially those of our wholly-owned subsidiary bank, Columbia County Farmers National Bank. Therefore, our discussion and analysis that follows is primarily centered on the performance of this bank.

EARNINGS SUMMARY

Net income for the three months ended March 31, 2003 was $507 thousand or $.39 per basic and diluted share. These results compare with net income of $532 thousand, or $.40 per basic and diluted share for the same period in 2002. Annualized return on average equity decreased to 7.53 percent from 8.18

percent, while the annualized return on average assets decreased to .89 percent from .99 percent, for the three months ended March 31, 2003 and 2002 respectively.

Net interest income continues to be the largest source of our operating income. Net interest income on a tax equivalent basis decreased to $3.1 million at March 31, 2003, compared with $3.3 million for the three months ended March 31, 2002. The decrease in net interest income is primarily due to the decreased interest rates on investment securities and the downward repricing of adjustable rate mortgages. Overall, interest earning assets yielded 5.76 percent for the quarter ended March 31, 2003 compared to 6.27 percent yield for the quarter ended March 31, 2002. The tax equivalized interest margin decreased to 3.38 percent for the three months ended March 31, 2003 compared to 3.73 percent for the three months ended March 31, 2002. Part of the decrease is attributable to the investment in Bank Owned Life Insurance which commenced in December 2002. The effect of this BOLI created $43,000 tax free non interest income and such income is not included in the Net Interest Margin since it is reflected in other income.

Average interest earning assets increased $8.4 million or 4.1 percent for the three months ended March 31, 2003 over the same period in 2002. Average loans increased $6.4 million or 4.5 percent, average investments decreased $.5 million or 1 percent and average federal funds sold and interest-bearing deposits with other financial institutions increased 3 million or 45.2 percent for this three month period, from $5.5 million at March 31, 2002 to $8 million at March 31, 2003.

Average interest bearing liabilities for the three months ended March 31, 2003 increased $10.9 million or 6.3 percent from the same period in 2002. Average short-term borrowings were $19.6 million at March 31, 2002 and $16.2 million at March 31, 2003, a decrease of 16.8 percent. Long-term debt, which includes

primarily FHLB advances, was 11.3 million at March 31, 2002 and 2003. Average demand deposits increased $266 thousand from 2002 balances.

The average interest rate for loans decreased 58 basis points to 6.40 percent at March 31, 2003 compared to 6.98 percent March 31, 2002. Interest-bearing deposits with other Financial Institutions interest rates decreased 50 basis points to 1.02 percent from 1.52 percent at March 31, 2003 and March 31, 2002 respectively. Average rates on interest bearing deposits decreased by 68 basis points from 3.27 percent to 2.59 percent in one year. Average interest rates also decreased on total interest bearing liabilities by 52 basis points to 2.74 percent from 3.26 percent. The reason for these decreases on interest bearing liabilities was primarily attributed to the decreasing rates on all deposit liabilities and the tied-to-prime interest rates paid on repurchase agreements. The net interest margin decreased to 3.38 percent for the three months ended March 31, 2003 from 3.73 percent for the three months ended March 31, 2002. The decrease in the overall net interest margin is a result of interest rate changes with adjustable loan rates repricing downward throughout 2002 in this continuing downward interest rate environment. Income received on one-day investments fell. This "squeeze" caused by interest rates is keeping the net interest spread in a declining mode; however, the change in net interest margin is gradual and slight. Our "asset" sensitive position places us in a position to have an increase in our net interest margin when rates rise. The cost of long-term debt averaged 5.99% for the past several years which contributed to the declining net interest margin. This long-term debt will remain a deterrent to us in a declining interest rate environment. This is due to the fact that the Federal Home Loan Bank has the option to reprice these loans at their discretion. Until interest rates would rise to make the current 5.99% average rate unattractive, this in all probability will not occur. We will continue to use the following strategies to mitigate this decline in our net interest margin: Pricing of deposits will continue to be monitored and lowered, if necessary, to meet current market conditions; large deposits over $100,000 will continue to be priced conservatively; and in this low interest rate environment the majority of new investments will be kept short term in anticipation of rising rates.

NET INTEREST INCOME

Net interest income decreased to $1.7 million for the three months ended March 31, 2003 compared to $1.8 million for the same period in 2002.

The following table reflects the components of net interest income for each of the three months ended March 31, 2003 and 2002 .

ANALYSIS OF AVERAGE ASSETS, LIABILITIES AND CAPITAL EQUITY
AND
NET INTEREST INCOME ON A TAX EQUIVALENT BASIS

AVERAGE BALANCE SHEET AND RATE ANALYSIS
(Dollars in Thousands)

	Three Months Ended March 31, 200			
	Average Balance (1)	Interest Income / Expense (2)	Average Yield / Rate	Average Balance (1)
ASSETS:				
Interest-bearing deposits with other financial institutions....................................	$ 5,483	$ 14	1.02%	$ 4,462
Investment securities (3)........................	54,539	540	4.66%	55,067

Federal funds sold..............................	2,533	12	1.89%	1,067
Loans	150,025	2,378	6.40%	143,568
Total interest earning assets.....................	$ 212,580	$ 2,944	5.76%	$ 204,164
Reserve for loan losses..........................	(1,324)			(1,022)
Cash and due from banks..........................	5,483			2,291
Other assets.....................................	11,099			10,507
Total assets.....................................	$ 227,838			$ 215,940

LIABILITIES AND CAPITAL:				
Interest bearing deposits........................	$ 157,177	$ 1,017	2.59%	$ 143,030
Short-term borrowings............................	16,250	81	1.98%	19,583
Long-term borrowings.............................	11,345	167	5.89%	11,356
Total interest-bearing liabilities...............	$ 184,772	$ 1265	2.74%	$ 173,969
Demand deposits..................................	$ 14,745			$ 14,479
Other liabilities................................	1,382			1,468
Stockholders' equity.............................	26,939			26,024
Total liabilities and capital....................	$ 227,838			$ 215,940
NET INTEREST INCOME / NET INTEREST MARGIN (4)........................		$ 1,679	3.16%	
TAX EQUIVALENT NET INTEREST INCOME / NET INTEREST MARGIN (5).........................		$ 1,797	3.38%	

(1) Average volume information was computed using daily averages.

(2) Interest on loans includes fee income.

(3) Yield on tax-exempt obligations has been computed on a tax-equivalent basis.

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

(5) Interest and yield are presented on a tax-equivalent basis using 34 percent for 2003 and 2002.

The following table demonstrates the relative impact on net interest income of changes in volume of interest earnings assets and interest bearing liabilities and changes in rates earned and paid by us on such assets and liabilities.

CHANGE IN NET INTEREST INCOME ON A TAX EQUIVALENT BASIS

	Three Months Ended March 31, 20 Compared with 2002 Increase (Decrease) (2)		
	Volume	Rate	
Interest income:		(In thousands)	
Loans (1)	$ 451	$ (833)	$
Investments	(26)	(143)	
Federal funds sold and other short-term investments	36	(8)	
Interest expense:			
Deposits	$ 463	$ (973)	$
Short-term borrowings	(57)	55	
Long term debt	(1)	(3)	
Net:	$ 56	$ (63)	$

(1) Interest income is adjusted to a tax equivalent basis using a 34 percent tax rate.

(2) Variances resulting from a combination of changes in volume and rates are allocated to the categories in proportion to the absolute dollar amounts of the change in each category.

Average interest earning assets at March 31, 2003 increased by 5.5 percent over March 31, 2002 to $227.8 million from $215.9 million.

Average loans outstanding increased from $143.6 million to $150. million or 4.5 percent for the three months ended March 31, 2003 as compared with the three months ended March 31, 2002.

The outstanding balance of loans at March 31, 2003 was $149.1 million compared to $151.3 million at December 31, 2002.

Interest income from investment securities declined $138 thousand at $540 thousand for the three months ended March 31, 2003 compared to $678 thousand at March 31, 2002. The average balance of investment securities for the three months ended March 31, 2003 decreased 1.1 percent to $54.5 million, compared to the $55.1 million for the same period of 2002.

Total interest expense decreased $155 thousand or 10.9 percent for the first three months of 2003 as compared to the first three months of 2002. The cost of interest bearing liabilities decreased on an average yield basis from 3.26 percent through March 2002 compared to 2.74 percent through March 2003. The average yield on interest earning assets decreased from 6.27 percent to 5.76 percent through March 2003 and 2002 respectively.

Average short-term borrowings decreased $3.3 million from $19.6 million at March 31, 2002 to $16.3 million at March 31, 2003.

Long-term borrowings from Federal Home Loan Bank remained at 11.3 million at March 31, 2002 and 2003 respectively.

NON-INTEREST INCOME

The following table presents the components of non-interest income for the nine months ended March 31, 2003 and 2002:

	Three Months Ended March 31, (In thousands)	
	2003	2002
Service charges and fees......................................	$ 183	$ 162
Trust Department income.......................................	36	48
Investment securities gain - net.............................	0	0
Gain on sale of loans...	14	0
Gain on sale of Other Real Estate Owned.......................	12	0
Gain on Cash Surrender Value of BOLI..........................	41	0
Third party brokerage income..................................	19	24
Other...	21	9
Total..	$ 326	$ 243

Non-interest income continues to represent a considerable source of our income. We are committed to increasing non-interest income. Increases will be from our existing sources of non-interest income and any new opportunities that may develop. For the three months ended March 31, 2003, total non-interest income increased $83 thousand to $326 thousand or 34.2 percent, compared to $243 thousand for the three months period ended March 31, 2002. Service charges and fees increased $21 thousand from $162 thousand at March 31, 2002 to $183 thousand or 13 percent at March 31, 2003. Trust Department income decreased from $48 thousand at March 31, 2002 to $36 thousand or 25 percent at March 31, 2003. Third party brokerage income reflected a $5 thousand decrease or 20.8 percent comparing March 31, 2002 to March 31, 2003. Both of these areas are reflective of the present economy and the investor being cautious. We began selling fixed rate mortgages during 2003 and the fees derived from these sales was $14 thousand through March 31, 2003 compared to 0 through March 31, 2002. The loans are being serviced by CCFNB and the bank retains some credit risk. Investment in Bank Owned Life Insurance is reflected in the March 31, 2003 balance sheet and income statement. Other non-interest income increased $12 thousand from $9 thousand at March 31, 2002 to $21 thousand at March 31, 2003. This increase was attributable mainly to an increase in collection of non sufficient funds fees.

NON-INTEREST EXPENSE

The following table presents the components of non-interest expense for the three months ended March 31, 2002 and 2003:

	Three Months Ended March 31,	
	2003	2002

	(Dollars in Thousands)	
Salaries and wages	$ 525	$ 534
Employee benefits	186	184
Net occupancy expense	103	89
Furniture and equipment expense	118	154
State shares tax	69	62
Other expense	315	287
Total	$1,316	$ 1,310

Non-interest expense remained at $1.3 million at March 31, 2002 and 2003.

Generally, non-interest expense accounts for the cost of maintaining facilities; providing salaries and benefits to employees; and paying for insurance, supplies, advertising, data processing services, taxes and other related expenses. Some of the costs and expenses are variable while others are fixed. To the extent possible, we utilize budgets and related measures to control variable expenses.

Salaries decreased 1.7 percent at March 31, 2003 compared to March 31, 2002. A 1.1 percent increase was reflected in employee benefits from $184 thousand at March 31, 2003 to $186 thousand at March 31, 2002.

Occupancy expense increased 15.7 percent mainly due to snow and ice removal and heating costs Furniture and equipment expense reflects a $36 or 23.4 percent decrease for the first three months of 2003 compared to the first three months of 2002.

Pennsylvania Bank Shares Tax increased 11.3 percent from $62 thousand at March 31, 2002 compared to $69 thousand at March 31, 2003.

Other expenses increased $28 thousand or 9.8 percent from $287 thousand at March 31, 2002 to $315 thousand at March 31, 2003. This increase occurred proportionately in all components of other expense.

INCOME TAXES

Income tax expense as a percentage of pre-tax income was 20.7 percent for the three months ended March 31, 2003 compared with 23 percent for the same period in 2002. The effective tax rate for 2003 remains at 34 percent.

ASSET / LIABILITY MANAGEMENT

INTEREST RATE SENSITIVITY

Our success is largely dependent upon our ability to manage interest rate risk. Interest rate risk can be defined as the exposure of our net interest income to the movement in interest rates. We do not currently use derivatives to manage market and interest rate risks. Our interest rate risk management is the responsibility of the Asset / Liability Management Committee ("ALCO"), which reports to the Board of Directors. ALCO establishes policies that monitor and coordinate our sources, uses and pricing of funds as well as interest-earning asset pricing and volume.

We use a simulation model to analyze net interest income sensitivity to movements in interest rates. The simulation model projects net interest income based on various interest rate scenarios over a 12 and 24 month period. The model is based on the actual maturity and repricing characteristics of rate sensitive assets and liabilities. The model incorporates assumptions regarding the impact of changing interest rates on the prepayment rates of certain assets and liabilities. In the current stagnant interest rate environment, our net interest income is not expected to change materially.

LIQUIDITY

Liquidity measures the ability to satisfy current and future cash flow needs as they become due. Maintaining a level of liquid funds through asset / liability management seeks to ensure that these needs are met at a reasonable cost. On the asset side, liquid funds are maintained in the form of cash and due from banks, federal funds sold, investment securities maturing within one year, and security and loan payments. Liquid assets amounted to $118.6 million and $202.3 million at March 31, 2003 and December 31, 2002, respectively. This represents 59.3 percent and 64.2 percent of earning assets, and 52.3 percent and 56.3 percent of total assets at March 31, 2003 and December 31, 2002, respectively.

On the liability side, the primary source of funds available to meet liquidity needs is our core deposit base, which generally excludes certificates of deposit over $100 thousand . Core deposits averaged approximately $140.3 million for the three months ended March 31, 2003 and $137 million for the year ended December 31, 2002, representing 66 percent and 67.1 percent of average earning assets. Short-term and long-term borrowings through repurchase agreements, Federal Home Loan Bank advances and large dollar certificates of deposit, generally those over $100 thousand, are used as supplemental funding sources. Additional liquidity is derived from scheduled loan and investment payments of principal and interest, as well as prepayments received. For the three months ended March 31, 2003 there were $12.3 million of proceeds from the sales, maturities and redemptions of investment securities available for sale. Purchases of investment securities for the three months ended March 31, 2002 were $16.2. Short-term borrowings and certificates of deposit over $100 thousand amounted to $36.8 million and $48.5 million for the three months ended March 31 2003 and the year ended December 31, 2002, respectively. This strategy of lowering short-term borrowings and certificates of deposit interest rates has positively impacted the interest expense of the bank and is expected to accelerate throughout 2003.

Our cash requirements consist primarily of dividends to shareholders. This cash need is routinely satisfied by dividends collected from the bank along with cash and investments owned. Projected cash flows from this source are expected to be adequate to pay dividends, given the current capital levels and current profitable operations of the bank. In addition, we may repurchase shares of our outstanding common stock for benefit plans and other corporate purposes. The cash required for a purchase of shares can be met by using our own funds, dividends received from the bank, and borrowed funds.

As of March 31, 2003, we had $57.3 million of securities available for sale recorded at their fair value, compared with $53.5 million at December 31, 2002. As of March 31, 2003, the investment securities available for sale had an unrealized gain of $524 thousand, net of deferred taxes, compared with an unrealized gain of $536 thousand, net of deferred taxes, at December 31, 2002. These securities are not considered trading account securities which may be sold on a continuous basis, but rather are securities which may be sold to meet our various liquidity and interest rate requirements.

NON-PERFORMING ASSETS

Shown below is a summary of past due and non-accrual loans:

	(Dollars in thousands) March 31, 2003	December 31, 2002
Past due and non-accrual:		
Days 30 - 89	$ 2,305	$ 1,841
Days 90 plus	587	50
Non-accrual	2,348	2,122
Total	$ 5,240	$ 4,013

Past due and non-accrual loans increased 30.6 percent from 4 million at December 31, 2002 to 5.2 million at March 31, 2003. The loan delinquency expressed as a ratio to total loans was 3.5 percent at March 31, 2003 and 2.6 percent at December 31, 2002.

Some of the rise in loan delinquencies is attributed to the current economic conditions, which result in less profitability for many local companies. This further impacts the local job market and the associated wages. The provision for loan losses for 2002 increased in response to this rise in delinquencies from $162.5 thousand in 2001 to $309 thousand in 2002. We further increased the provision during the first quarter of 2003 by $50 thousand from year end 2002. Management is diligent in its efforts to reduce these delinquencies and has increased monitoring and review of current loans to foresee future delinquency occurrences and react to them quickly. There are plans to hire a Chief Lending Officer in the near future.

Any loans classified for regulatory purposes as loss, doubtful, substandard, or special mention that have not been disclosed under Industry Guide 3 do not (i) represent or result from trends or uncertainties which we reasonably expect will materially impact future operating results, liquidity, or capital

resources, or (ii) represent material credits about which we are aware of any information which causes us to have serious doubts as to the ability of such borrowers to comply with the loan repayment terms.

We adhere to principles provided by Financial Accounting Standards Board Statement No. 114, "Accounting by Creditors for Impairment of a Loan" - Refer to Note 2 above for other details.

The following analysis provides a schedule of loan maturities / interest rate sensitivities. This schedule presents a repricing and maturity analysis as required by the FFIEC:

MATURITY AND REPRICING DATA FOR LOANS AND LEASES

Closed-end loans secured by first liens and 1-4 family residential properties with a remaining maturity or repricing frequency of:

(1) Three months or less...

(2) Over three months through 12 months..
(3) Over one year through three years...
(4) Over three years through five years...
(5) Over five years through 15 years..
(6) Over 15 years...

All loans and leases other than closed-end loans secured by first liens on 1-4 family residential properties with a remaining maturity or repricing frequency of:

(1) Three months or less..
(2) Over three months through 12 months...
(3) Over one year through three years...
(4) Over three years through five years ....
(5) Over five years through 15 years..
(6) Over 15 years...

Sub-total...

Add: non-accrual loans not included above...

Less: unearned income..

Total Loans and Leases

ALLOWANCE FOR LOAN LOSSES

The allowance for loan losses reflected a balance of $1.4 million or .94 percent of total loans at March 31, 2003 and a balance of $1.3 million or .86 percent of total loans at December 31, 2002. The allowance is believed adequate for possible loan losses in the future.

The provision for loan losses was $50 thousand for the first three months of 2003 compared to $24 thousand for the first three months of 2002. After carefully examining our loan loss reserve analysis, the decision was made to accrue $50 thousand for the second quarter of 2003.

Because our loan portfolio and delinquencies contains a significant number of commercial loans with relatively large balances the deterioration of one or several of these loans may result in a possible significant increase in loss of interest income, higher carrying costs, and an increase in the provision for loan losses and loan charge-offs.

We maintain an allowance for loan losses to absorb any loan losses based on our historical experience, an evaluation of economic conditions, and regular reviews of delinquencies and loan portfolio quality. In evaluating our allowance for loan losses, we segment our loans into the following categories:

- Commercial (including investment property mortgages),
- Residential mortgages, and
- Consumer.

We evaluate some loans as a homogeneous group and others on an individual basis. Commercial loans with balances exceeding $250 thousand are reviewed individually. After our evaluation of these loans, we determine the required allowance for loan losses based upon the following considerations:

- Historical loss levels,
- Prevailing economic conditions,
- Delinquency trends,

- Changes in the nature and volume of the portfolio,
- Concentrations of credit risk, and
- Changes in loan policies or underwriting standards.

Management and the Board of Directors review the adequacy of the reserve on a quarterly basis and adjustments, if needed, are made accordingly.

Amounts in thousands	For the Three Mo Ending March 3 2003	2
Average loans outstanding:	$150,025	$14
Total loans at end of period	149,066	14
Balance at beginning of period	1,298	
Total charge-offs	(19)	
Total recoveries	21	
Net charge-offs	2	
Provision for loan losses	50	
Balance at end of period	$ 1,350	$
Net charge-offs as a percent of average loans outstanding during period	.01%	
Allowance for loan losses as a percent of total loans	.91%	

The allowance for loan losses is based on our evaluation of the allowance for loan losses in relation to the credit risk inherent in the loan portfolio. In establishing the amount of the provision required, management considers a variety of factors, including but not limited to, general economic conditions, volumes of various types of loans, collateral adequacy and potential losses from significant borrowers. On a monthly basis, the Board of Directors and the bank's Credit Administration Committee review information regarding specific loans and the total loan portfolio in general in order to determine the amount to be charged to the provision for loan losses.

CAPITAL ADEQUACY

A major strength of any financial institution is a strong capital position. This capital is very critical as it must provide growth, dividend payments to shareholders, and absorption of unforeseen losses. Our federal regulators provide standards that must be met. These standards measure "risk-adjusted" assets against different categories of capital. The "risk-adjusted" assets reflect off balance sheet items, such as commitments to make loans, and also place balance sheet assets on a "risk" basis for collectibility. The adjusted assets are measured against the standards of Tier I Capital and Total Qualifying Capital. Tier I Capital is common shareholders' equity. Total Qualifying Capital includes so-called Tier II Capital which is common shareholders' equity and the allowance for loan and lease losses. The allowance for loan and lease losses must be lower than or equal to common shareholders' equity to be eligible for Total Qualifying Capital.

We exceed all minimum capital requirements as reflected in the following table:

	March 31, 2003	
	Calculated Ratios	Minim Stand Rati
Risk Based Ratios:		
Tier I Capital to risk-weighted assets..................................	18.57%	4.0
Total Qualifying Capital to risk-weighted assets........................	19.53%	8.0

Additionally, certain other ratios also provide capital analysis as follows:

	March 200
Tier I Capital to average assets..	11.

We believe that the bank's current capital position and liquidity positions are strong and that its capital position is adequate to support its operations.

Book value per share amounted to $20.98 at March 31, 2003, compared with $20.76 per share at December 31, 2002.

Cash dividends declared amounted to $0.16 per share, for the three months ended March 31, 2003, equivalent to a dividend payout ratio of 40.63 percent, compared with 37.03 percent for the same period in 2002. Our Board of Directors continues to believe that cash dividends are an important component of shareholder value and that, at the bank's current level of performance and capital, we expect to continue our current dividend policy of a quarterly cash distribution of earnings to our shareholders.

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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, Columbia County Farmers National Bank. 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 2. Changes in Securities - Nothing to report.

Item 3. Defaults Upon Senior Securities - Northing to report.

Item 4. Submission of matters to a Vote of Security Holders - Nothing to

report.

Item 5. Other Information.

Item 6. Exhibits and Reports on Form 8-K - During the first quarter of 2003 two 8K reports were filed Pursuant to Section 3 of 15 (d) of the Securities Exchange Act of 1934 as follows:

- Filed January 7, 2003...The Director's named Lance O. Diehl, Chief Executive Officer of CCFNB Bancorp, Inc. and CCFNB, it's subsidiary.

- Filed February 14, 2003..The Director's accepted the resignation of Director Rodney B. Keller, who had no disagreement over Corporate Policy and Management. Additionally, the Directors named Lance O. Diehl President of CCFNB Bancorp, Inc. and CCFNB, it's subsidiary. Also named to fill the unexpired term of Rodney B. Keller was Lance O. Diehl.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CCFNB BANCOPR, INC.
(Registrant)

By /s/ Lance O. Diehl

Lance O. Diehl
President and CEO

Date: May 8, 2003

By /s/ Virginia D. Kocher

Virginia D. Kocher
Treasurer

Date: May 8, 2003

EXHIBIT 99B

CCFNB BANCORP, INC.

CEO CERTIFICATION PURSUANT TO
18 U.S.C. Section 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of CCFNB Bancorp, Inc. (the "Company") on Form 10-Q for the quarter-ended March 31, 2003, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Lance O. Diehl, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C.

Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly represents, in all material respects, the financial condition and result of operations of the Company.

Date: May 8, 2003

/s/ Lance O. Diehl

Lance O. Diehl
Chief Executive Officer

EXHIBIT 99C

CCFNB BANCORP, INC.

PRINCIPAL FINANCIAL OFFICER
CERTIFICATION PURSUANT TO
18 U.S.C. Section 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of CCFNB Bancorp, Inc. (the "Company") on Form 10-Q for the quarter-ended March 31, 2003, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Virginia D. Kocher, the Principal Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly represents, in all material respects the financial condition and result of operations of the Company.

Date: May 8, 2003

/s/ Virginia D. Kocher

Virginia D. Kocher
Treasurer (Principal Financial Officer)

EXHIBIT 99D

CCFNB BANCORP, INC.

CEO CERTIFICATION PURSUANT TO
SECTION 302 OF THE

SARBANES-OXLEY ACT OF 2002

I, Lance O. Diehl, certify that:

1. I have reviewed this quarterly report on Form 10-Q of CCFNB Bancorp, Inc.

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report.

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

(a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

(b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

(c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for registrant's auditors any material weaknesses in internal controls; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this annual report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls

subsequent to the date of our most recent evaluation, including any

corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 8, 2003

/s/ Lance O. Diehl

Lance O. Diehl
Chief Executive Officer

EXHIBIT 99E

CCFNB BANCORP, INC.

PRINCIPAL FINANCIAL OFFICER
CERTIFICATION PURSUANT TO
SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002

I, Virginia D. Kocher, certify that:

1. I have reviewed this quarterly report on Form 10-Q of CCFNB Bancorp, Inc.

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report.

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

   (a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

   (b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

   (c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons

performing the equivalent functions):

(a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for registrant's auditors any material weaknesses in internal controls; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this annual report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 8, 2003

/s/ Virginia D. Kocher

Virginia D. Kocher
Treasurer (Principal Financial Officer)