CCFNB BANCORP INC
Form 10-Q
November 14, 2007

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 September 30, 2007

[ ] 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	23-2254643
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

232 East Street, Bloomsburg, PA	17815
(Address of principal executive offices)	(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
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Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. 1,228,266 shares of $1.25 (par) common stock were outstanding as of October 31, 2007.

CCFNB BANCORP, INC. AND SUBSIDIARY
TABLE OF CONTENTS
SEPTEMBER 30, 2007

Page

PART 1 - FINANCIAL INFORMATION:

- Consolidated Balance Sheets 2
- Consolidated Statements of Income 3
- Consolidated Statements of Cash Flows 4
- Notes to Consolidated Financial Statements 5 - 15
- Report of Independent Registered Public Accounting Firm 16
- Management's Discussion and Analysis of Consolidated Financial Condition and Results of Operations 17 - 25
- Controls and Procedures 26

PART II - OTHER INFORMATION 27

SIGNATURES 28 - 31

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

	Unaudited September 30, 2007	December 31, 2006
ASSETS		
Cash and due from banks	$ 5,384	$ 4,819
Interest-bearing deposits with other banks	981	405
Federal funds sold	10,809	10,307
Investment securities available-for-sale	62,159	53,486
Loans, net of unearned income	161,476	160,641
Allowance for loan losses	1,460	1,456
Net loans	160,016	159,185
Premises and equipment, net	5,182	5,049
Cash surrender value of bank-owned life insurance	7,009	6,767
Accrued interest receivable	1,177	994
Other assets	1,485	907
TOTAL ASSETS	$254,202	$241,919
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Deposits:		
Non-interest bearing	$ 20,953	$ 19,258
Interest bearing	151,603	150,027
Total Deposits	172,556	169,285
Short-term borrowings	37,366	29,310
Long-term borrowings	11,138	11,297

Accrued interest and other expenses	1,886	1,737
Other liabilities	28	42
TOTAL LIABILITIES	222,974	211,671
STOCKHOLDERS' EQUITY		
Common stock, par value $1.25 per share; authorized 5,000,000 shares; issued and outstanding 1,230,266 shares in 2007 and 1,241,664 shares in 2006	1,538	1,552
Surplus	2,368	2,672
Retained earnings	27,289	26,054
Accumulated other comprehensive income (loss)	33	(30)
TOTAL STOCKHOLDERS' EQUITY	31,228	30,248
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$254,202	$241,919

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 Nine Months Ending September 30		For the Three Months Ending September 30	
	2007	2006	2007	2006
INTEREST AND DIVIDEND INCOME				
Interest and fees on loans:				
Taxable	$ 7,926	$ 7,584	$ 2,667	$ 2,
Tax-exempt	363	313	132	
Interest and dividends on investment securities:				
Taxable	1,757	1,242	657	
Tax-exempt	141	217	44	
Dividends	92	83	32	
Federal funds sold	412	255	138	
Deposits in other banks	136	26	48	
TOTAL INTEREST AND DIVIDEND INCOME	10,827	9,729	3,718	3,
INTEREST EXPENSE				
Deposits	3,016	2,525	1,038	
Short-term borrowings	1,108	810	406	
Long-term borrowings	502	507	168	
TOTAL INTEREST EXPENSE	4,626	3,842	1,612	1,
Net interest income	6,201	5,878	2,106	2,
Provision for loan losses	30	127	--	

NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	6,171	5,751	2,106	2,
NON-INTEREST INCOME				
Service charges and fees	680	618	240	
Gain on sale of loans	124	32	60	
Bank-owned life insurance income	217	194	74	
Investment center	339	163	68	
Trust department	132	114	50	
Other	230	270	81	
TOTAL NON-INTEREST INCOME	1,722	1,391	573	
NON-INTEREST EXPENSE				
Salaries	2,224	1,914	723	
Pensions and other employee benefits	660	612	212	
Occupancy, net	369	339	122	
Equipment	363	364	121	
State shares tax	236	228	77	
Professional services	213	158	84	
Directors' fees	139	125	46	
Stationery and supplies	127	103	32	
Other	900	875	295	
TOTAL NON-INTEREST EXPENSE	5,231	4,718	1,712	1,
Income before income taxes	2,662	2,424	967	
Income tax expense	675	590	249	
NET INCOME	$ 1,987	$ 1,834	$ 718	$
PER SHARE DATA				
Net income	$ 1.61	$ 1.47	$ 0.58	$ 0
Cash dividends	$ 0.61	$ 0.58	$ 0.21	$ 0
Weighted average shares outstanding	1,235,249	1,251,832	1,235,249	1,251,

See accompanying notes to Consolidated Financial Statements.

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

	For the Nine Months Ending September 30,	
	2007	2006
OPERATING ACTIVITIES		
Net income	$ 1,987	$ 1,834
Adjustments to reconcile net income to net cash provided by operating		

activities:		
Provision for loan losses	30	127
Depreciation and amortization	307	274
Employee stock purchase plan expense	2	--
Premium amortization on investment securities	70	85
Discount accretion on investment securities	(21)	(14)
Deferred income taxes (benefit)	(55)	(65)
(Gain) on sale of loans	(124)	(32)
Proceeds from sale of mortgage loans	5,260	1,650
Originations of mortgage loans for resale	(5,167)	(1,713)
(Income) from investment in insurance agency	(10)	(10)
(Increase) in accrued interest receivable and other assets	(728)	(219)
Net (increase) in cash surrender value of bank-owned life insurance	(242)	(228)
Increase in accrued interest, other expenses and other liabilities	135	149
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,444	1,838
INVESTING ACTIVITIES		
Purchase of investment securities available-for-sale	(31,441)	(10,560)
Proceeds from sales, maturities and redemptions of investment securities available-for-sale	22,812	13,334
Net (increase) decrease in loans	(830)	(6,121)
Purchases of premises and equipment	(440)	(208)
NET CASH (USED IN) INVESTING ACTIVITIES	(9,899)	(3,555)
FINANCING ACTIVITIES		
Net increase in deposits	3,271	(34)
Net increase in short-term borrowings	8,056	4,244
Net (decrease) in long-term borrowings	(159)	(9)
Acquisition of treasury stock	(499)	(505)
Proceeds from issuance of common stock	181	153
Cash dividends paid	(752)	(725)
NET CASH PROVIDED BY FINANCING ACTIVITIES	10,098	3,124
INCREASE IN CASH AND CASH EQUIVALENTS	1,643	1,407
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	15,531	11,362
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 17,174	$ 12,769
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during the year for:		
Interest	$ 4,564	$ 3,785
Income taxes	$ 644	$ 581

See accompanying notes to Consolidated Financial Statements.

CCFNB BANCORP, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

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 eight offices covering an area of approximately 484 square miles in Northcentral 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 Lightstreet branch. This investment center offers a full line of stocks, bonds and other non-insured financial services.

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.

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 (loss) (see Note 6). 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 recognition of interest income on impaired loans is the same as for non-accrual loans as discussed above.

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.

In addition, an allowance is provided for possible credit losses on off-balance sheet credit exposures. This allowance is estimated by management and is classified in other liabilities.

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 SFAS No. 149 "Amendments to SFAS 133 on Derivative Instruments and 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 outstanding loan commitments in this category did not give rise to any losses for the nine-month period ended September 30, 2007 and the year ended December 31, 2006, 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 some of 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 directors and employees with the Corporation being owner and primary 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 September 30, 2007 and December 31, 2006 was $211,000 and $201,000, 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.

RECENT ACCOUNTING PRONOUNCEMENTS

In September 2006, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards SFAS 158 "Employers' Accounting for Defined Benefit Pension and Other Post Retirement Plans" which requires the Corporation to recognize the funded status of a benefit plan as either assets or liabilities in the consolidated balance sheet and to recognize as a component of other comprehensive income, net of tax, the unrecognized actuarial gains or losses, prior service costs and transition obligations that arise during the period. The adoption of SFAS 158 for the year ended December 31, 2006 did not have a material impact on the Corporation's consolidated financial condition, results of operations or liquidity.

In September 2006, the FASB issued Statement of Financial Accounting Standards SFAS 157, "Fair Value Measurements", which upon adoption will replace various definitions of fair value in existing accounting literature with a single definition, will establish a framework for measuring fair value, and will require additional disclosures about fair value measurements. The statement clarifies that fair value is the price that would be received to sell an asset or the price paid to transfer a liability in the most advantageous market available to the entity and emphasizes that fair value is a market-based measurement and should be based on the assumptions market participants would use. The statement also creates a three-level hierarchy under which individual fair value estimates are to be ranked based on the relative reliability of the inputs used in the valuation. This hierarchy is the basis for the disclosure requirements, with fair value estimates based on the least reliable inputs requiring more extensive disclosures about the valuation method used and the gains and losses associated with those estimates. SFAS 157 is required to be applied whenever another financial accounting standard requires or permits an asset or liability to be measured at fair value. The statement does not expand the use of fair value to any new circumstances. The Corporation will be required to apply the new guidance beginning January 1, 2008, and does not expect it to have a material impact on the Corporation's consolidated financial condition, results of operations or liquidity.

In July 2006, the FASB issued FASB Staff Position FSP 13-2, "Accounting for a Change or Projected Change in the Timing of Cash Flows Relating to Income Taxes Generated by a Leveraged Lease Transaction". This FSP amends SFAS 13, "Accounting for Leases", to require a lessor in a leveraged lease transaction to recalculate the leveraged lease for the effects of a change or projected change in the timing of cash flows relating to income taxes that are generated by the leveraged lease. The guidance in FSP 13-2 is required to be applied to fiscal years beginning after December 15, 2006. The application of this FSP is not expected to have a material impact on the Corporation's consolidated financial condition, results of operations or liquidity.

In June 2006, the FASB issued Interpretation No. 48 FIN 48, "Accounting for Uncertainty in Income Taxes", an interpretation of SFAS 109, "Accounting for Income Taxes". FIN 48 prescribes a comprehensive model for how companies should recognize, measure, present, and disclose in their financial statements uncertain tax positions taken or expected to be taken on a tax return. Under FIN 48, tax positions shall initially be recognized in the financial statements when it is more likely than not the position will be sustained upon examination by the tax authorities. Such tax positions shall initially and subsequently be measured as the largest amount of tax benefit that is greater than 50% likely of being realized upon ultimate settlement with the tax authority assuming full knowledge of the position and all relevant facts. FIN 48 also revises disclosure requirements to include an annual tabular roll-forward of unrecognized tax benefits. The provisions of this interpretation are required to be adopted for fiscal periods beginning after December 15, 2006. The Corporation will be required to apply the provisions of FIN 48 to all tax positions upon initial adoption with any cumulative effect adjustment to be recognized as an adjustment to retained earnings. The adoption of FIN 48 is not expected to have a material impact on the Corporation's consolidated financial condition, results of operations or liquidity.

In March 2006, the FASB issued Statement of Financial Accounting Standards SFAS 156, "Accounting for Servicing of Financial Assets", an amendment of SFAS 140. This standard requires entities to separately recognize a servicing asset or liability whenever it undertakes an obligation to service financial assets and also requires all separately recognized servicing assets or liabilities to be initially measured at fair value. Additionally, this standard permits entities to choose among two alternatives, the amortization method or fair value measurement method, for the subsequent measurement of each class of separately recognized servicing assets and liabilities. Under the amortization method, an entity shall amortize the value of servicing assets or liabilities in proportion to and over the period of estimated net servicing income or net servicing loss and assess servicing assets or liabilities for impairment or increased obligation based on fair value at each reporting date. Under the fair value measurement method, an entity shall measure servicing assets or liabilities at fair value at each reporting date and report changes in fair value in earnings in the period in which the changes occur.

Effective January 1, 2006, the Corporation adopted this statement by electing amortization method as the measurement method for residential real estate mortgage servicing rights (MSRs).

In February 2006, the FASB issued Statement of Financial Accounting Standards SFAS 155, "Accounting for Certain Hybrid Financial Instruments", which amends SFAS 133, "Accounting for Derivative Instruments and Hedging Activities", and SFAS 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities". SFAS 155 requires entities to evaluate and

identify whether interests in securitized financial assets are freestanding derivatives, hybrid financial instruments that contain an embedded derivative requiring bifurcation, or hybrid financial instruments that contain embedded derivatives that do not require bifurcation. SFAS 155 also permits fair value measurement for any hybrid financial instrument that contains an embedded derivative that otherwise would require bifurcation. This statement will be effective for all financial instruments acquired or issued by the Corporation on or after January 1, 2007 and is not expected to have a material impact on the Corporation's consolidated financial condition, results of operations or liquidity.

In November 2005, the FASB issued FASB Staff Position FSP 115 - "The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments". This FSP provides additional guidance on when an investment in a debt or equity security should be considered impaired and when that impairment should be considered other-than-temporary and recognized as a loss in the consolidated statement of income. Specifically, this guidance clarifies that an investor should recognize an impairment loss no later than when an impairment is deemed other-than-temporary, even if the decision to sell has not been made. The FSP also requires certain disclosures about unrealized losses that have not been recognized as other-than-temporary impairments. The Corporation has followed the guidance of this FSP commencing in 2005.

In May 2005, the FASB issued Statement of Financial Accounting Standards SFAS 154 "Accounting Changes and Error Corrections" which modifies the accounting for and reporting of a change in an accounting principle. This statement applies to all voluntary changes in accounting principles and changes required by an accounting pronouncement in the unusual instance that the pronouncement does not include specific transition provisions. This statement also requires retrospective application to prior period financial statements of changes in accounting principles, unless it is impractical to determine either the period-specific or cumulative effects of the accounting change. SFAS 154 is effective for accounting changes made in fiscal years beginning after December 15, 2005. The adoption of SFAS 154 did not have a material impact on the Corporation's consolidated financial condition, results of operations or liquidity.

In December 2004, the FASB issued Statement of Financial Accounting Standards SFAS 153, "Exchanges of Nonmonetary Assets", which amends APB Opinion No. 29, "Accounting for Nonmonetary Transactions". SFAS 153 eliminates the exception from fair value measurement for nonmonetary exchanges of similar productive assets in Opinion No. 29 and replaces it with an exception for exchanges that do not have commercial substance. SFAS 153 specifies that a nonmonetary exchange has commercial substance if the future cash flows of the entity are expected to change significantly as a result of the exchange. SFAS 153 is effective for nonmonetary exchanges occurring in fiscal periods beginning after June 15, 2005. The adoption of SFAS 153 is not expected to have a material impact on the Corporation's consolidated financial condition, results of operations or liquidity.

In December 2004, the FASB issued SFAS 123 (revised 2004), "Share-Based Payment". This Statement is a revision of SFAS 123, "Accounting for Stock-Based Compensation", and supersedes APB Opinion 25, "Accounting for Stock Issued to Employees", and its related guidance. SFAS 123 (revised 2004) established standards for the accounting for transactions in which an entity exchanges its equity instruments for goods or services. This Statement requires that the cost resulting from all share-based payment transactions be recognized in the

financial statements. This Statement established fair value as the measurement objective in accounting for share-based payment arrangements and requires all entities to apply a fair-value-based measurement method in accounting for share-based payment transactions with employees, except for equity instruments held by employee share ownership plans.

In addition, this statement amends SFAS 95 "Statement of Cash Flows" to require that excess tax benefits be reported as financing cash inflow rather than as a reduction of taxes paid. The Corporation adopted these statements as of January 1, 2006. SFAS 123R also requires the Corporation to change its method of accounting for share-based awards to include estimated forfeitures in the initial estimate of compensation expense and to accelerate the recognition of compensation expense for retiree-eligible employees. The adoption of these standards did not have a material effect on the Corporation's consolidated financial condition, results of operations or liquidity.

ADVERTISING COSTS

It is the Corporation's policy to expense advertising costs in the period in which they are incurred. Advertising expense for the nine-month periods ended September 30, 2007 and 2006 was approximately $76,000 and $71,000, respectively.

RECLASSIFICATION

Certain amounts in the consolidated financial statements of the prior years have been reclassified to conform with presentation used in the 2007 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 nine-month periods ended September 30, 2007 and September 30, 2006 were as follows:

	(Amounts in Thousands)	
	2007	2006
Balance, beginning of year	$1,456	$1,552
Provision charged to operations	30	127
Loans charged-off	(59)	(216)
Recoveries	33	25
Balance, September 30	$1,460	$1,488

At September 30, 2007, the total recorded investment in loans that are considered to be impaired as defined by SFAS No. 114 was $37,000. These impaired loans had a related allowance for loan losses of $2,300. 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 September 30, 2007, there were no significant commitments to lend additional funds with respect to non-accrual and restructured loans.

Non-accrual loans at September 30, 2007 and December 31, 2006 were $37,000 and $91,000, respectively, all of which were considered impaired.

Loans past due 90 days or more and still accruing interest amounted to $180,000 at September 30, 2007.

NOTE 3 - 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.

NOTE 4 - LONG-TERM BORROWINGS

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

NOTE 5 - DEFERRED COMPENSATION PLANS

The Bank has entered into certain non-qualified deferred compensation agreements with certain executive officers and directors. Expenses related to these non-qualified deferred compensation plans amounted to $103,000 and $98,000 for the nine-month periods ended September 30, 2007 and 2006, respectively.

There were no substantial changes in other plans as disclosed in the 2006 Annual Report.

NOTE 6 - STOCKHOLDERS' EQUITY

Changes in stockholders' equity for the nine-month period ended September 30, 2007 were as follows:

	(Amounts in Thousands, Except Common Share Dat					
	Common Shares	Common Stock	Surplus	Comprehensive Income	Retained Earnings	Accum Ot Compre In (L
Balance at January 1, 2007	$1,241,664	$1,552	$2,672		$26,054	$(
Comprehensive Income:						
Net income				$1,987	1,987	
Change in unrealized gain (loss) on investment securities available-for-sale net of reclassification adjustment and tax effects				63		
TOTAL COMPREHENSIVE INCOME				$2,050		

Issuance of 4,419 shares of common stock under dividend reinvestment and stock purchase plans	6,602	8	173		
Purchase of 18,000 shares of treasury stock					
Retirement of 18,000 shares of treasury stock	(18,000)	(22)	(477)		
Cash dividends $.61 per share				(752)	
Balance at September 30, 2007	$1,230,266	$1,538	$2,368	$27,289	$

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 consolidated 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 September 30, 2007 and December 31, 2006 were as follows:

	(Amounts in Thousands)	
	September 30, 2007	December 31, 2006
Financial instruments whose contract amounts represent credit risk:		
Commitments to extend credit	$22,973	$19,751
Financial standby letters of credit	897	868
Performance standby letters of credit	460	530
Dealer floor plans	327	437
Loans for resale	261	51

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 customer. Collateral held varies but may

include accounts receivable, inventory, property, plant, equipment and income-producing commercial properties.

Financial standby letters of credit and performance standby 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 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 at September 30, 2007, 84.3% was for real estate loans, with significantly most being 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 nine-month period ended September 30, 2007, 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, 2006 filed with the Securities and Exchange Commission.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have reviewed the accompanying consolidated balance sheet of CCFNB Bancorp, Inc. and Subsidiary as of September 30, 2007, and the related consolidated statements of income for the three and nine month periods ended September 30, 2007 and 2006 and the consolidated statements of cash flows for the nine-month periods ended September 30, 2007 and 2006. These consolidated interim financial statements are the responsibility of the management of CCFNB Bancorp, Inc. and Subsidiary.

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

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

We have previously audited, in accordance with the auditing standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of CCFNB Bancorp, Inc. and Subsidiary as of December 31, 2006, and the related consolidated statements of income, changes in stockholders' equity, and cash flows for the year then ended (not presented herein); and in our report dated February 17, 2007, 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, 2006, 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
November 9, 2007

CCFNB Bancorp, Inc.
Form 10-Q
For the Quarter Ended September 30, 2007

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 Nine Months Ended September 30,	At and For the Yea

	2007	2006	2006	2005	2
Income and Expense:					
Interest income	$ 10,827	$ 9,729	$ 13,202	$ 11,442	$
Interest expense	4,626	3,842	5,301	4,131	
Net interest income	6,201	5,878	7,901	7,311	
Loan loss provision	30	127	175	90	
Net interest income after loan loss provision	6,171	5,751	7,726	7,221	
Non-interest income	1,722	1,391	1,900	1,713	
Non-interest expense	5,231	4,718	6,437	6,077	
Income before income taxes	2,662	2,424	3,189	2,857	
Income taxes	675	590	777	631	
Net income	$ 1,987	$ 1,834	$ 2,412	$ 2,226	$
Per Share: (1)					
Net income	$ 1.61	$ 1.47	$ 1.93	$ 1.76	$
Cash dividends paid	.61	.58	.78	.74	
Average shares outstanding	1,235,249	1,251,832	1,249,844	1,262,171	1,2
Average Balance Sheet:					
Loans	$ 160,038	$ 158,036	$ 158,554	$ 150,065	$ 1
Investments	57,503	50,822	53,703	54,943	
Other earning assets	14,362	7,470	7,621	7,503	
Total assets	247,625	233,838	236,569	230,081	2
Deposits	170,489	166,541	167,024	167,812	1
Other interest-bearing liabilities	45,440	35,636	36,676	32,253	
Stockholders' equity	30,658	29,458	29,672	28,789	
Balance Sheet Data:					
Loans	$ 161,476	$ 160,294	$ 160,641	$ 154,271	$ 1
Investments	62,159	51,276	53,486	53,919	
Other earning assets	11,790	8,598	10,712	6,239	
Total assets	254,202	236,457	241,920	231,218	2
Deposits	172,556	164,813	169,285	164,847	1
Other interest-bearing liabilities	48,504	40,154	40,607	35,910	
Stockholders' equity	31,228	29,903	30,248	29,012	
Ratios: (2)					
Return on average assets	1.07%	1.05%	1.02%	.97%	
Return on average equity	8.64%	8.30%	8.13%	7.73%	
Dividend payout ratio	37.80%	39.53%	40.39%	41.92%	
Average equity to average assets ratio	12.38%	12.60%	12.54%	12.51%	

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

(2) The ratios for the nine month period ending September 30, 2007 and 2006 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.

-17-

Earnings Summary

Net income for the nine months ended September 30, 2007 was $2.0 million or $1.61 per basic and diluted share. These results compare with net income of $1.8 million or $1.47 per basic and diluted share for the same period in 2006. Annualized return on average equity increased to 8.64 percent from 8.30 percent, while the annualized return on average assets increased to 1.07 percent from 1.05 percent, for the nine months ended September 30, 2007 and 2006 respectively.

Net interest income continues to be the largest source of our operating income. Net interest income on a tax equivalent basis increased 6.56 percent to $6.5 million at September 30, 2007 from $6.1 million at September 30, 2006. Overall, interest earning assets yielded 6.37 percent for the nine months ended September 30, 2007 compared to 6.17 percent yield for the nine months ended September 30, 2006. The tax equivalized net interest margin decreased to 3.71 percent for the nine months ended September 30, 2007 compared to 3.78 percent for the nine months ended September 30, 2006.

Average interest earning assets increased $15.6 million or 7.21 percent for the nine months ended September 30, 2007 over the same period in 2006 from $216.3 million at September 30, 2006 to $231.9 million at September 30, 2007. Average loans increased $2.0 million or 1.27 percent, from $158.0 million at September 30, 2006 to $160.0 million at September 30, 2007. Average investments increased $6.7 million or 13.2 percent from $50.8 million at September 30, 2006 to $57.5 million at September 30, 2007 and average federal funds sold and interest-bearing deposits with other financial institutions increased $6.9 million or 92.3 percent from $7.5 million at September 30, 2006 to $14.4 million at September 30, 2007.

Average interest bearing liabilities for the nine months ended September 30, 2007 were $197.6 million and for the nine month period ending September 30, 2006 they were $184.1 million, an increase of $13.5 million or 7.33 percent. Average short-term borrowings were $24.3 million at September 30, 2006 and $34.3 million at September 30, 2007. Long-term debt, which includes primarily FHLB advances, was $11.3 million at September 30, 2006 and $11.1 million at September 30, 2007. Average demand deposits increased $.4 million from $18.0 million at September 30, 2006 compared to $18.4 million at September 30, 2007.

The average interest rate for loans increased 40 basis points to 7.06 percent at September 30, 2007 compared to 6.66 percent at September 30, 2006. Interest-bearing deposits with other Financial Institutions and Federal Funds Sold rates increased 7 basis points to 5.09 percent at September 30, 2007 from 5.02 percent at September 30, 2006. Average rates on interest bearing deposits increased by 37 basis points from 2.27 percent to 2.64 percent in one year. Average interest rates also increased on total interest bearing liabilities by 34 basis points to 3.12 percent from 2.78 percent. The cost of long-term debt averaged 5.99 percent for the past several years which negatively impacted net

interest margin. This high costing liability will remain 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 percent average rate unattractive, this in all probability will not occur. We will continue to price deposits conservatively.

Net Interest Income

Net interest income increased from $5.9 million at September 30, 2006 to $6.2 million at September 30, 2007.

The following table reflects the components of net interest income for each of the nine months ended September 30, 2007 and 2006:

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)

	Nine Months Ended September 30, 2007 and				
	Average Balance	Interest Income / Expense	Average Yield / Rate	Average Balance	Inter Incom Expe
	(1)	(2)		(1)	(2
ASSETS:					
Interest-bearing deposits with other financial institutions	$ 3,660	136	4.95%	$ 676	$
Investment securities (3)	57,503	1,990	4.78%	50,822	1,5
Federal funds sold	10,702	412	5.13%	6,794	2
Loans	160,038	8,289	7.06%	158,036	7,8
Total interest earning assets	$231,903	$10,827	6.37%	$216,328	$9,7
Reserve for loan losses	(1,467)			(1,478)	
Cash and due from banks	4,855			4,240	
Other assets	12,334			14,748	
Total assets	$247,625			$233,838	
LIABILITIES AND CAPITAL:					
Interest bearing deposits	$152,137	$ 3,016	2.64%	$148,504	$2,5
Short-term borrowings	34,302	1,108	4.31%	24,331	8
Long-term borrowings	11,138	502	6.01%	11,305	5
Total interest-bearing liabilities	$197,577	$ 4,626	3.12%	$184,140	$3,8
Demand deposits	$ 18,352			$ 18,037	
Other liabilities	1,038			2,203	
Stockholders' equity	30,658			29,458	
Total liabilities and capital	$247,625			$233,838	

NET INTEREST INCOME / NET INTEREST MARGIN (4)	$ 6,201	3.57%	$5,8
TAX EQUIVALENT NET INTEREST INCOME / NET INTEREST MARGIN (5)	$ 6,461	3.71%	$6,1

(1) Average volume information was computed using daily (or monthly) averages for interest earning and bearing accounts. Certain balance sheet items utilized quarter end balances for averages. Due to the availability of certain daily and monthly average balance information, certain reclassifications were made to prior period amounts.

(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 annualized net interest income by total interest earning assets.

(5) Interest and yield are presented on a tax-equivalent basis using 34 percent for 2007 and 2006.

The following table demonstrates the relative impact on net interest income of changes in volume of interest earning 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

	Nine Months Ended September 30, 2007 Compared with 2006 Increase (Decrease) (2)		
	Volume	Rate	Total
	(In thousands)		
Interest income:			
Loans (1)	$133	$632	$ 765
Investments (1)	290	224	514
Federal funds sold and other short-term investments	346	5	351
	769	861	1,630
Total Interest Income:			
Interest expense:			
Deposits	82	549	631
Short-term borrowings	443	(32)	411
Long term debt	(10)	3	(7)
Total Interest Expense:	515	520	1,035
Net Interest Income:	$254	$341	$ 595

(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

The outstanding balance of loans at September 30, 2007 was $161.5 million and December 31, 2006 was $160.6 million.

Income from investment securities increased to $2.0 million at September 30, 2007 compared to $1.5 million at September 30, 2006. The average balance of investment securities for the nine months ended September 30, 2007 was $57.5 million compared to $50.8 million at September 30, 2006.

Total interest expense increased $.8 million or 21.05 percent for the first nine months of 2007 as compared to the first nine months of 2006.

NON-INTEREST INCOME

The following table presents the components of non-interest income for the nine months ended September 30, 2007 and 2006:

	Nine Months Ended September 30, (Dollars in thousands)	
	2007	2006
Service charges and fees	$ 680	$ 618
Gain on sale of loans	124	32
Bank-owned life insurance income	217	194
Investment center	339	163
Trust department	132	114
Other	230	270
Total	$1,722	$1,391

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 nine months ended September 30, 2007 and September 30, 2006 total non-interest income increased $331 thousand from $1,391 thousand at September 30, 2006 to $1,722 thousand at September 30, 2007.

Service charges and fees increased $62 thousand from $618 thousand at September 30, 2006 to $680 thousand or 10.03 percent at September 30, 2007 The largest increase was in the fees for non-sufficient funds on checking accounts.

Sales of fixed rate mortgages through the Mortgage Partnership Finance (MPF) and PHFA programs reflected an increase at September 30, 2007 to $124 thousand

compared to $32 thousand at September 30, 2006. The MPF loans are being serviced by the bank and the bank retains minimal credit risk.

Third party brokerage fees increased dramatically from $163 thousand at September 30, 2006 to $339 thousand at September 30, 2007. The bank has added another broker to its financial services department which should help continue success in the future.

Other income decreased from $270 thousand at September 30, 2006 to $230 thousand at September 30, 2007.

NON-INTEREST EXPENSE

The following table presents the components of non-interest expense for the nine months ended September 30, 2007 and 2006:

	Nine Months Ended September 30,	
	2007	2006
	(Dollars in Thousands)	
Salaries	$2,224	$1,914
Pensions and other employee benefits	660	612
Occupancy expense-net	369	339
Equipment	363	364
State shares tax	236	228
Professional services	213	158
Director's fees	139	125
Stationery and supplies	127	103
Other	900	875
Total	$5,231	$4,718

Non-interest expense increased from $4.7 million at September 30, 2006 to $5.2 million at September 30, 2007, an increase of 10.64 percent.

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, the bank utilizes budgets and related measures to control variable expenses.

Salaries increased 15.79 percent from $1.9 million at September 30, 2006 to $2.2 million at September 30, 2007. Additionally, employee benefits increased 7.84 percent from $612 thousand at September 30, 2006 to $660 thousand at September 30, 2007. Overall, these increases were attributable to the addition of new personnel to increase business development and annual increases in salaries and cost of benefits. Specifically, commissions payable for brokerage sales amounted to $168.3 thousand in 2007 and $48.9 thousand in 2006.

Occupancy expense increased 8.85 percent from $339 thousand at September 30, 2006 to $369 thousand at September 30, 2007. This increase is attributable to general increases in the cost of utilities.

Pennsylvania Bank Shares Tax increased 3.51 percent from $228 thousand at September 30, 2006 to $236 thousand at September 30, 2007.

Professional services increased 34.81 percent from $158 thousand at September 30, 2006 to $213 thousand at September 30, 2007. This increase is a result of SOX 404 which is legislation requiring non-accelerated Securities and Exchange Commission filers, such as ourselves, to attest to review of internal controls at year end 2007. This requires documentation and testing beyond the normal internal audit function.

Director's fees increased 11.20 percent from $125 thousand through September 30, 2006 compared to $139 thousand through September 30, 2007.

Stationery and supplies increased $24 thousand in comparing September 30, 2006 at $103 thousand and September 30, 2007 at $127 thousand, a 23.30 percent increase. Documents were updated and replaced as many electronic enhancements were introduced to our data processing routines, causing many forms to become obsolete; another branch has been added and additional marketing supplies were utilized for several areas of the bank.

Other expenses increased $25 thousand from $875 thousand at September 30, 2006 to $900 thousand at September 30, 2007, a 2.86 percent increase.

Income Taxes

Income tax expense as a percentage of pre-tax income was 25.36 percent for the nine months ended September 30, 2007 compared with 24.34 percent for the same period in 2006.

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 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. As of September 30, 2007, we had $62.2 million of securities available for sale

recorded at their fair value, compared with $53.5 million at December 31, 2006. As of September 30, 2007, the investment securities available for sale had a net unrealized gain of $33 thousand, net of deferred taxes, compared with a net unrealized loss of $30 thousand, net of deferred taxes, at December 31, 2006. These securities are not considered trading account securities, which may be sold on a continuous basis, but rather are securities which the Corporation has the ability and positive intent to hold the securities to maturity and are classified as available-for-sale.

In accordance with disclosures required by EITF NO. 03-1, the summary below reflects the gross unrealized losses and fair value, aggregated by investment category that individual securities have been in a continuous unrealized loss position for less than or more than 12 months as of September 30, 2007:

	Less than 12 months		12 months or more		
Description of Security (Dollars in thousands)	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Val
Obligations of U.S. Government Corporations and Agencies:					
Mortgage backed	$3,999	$18	$ 8,259	$123	$12,25
Other	0	0	4,471	27	4,47
Obligations of State and Political Subdivisions	570	6	0	0	57
Marketable Equity Securities	453	44	141	46	59
Total	$5,022	$68	$12,871	$196	$17,89

Note: This schedule reflects only unrealized losses without the effect of unrealized gains.

The Corporation invests in various forms of agency debt including mortgage backed securities and callable agency debt. The fair market value of these securities is influenced by market interest rates, prepayment speeds on mortgage securities, bid to offer spreads in the market place and credit premiums for various types of agency debt. These factors change continuously and therefore the market value of these securities may be higher or lower than the Corporation's carrying value at any measurement date.

The Corporation's marketable equity securities represent common stock positions in various financial institutions. The fair market value of these equities tends to fluctuate with the overall equity markets as well as the trends specific to each institution.

Non-Performing Assets

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

Past due and non-accrual:	September 30, 2007	December 31,2006
	(Dollars in Thousands)	
Days 30 - 89	$1,562	$638

Days 90 plus	180	67
Non-accrual	37	91
Total	$1,779	$796

Past due and non-accrual loans increased 123.49 percent from $796 thousand at December 31, 2006 to $1,779 thousand at September 2007. The non-performing assets expressed as a ratio to total loans was .13 percent at September 30, 2007 and .11 percent at December 31, 2006. Non-performing loans are comprised of loans which are on a non-accrual basis, accruing loans that are 90 days or more past due, and restructured loans. Non-performing assets are comprised of non-performing loans and foreclosed real estate (assets acquired in foreclosure), if applicable.

-22-

The provision for loan losses for the first nine months of 2007 was $30 thousand compared to the first nine months of 2006 at $127 thousand. Management is diligent in its efforts to maintain low delinquencies and continues to monitor and review current loans to foresee future delinquency occurrences and react to them quickly.

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	September 30,
	(Dollars in thous
(1) Three months or less	$ 2,537
(2) Over three months through 12 months	13,013
(3) Over one year through three years	28,228
(4) Over three years through five years	6,218
(5) Over five years through 15 years	17,843
(6) Over 15 years	254
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	16,062
(2) Over three months through 12 months	14,468
(3) Over one year through three years	30,880

(4) Over three years through five years	10,185
(5) Over five years through 15 years	21,513
(6) Over 15 years	264
Sub-total	161,465
Add: Non-accrual loans not included above	37
Less: Unearned income	(26)
Total Loans and Leases	$161,476

Allowance for Loan Losses

Because our loan portfolio contain 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 mortgages, Residential mortgages, Consumer loans, Municipal loans and Non real estate commercial loans.

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 all 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.

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

	For the Nine Months Ended September 30, (Dollars in thousands)	
	2007	2006
Average loans outstanding:	$160,038	$158,036

Total loans at end of period	161,476	160,294
Balance at beginning of period	$ 1,456	$1,552
Total charge-offs	(59)	(216)
Total recoveries	33	25
Net charge-offs	(26)	(191)
Provision for loan losses	30	127
Balance at end of period	$ 1,460	$ 1,488
Net charge-offs as a percent of average loans outstanding during period	.02%	.12%
Allowance for loan losses as a percent of total loans	.90%	.93%

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 are 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:

	September 30, 2007		December 31, 2006	
	Calculated Ratios	Minimum Standard Ratios	Calculated Ratios	Minimum Standard Ratios
Risk Based Ratios:				
Tier I Capital to risk-weighted assets	19.42%	4.00%	19.25%	4.00%
Total Qualifying Capital to risk-weighted assets	20.35%	8.00%	20.29%	8.00%

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

	September 30, 2007	December 31, 2006
Tier I Capital to average assets	12.61%	12.71%

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 $25.38 at September 30, 2007, compared with $24.36 per share at December 31, 2006.

Cash dividends declared amounted to $.61 per share for the nine months ended September 30, 2007, equivalent to a dividend payout ratio of 37.80 percent, compared with 39.53 percent for the same period in 2006. 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.

The following table presents information on the shares of our common stock that we repurchased during the third quarter of 2007:

CCFNB BANCORP, INC.
ISSUER PURCHASES OF EQUITY SECURITIES

PERIOD	NUMBER OF SHARES PURCHASED	PRICE PAID PER SHARE	NUMBER OF SHARES PURCHASED AS PART OF PUBLICLY ANNOUNCED PROGRAM (1)	NUMBER OF MAY YET BE UNDER THE
07/01/07 - 07/31/07	2,000	$27.00	2,000	26
08/01/07 - 08/31/07	2,000	$26.00	2,000	24
09/01/07 - 09/30/07	2,000	$27.50	2,000	22
TOTAL	6,000		6,000	

(1) This program was announced in 2003 and represents the second buy-back program. The Board of Directors approved the purchase of 100,000 shares. There is no expiration date associated with this program.

Controls and Procedures

Item 4. Controls and Procedures

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

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

The CEO and PFO have evaluated the changes to our internal controls over financial reporting that occurred during our fiscal Quarter Ended September 30, 2007, as required by paragraph (d) Rules 13a - 15 and 15d - 15 under the Securities Exchange Act of 1934, as amended, and have concluded that there were no changes that materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

PART II - OTHER INFORMATION;

Item 1. Legal Proceedings

Management and the Corporation's legal counsel are not aware of any litigation that would have a material adverse effect on the consolidated financial position of the Corporation. There are no proceedings pending other than the ordinary routine litigation incident to the business of the Corporation and its subsidiary, 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 - Nothing to report.

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

Item 5. Other Information - Nothing to report.

Item 6. Exhibits and Reports on Form 8-K - Nothing to report.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this quarterly report on Form 10-Q for the period ended September 30, 2007, to be signed on its behalf by the undersigned thereunto duly authorized.

CCFNB BANCORP, INC.
(Registrant)

By /s/ Lance O. Diehl

Lance O. Diehl
President and CEO

Date: November 13, 2007

By /s/ Virginia D. Kocher

Virginia D. Kocher
Treasurer

Date: November 13, 2007