CCFNB BANCORP INC
Form 10-Q
May 13, 2005

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, 2005

[ ] 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. 1,264,067 shares of $1.25 (par) common stock were outstanding as of April 26, 2005.

CCFNB BANCORP, INC. AND SUBSIDIARY
INDEX 10-Q
MARCH 31, 2005

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

	Unaudited March 31, 2005	Decembe 31, 200
ASSETS		
Cash and due from banks	$ 7,486	$ 5,0
Interest-bearing deposits with other banks	1,116	1,8
Federal funds sold	3,707	5,9
Investment securities available-for-sale	58,344	61,8
Loans, net of unearned income	149,815	149,9
Allowance for loan losses	1,442	1,3
Net loans	148,373	148,5
Premises and equipment, net	4,486	4,5
Cash surrender value of bank-owned life insurance	6,272	6,1
Accrued interest receivable	780	8
Other assets	1,167	6
TOTAL ASSETS	$ 231,731	$ 235,3
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Deposits:		
Non-interest bearing	$ 19,698	$ 18,6
Interest bearing	151,541	153,8
Total Deposits	171,239	172,4
Short-term borrowings	19,455	21,7
Long-term borrowings	11,320	11,3
Accrued interest and other expenses	1,299	1,2
Other liabilities	14	
TOTAL LIABILITIES	203,327	206,8

STOCKHOLDERS' EQUITY		
Common stock, par value $1.25 per share; authorized 5,000,000 shares; issued and outstanding 1,266,067 shares in 2005 and 1,267,718 shares in 2004	1,583	1,5
Surplus	3,337	3,3
Retained earnings	23,621	23,3
Accumulated other comprehensive income (loss)	(137)	2
TOTAL STOCKHOLDERS' EQUITY	28,404	28,5
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 231,731	$ 235,3

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,	
INTEREST INCOME	2005	2004
Interest and fees on loans:		
Taxable	$ 2,090	$ 2,111
Tax-exempt	110	74
Interest and dividends on investment securities:		
Taxable interest	387	379
Tax-exempt interest	96	127
Dividends	20	18
Federal funds sold	26	1
Deposits in other banks	6	10
TOTAL INTEREST INCOME	2,735	2,720
INTEREST EXPENSE		
Deposits	672	672
Short-term borrowings	114	69
Long-term borrowings	167	170
TOTAL INTEREST EXPENSE	953	911
Net interest income	1,782	1,809
Provision for loan losses	30	50
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	1,752	1,759
NON-INTEREST INCOME		
Service charges and fees	238	167

Gain on sale of loans	15	3
Bank-owned life insurance income	67	71
Trust department	36	34
Other	54	46
Investment securities gains, net	-	-
TOTAL NON-INTEREST INCOME	410	321
NON-INTEREST EXPENSE		
Salaries	552	571
Pensions and other employee benefits	204	204
Occupancy, net	116	105
Equipment	124	107
State shares tax	74	73
Professional services	86	65
Directors' fees	47	37
Stationery and supplies	32	32
Other	267	251
TOTAL NON-INTEREST EXPENSE	1,502	1,445
Income before income taxes	660	635
Income tax expense	136	126
NET INCOME	$ 524	$ 509
PER SHARE DATA		
Net income	$ 0.41	$ 0.40
Cash dividends	$ 0.18	$ 0.17
Weighted average shares outstanding	1,265,223	1,276,995

See accompanying notes to Consolidated Financial Statements.

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

OPERATING ACTIVITIES	
Net income	$
Adjustments to reconcile net income to net cash provided by operating activities:	
Provision for loan losses	
Depreciation and amortization	
Premium amortization on investment securities	
Discount accretion on investment securities	
Deferred income taxes (benefit)	
(Gain) on sale of mortgage loans	
Proceeds from sale of mortgage loans	
Originations of mortgage loans for resale	
(Gain) loss from investment in insurance agency	
(Increase) decrease in accrued interest receivable and other assets	
Net increase in cash surrender value of bank-owned life insurance	

Increase (decrease) in accrued interest, other expenses and other liabilities	--
NET CASH PROVIDED BY OPERATING ACTIVITIES	--
INVESTING ACTIVITIES	
Purchase of investment securities Available-for-Sale	
Proceeds from sales, maturities and redemptions of investment securities Available-for-Sale	
Net (increase) decrease in loans	
Purchases of premises and equipment	--
NET CASH PROVIDED BY INVESTING ACTIVITIES	--
FINANCING ACTIVITIES	
Net increase (decrease) in deposits	
Net increase (decrease) in short-term borrowings	
Net decrease in long-term borrowings	
Acquisition of treasury stock	
Proceeds from issuance of common stock	
Cash dividends paid	--
NET CASH (USED IN) FINANCING ACTIVITIES	--
(DECREASE) IN CASH AND CASH EQUIVALENTS	
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	--
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ ==
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION	
Cash paid during the year for:	
Interest	$
Income taxes	$

See accompanying notes to Consolidated Financial Statements.

CCFNB BANCORP, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2005

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 seven offices covering an area of approximately 484 square miles in North Central 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 location. 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 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. The 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 period ended March 31, 2005 and the year ended December 31, 2004, as the fair market value of each outstanding loan commitment exceeded the Bank's cost basis in each loan commitment.

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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 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 March 31, 2005 and December 31, 2004 was $190,000 and $187,000, 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 January 2004, the Financial Accounting Standards Board (FASB) issued Staff Position No. 106-1 "Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003", which allows companies to recognize or defer recognizing the effects of the Medicare Prescription Drug Improvement and Modernization Act of 2003, or Medicare Act, for annual financial statements of fiscal years ending after December 7, 2003. The Medicare Act introduced both a Medicare prescription-drug benefit and a federal subsidy to sponsors of retiree health-care plans that provide a benefit at least "actuarially equivalent" to the Medicare benefit. These provisions of the Medicare Act affect accounting measurements. This standard did not have any material impact on the Corporation's consolidated financial condition or results of operations.

In September 2004, the FASB issued Staff Position Emerging Issues Task Force ("EITF") Issue No. 03-01, "Effective Date of Paragraphs 10-20 of EITF Issue No. 03-01, The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments", which delays the effective date for the measurement and recognition guidance contained in EITF Issue No. 03-01. EITF Issue No. 03-01 provides guidance for evaluating whether an investment is other-than-temporarily impaired and was originally effective for other-than- temporarily impairment evaluations made in reporting periods beginning after June 15, 2004. The delay in the effective date for the measurement and recognition guidance contained in paragraphs 10 through 20 of EITF Issue No. 03-01 does not suspend the requirement to recognize other-than-temporary impairments as required by existing authoritative literature. The disclosure guidance in paragraphs 21 and 22 of EITF Issue No. 03-01 remains effective. The delay will be superseded concurrent with the final issuance of EITF Issue No. 03-01a, which is expected to provide implementation guidance on matters such as impairment evaluations for declines in value caused by increases in interest rates and/or sector spreads.

In December 2004, the FASB issued Statement of Financial Accounting Standards ("SFAS") No. 153, "Exchanges of Nonmonetary Assets", which amends APB Opinion No. 29, "Accounting for Nonmonetary Transactions". SFAS No. 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 No. 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 No. 153 is effective for nonmonetary exchanges occurring in fiscal periods beginning after June 15, 2005. The adoption of SFAS No. 153 is not expected to have a material impact on the Corporation's consolidated financial condition or results of operations.

In December 2004, the FASB issued SFAS No. 123 (revised 2004), "Share-Based Payment". This Statement is a revision of SFAS No. 123, "Accounting for Stock-Based Compensation", and supersedes APB Opinion No. 25, "Accounting for Stock Issued to Employees", and its related guidance. SFAS No. 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. This Statement is effective for public entities that do not file as small business issuers as of the beginning of the first interim or annual reporting period that begins after June 15, 2005. The adoption of SFAS No. 123 (revised 2004) is not expected to have a material 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, 2005 and 2004, were approximately $19,042 and $19,000, respectively.

RECLASSIFICATION

Certain amounts in the consolidated financial statements of the prior years have been reclassified to conform with presentation used in the 2005 consolidated financial statements. Such reclassifications had no effect on the Corporation's consolidated financial condition or net income.

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NOTE 2 - ALLOWANCE FOR LOAN LOSSES

Changes in the allowance for loan losses for the periods ended March 31, 2005 and March 31, 2004 were as follows:

	(Amounts in Thousands)	
	2005	2004
Balance, beginning of year	$ 1,392	$ 1,415
Provision charged to operations	30	50
Loans charged-off	(7)	(116)
Recoveries	27	16
Balance, March 31	$ 1,442	$ 1,365

At March 31, 2005 the recorded investment in loans that are considered to be impaired as defined by SFAS No. 114 was $172,000. 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, 2005, there were no significant commitments to lend additional funds with respect to non-accrual and restructured loans.

Non-accrual loans at March 31, 2005 and December 31, 2004 were $1,211,000 and $1,241,000, respectively.

Loans past due 90 days or more and still accruing interest amounted to $18,000 at March 31, 2005.

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.

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NOTE 5 - DEFERRED COMPENSATION PLANS

The Bank has entered into certain non-qualified deferred compensation agreements with certain executive officers and directors. Expense related to these non-qualified deferred compensation plans amounted to $31,000 and $28,000 for March 31, 2005 and 2004, respectively.

There were no substantial changes in other plans as disclosed in the 2004 Annual Report.

NOTE 6 - STOCKHOLDERS' EQUITY

Changes in stockholders' equity for the period ended March 31, 2005 were as follows:

(Amounts in Thousands, Except Common Sha

	Common Shares	Common Stock	Surplus	Comprehensive Income	Retained Earnings	Accu O Compr In (L
Balance at January 1, 2005	$1,267,718	$1,585	$ 3,385		$ 23,324	$
Comprehensive Income:						
Net income	-	-	-	$ 524	524	
Change in unrealized gain (loss) on investment securities available-for-sale net of reclassification adjustment and tax effects	-	-	-	(350)	-	
TOTAL COMPREHENSIVE INCOME				$ 174		
Issuance of 1,984 shares of common stock under dividend reinvestment and stock purchase plans	2,349	3	60		-	
Purchase of 4,000 shares of treasury stock	-	-	-	-	-	
Retirement of 4,000 shares of treasury stock	(4,000)	(5)	(108)		-	
Cash dividends $.41 per share	-	-	-		(227)	

Balance at March 31, 2005	1,266,067	$1,583	$ 3,337	$ 23,621	$
	==========	======	=======	========	=

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.

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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, 2005 and December 31, 2004 were as follows:

	(Amounts in Thousands)	
	March 31, 2005	December 31, 2004
Financial instruments whose contract amounts represent credit risk:		
Commitments to extend credit	$ 15,738	$ 13,829
Financial standby letters of credit	1,692	1,742
Performance standby letters of credit	846	846
Dealer floor plans	1,111	852

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

Standby letters of credit and commercial letters of credit are conditional commitments issued by the Corporation to guarantee payment to a third party. 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, 2005, 81.9% 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 - SUBSEQUENT EVENT

In April 2005 the Corporation entered into an agreement to purchase a vacant branch bank facility located in Berwick, Pennsylvania. The cost of the property to be acquired is $550,000 and it is anticipated that an additional expenditure of approximately $250,000 will be required for renovations and equipment to make the facility operational.

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NOTE 9 - 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, 2005, 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, 2004, filed with the Securities and Exchange Commission.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have reviewed the accompanying consolidated balance sheet of CCFNB Bancorp, Inc. and Subsidiary as of March 31, 2005, and the related consolidated statements of income and cash flows for the three month periods ended March 31, 2005 and 2004. 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 standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of CCFNB Bancorp, Inc. and Subsidiary as of December 31, 2004, 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 January 14, 2005, 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, 2004, 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, 2005

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CCFNB BANCORP, INC.
FORM 10-Q
FOR THE QUARTER ENDED MARCH 2005

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 Years Ended D		
	2005	2004	2004	2003	2002
Income and Expense:					
Interest income	$ 2,735	$ 2,720	$ 10,843	$ 11,221	$ 12,780
Interest expense	953	911	3,669	4,366	5,741
Net interest income	1,782	1,809	7,174	6,855	7,039
Loan loss provision	30	50	140	200	309
Net interest income after loan loss Provision	1,752	1,759	7,034	6,655	6,730
Non-interest income	410	321	1,530	1,508	1,210
Non-interest expense	1,502	1,445	5,746	5,409	5,479

Income before income taxes	660	635	2,818	2,754	2,461	
Income taxes	136	126	601	591	539	
Net income	$ 524	$ 509	$ 2,217	$ 2,163	$ 1,922	$
Per Share: 1)						
Net income	$ .41	$ .40	$ 1.74	$ 1.69	$ 1.47	$
Cash dividends paid	.18	.17	.70	.66	.63	
Average shares outstanding	1,265,223	1,276,995	1,267,718	1,281,265	1,309,084	
Average Balance Sheet:						
Loans	$ 149,617	$ 147,015	$ 147,348	$ 149,485	$ 147,545	$
Investments	62,009	61,934	61,999	58,152	54,197	
Other earning assets	5,491	5,165	5,705	8,036	5,309	
Total assets	232,557	230,103	231,477	230,975	223,476	
Deposits	171,641	170,817	154,840	171,956	150,883	
Other interest-bearing liabilities	31,399	30,232	29,823	29,772	29,356	
Stockholders' equity	28,222	27,832	28,136	27,223	26,615	
Balance Sheet Data:						
Loans	$ 149,815	$ 146,400	$ 149,900	$ 147,631	$ 151,338	$
Investments	58,344	61,093	61,834	62,775	53,528	
Other earning assets	4,823	4,327	11,012	6,882	10,068	
Total assets	231,731	227,291	235,377	232,914	229,032	
Deposits	171,239	169,847	172,487	171,786	172,127	
Other interest-bearing liabilities	30,775	28,139	33,080	32,325	28,621	
Stockholders' equity	28,404	28,061	28,506	27,603	26,840	
Ratios: (2)						
Return on average assets	.90%	.88%	.96%	.94%	.86%	
Return on average equity	7.43%	7.32%	7.88%	7.95%	7.22%	
Dividend payout ratio	43.32%	42.63%	40.19%	39.02%	42.86%	
Average equity to average assets ratio	12.14%	12.10%	12.17%	11.79%	11.77%	

(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, 2005 and 2004 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, 2005 was $524 thousand or $.41 per basic and diluted share. These results compare with net income of $509 thousand, or $.40 per basic and diluted share for the same period in 2004. Annualized return on average equity increased to 7.43 percent from 7.32 percent, while the annualized return on average assets increased to .90 percent from .88 percent, for the three months ended March 31, 2005 and 2004 respectively.

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Net interest income continues to be the largest source of our operating income. Net interest income on a tax equivalent basis remained at $1.9 million at March 31, 2005, compared with March 31, 2004. Overall, interest earning assets yielded 5.23 percent for the quarter ended March 31, 2005 compared to 5.28 percent yield for the quarter ended March 31, 2004. The tax equivalized interest margin decreased to 3.48 percent for the three months ended March 31, 2005 compared to 3.57 percent for the three months ended March 31, 2004.

Average interest earning assets increased $3 million or 1.4 percent for the three months ended March 31, 2005 over the same period in 2004. Average loans increased $2.6 million or 1.8 percent, average investments remained at $62.0 million and average federal funds sold and interest-bearing deposits with other financial institutions increased .3 million or 5.8 percent from $5.2 million at March 31, 2004 to $5.5 million at March 31, 2005.

Average interest bearing liabilities for the three months ended March 31, 2005 were $184.5 million and for the three month period ending March 31, 2004 were $184.8 . Average short-term borrowings were $18.9 million at March 31, 2004 and $20.1 million at March 31, 2005, an increase of 6.3 percent. Long-term debt, which includes primarily FHLB advances, was $11.3 million at March 31, 2004 and 2005. Average demand deposits increased $2.3 million from 2004 balances.

The average interest rate for loans decreased 8 basis points to 6.03 percent at March 31, 2005 compared to 6.11 percent March 31, 2004. Interest-bearing deposits with other Financial Institutions interest rates increased 112 basis points to 2.07 percent from .95 percent at March 31, 2004 Average rates on interest bearing deposits increased by 2 basis points from 1.74 percent to 1.76 percent in one year. Average interest rates also increased on total interest bearing liabilities by 10 basis points to 2.07 percent from 1.97 percent. The reason for these increases on interest bearing liabilities was primarily attributed to the interest rates on all deposit liabilities and the tied-to-prime interest rates paid on repurchase agreements. The tax equivalized net interest margin decreased to 3.48 percent for the three months ended March 31, 2005 from 3.57 percent for the three months ended March 31, 2004. The cost of long-term debt averaged 5.97 percent for the past several years which contributed to the declining 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 5.97 percent 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 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 remained at $1.8 million for the three months ended March 31, 2005 and 2004.

The following table reflects the components of net interest income for each of the three months ended March 31, 2005 and 2004.

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, 2005				
	Average Balance	Interest Income / Expense	Average Yield / Rate	Average Balance	Intere Income Expens
	(1)	(2)		(1)	(2)
ASSETS:					
Interest-bearing deposits with other financial institutions	$ 1,157	$ 6	2.07%	$ 4,203	$
Investment securities (3)	62,009	503	3.56%	61,934	5
Federal funds sold	4,334	26	2.40%	962	
Loans	149,617	2,200	6.03%	147,015	2,1
Total interest earning assets	$ 217,117	$ 2,735	5.23%	$ 214,114	$ 2,7
Reserve for loan losses	(1,408)			(1,390)	
Cash and due from banks	5,419			5,636	
Other assets	11,129			11,743	
Total assets	$ 232,557			$ 230,103	
LIABILITIES AND CAPITAL:					
Interest bearing deposits	$ 153,116	$ 672	1.76%	$ 154,607	$ 6
Short-term borrowings	20,078	114	2.28%	18,898	
Long-term borrowings	11,321	167	5.90%	11,334	1
Total interest-bearing liabilities	$ 184,515	$ 953	2.07%	$ 184,839	$ 9
Demand deposits	$ 18,525			$ 16,210	
Other liabilities	1,295			1,222	
Stockholders' equity	28,222			27,832	
Total liabilities and capital	$ 232,557			$ 230,103	
NET INTEREST INCOME / NET INTEREST MARGIN (4)		$ 1,782	3.28%		$ 1,8
TAX EQUIVALENT NET INTEREST INCOME / NET INTEREST MARGIN (5)		$ 1,888	3.48%		$ 1,9

(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 2005 and 2004.

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, Compared with 2004 Increase (Decrease)(2)	
	Volume	Rate
	(In thousands)	
Interest income:		
Loans (1)	159	(118)
Investments (1)	3	111
Federal funds sold and other short-term investments	3	76
Interest expense:		
Deposits	(26)	31
Short-term borrowings	17	155
Long term debt	(1)	(11)
Net Interest Income:	175	(106)

(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 March 31, 2005 was $149.8 million compared to $149.9 million at December 31, 2004.

Income from investment securities declined $21 thousand at $503 thousand for the three months ended March 31, 2005 compared to $524 thousand at March 31, 2004. The average balance of investment securities for the three months ended March 31, 2005 and March 31, 2004 remained at 62.0 million.

Total interest expense increased $42 thousand or 4.6 percent for the first three months of 2005 as compared to the first three months of 2004. The average yield on interest earning assets decreased from 5.28 percent to 5.23 percent through

March 2004 and 2005, respectively.

NON-INTEREST INCOME

The following table presents the components of non-interest income for the three months ended March 31, 2005 and 2004:

	Three Months Ended March 31, (In thousands)	
	2005	2004
Service charges and fees	$238	$167
Trust Department income	36	34
Investment securities gain - net	0	0
Gain on sale of loans	15	3
Gain on sale of Other Real Estate Owned	0	3
Gain on Cash Surrender Value of BOLI	67	71
Third party brokerage income	27	23
Other	27	20
Total	$410	$321

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, 2005, total non-interest income increased $89 thousand to $410 thousand or 27.7 percent, compared to $321 thousand for the three month period ended March 31, 2004. Service charges and fees increased $71 thousand from $167 thousand at March 31, 2004 to $238 thousand or 42.5 percent at March 31, 2005. This increase is mainly attributable to the introduction of "Overdraft Privilege" program in 2004. Trust Department income increased from $34 thousand at March 31, 2004 to $36 thousand or 5.9 percent at March 31, 2005. Third party brokerage income reflected a $4 thousand increase or 17.4 percent comparing March 31, 2004 to March 31, 2005. By selling fixed rate mortgages through the MPF and PHFA programs we increased our gain on sale of loans from $3 thousand through March 2004 to $15 thousand through March 2005. The MPF 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, 2005 balance sheet and income statement. Other non-interest income increased $7 thousand from $20 thousand at March 31, 2004 to $27 thousand at March 31, 2005.

NON-INTEREST EXPENSE

The following table presents the components of non-interest expense for the three months ended March 31, 2004 and 2005:

	Three Months Ended March 31,	
	2005	2004

	(Dollars in Thousands)	
Salaries and wages	$ 552	$ 571
Employee benefits	204	204
Net occupancy expense	116	105
Furniture and equipment expense	124	107
State shares tax	74	73
Professional Services	86	65
Director Fees	47	37
Stationery and Supplies	32	32
Other expense	267	251
Total	$1,502	$1,445

Non-interest expense increased from $1.4 million at March 31, 2004 to $1.5 million at March 31, 2005.

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 3.3 percent at March 31, 2005 compared to March 31, 2004. Employee benefits remained at $204 thousand at March 31, 2004 and 2005.

Occupancy expense increased 10.5 percent. Furniture and equipment expense reflects a $17 thousand or 15.9 percent increase for the first three months of 2005 compared to the first three months of 2004. New computer hardware is replacing fully depreciated hardware and recognition of depreciation on this new equipment will have the effect of increased expense going forward.

Pennsylvania Bank Shares Tax increased 1.4 percent from $73 thousand at March 31, 2004 compared to $74 thousand at March 31, 2005.

Other expenses increased $16 thousand or 6.4 percent from $251 thousand at March 31, 2004 to $267 thousand at March 31, 2005.

INCOME TAXES

Income tax expense as a percentage of pre-tax income was 20.6 percent for the three months ended March 31, 2005 compared with 19.8 percent for the same period in 2004. The effective tax rate for 2005 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 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 March 31, 2005, we had $58.3 million of securities available for sale recorded at their fair value, compared with $61.8 million at December 31, 2004. As of March 31, 2005, the investment securities available for sale had an unrealized loss of $137 thousand, net of deferred taxes, compared with an unrealized gain of $213 thousand, net of deferred taxes, at December 31, 2004. 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.

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 March 31, 2005:

	Less than 12 months		12 months or more		
Description of Security	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair V
Obligations of U.S. Government Corporations and Agencies:					
Mortgage backed	$12,135,568	$133,617	$ 9,787,163	$203,433	$21,92
Other	12,071,676	178,324	4,854,375	145,625	16,92
Obligations of state and political Subdivisions	670,547	12,122	0	0	67
Marketable Equity Securities	69,721	603	32,674	11,516	10
TOTAL	$24,947,512	$324,666	$14,674,212	$360,574	$39,62

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 Corporations 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.

The Corporation has both the intent and ability to hold the securities contained in the previous table for a time necessary to recover the cost.

Non-Performing Assets

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

	(Dollars in thousands) March 31, 2005	December 31, 2004
Past due and non-accrual:		
Days 30 - 89	$ 686	$ 492
Days 90 plus	18	20
Non-accrual	1,211	1,241
Total	$1,915	$1,753

Past due and non-accrual loans increased 9.2 percent from $1.8 million at December 31, 2004 to $1.9 million at March 31, 2005. The loan delinquency expressed as a ratio to total loans was 1.3 percent at March 31, 2005 and 1.2 percent at December 31, 2004.

The provision for loan losses for the first quarter of 2005 was $30 thousand compared to first quarter of 2004 at $50 thousand 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.

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.

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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

(Dollars in Thousands) March 31, 2005

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	$ 3,376
(2) Over three months through 12 months	12,674
(3) Over one year through three years	27,659
(4) Over three years through five years	7,321
(5) Over five years through 15 years	17,505
(6) Over 15 years	335
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	22,901
(2) Over three months through 12 months	10,074
(3) Over one year through three years	19,559
(4) Over three years through five years	15,196
(5) Over five years through 15 years	11,380
(6) Over 15 years	669
Sub-total	$148,649
Add: Non-accrual loans not included above	1,211
Less: Unearned income	(45)
Total Loans and Leases	$149,815

ALLOWANCE FOR LOAN LOSSES

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 Months Ending March 31, 2005	2004
Average loans outstanding:	$ 149,716	$ 147,015
Total loans at end of period	149,815	146,400
Balance at beginning of period	1,392	1,415
Total charge-offs	(7)	(116)
Total recoveries	27	16
Net charge-offs	20	(100)
Provision for loan losses	30	50
Balance at end of period	$ 1,442	$ 1,365
Net charge-offs as a percent of average loans outstanding during period	.01%	.01%
Allowance for loan losses as a percent of total loans	.96%	.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.

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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, 2005	December 31, 2004

	Calculated Ratios	Minimum Standard Ratios	Calculated Ratios	Minimum Standard Ratios
Risk Based Ratios:				
Tier I Capital to risk-weighted assets	19.79%	4.00%	19.27%	4.00%
Total Qualifying Capital to risk-weighted assets	20.86%	8.00%	20.31%	8.00%

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

	March 31, 2005	December 31, 2004
Tier I Capital to average assets	12.27%	12.17%

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 $22.44 at March 31, 2005, compared with $22.49 per share at December 31, 2004.

Cash dividends declared amounted to $.18 per share, for the three months ended March 31, 2005, equivalent to a dividend payout ratio of 43.32 percent, compared with 42.63 percent for the same period in 2004. 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.

CONTROLS AND PROCEDURES

Evaluation of Our Disclosure Controls and Internal Controls. Within the 90-day period prior to the date of this report on Form 10-K, we evaluated the effectiveness of the design and operation of our "disclosure controls and procedures" (Disclosure Controls), and our "internal controls and procedures for financial reporting" (Internal Controls). This evaluation (the Controls Evaluation) was done under the supervision and with the participation of management, including our Chief Executive Officer (CEO) and Chief Financial Officer (Treasurer). Rules adopted by the SEC require that, in this section of this report, we present the conclusions of the CEO and the Treasurer about the effectiveness of our Disclosure Controls and Internal Controls based on and as of the date of the Controls Evaluation.

CEO and CFO Certifications. Appearing at Exhibits 31.1, 31.2, 32.1 and 32.2 of this report are two separate forms of "Certifications" for each of the CEO and the Treasurer. This section of this report which you are currently reading is the information concerning the Controls Evaluation referred to in the Section 302 Certification and this information should be read in conjunction with the Section 302 Certification for a more complete understanding of the topics presented.

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

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

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

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

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

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

In accord with SEC requirements, the CEO and Treasurer note that, since the date of the Controls Evaluation (Evaluation Date) to the date of this Annual Report, there have been no significant changes in Internal Controls or in other factors that could significantly affect Internal Controls, including any corrective actions with regard to significant deficiencies and material weaknesses.

Conclusions. Based upon the Controls Evaluation, our CEO and Treasurer have concluded that, subject to the limitations noted above, our Disclosure Controls are effective to ensure that material information relating to CCFNB Bancorp, Inc. and its consolidated subsidiaries is made known to management, including the CEO and Treasurer, particularly during the period when our Exchange Act periodic reports are being prepared, and that our Internal Controls are effective to provide reasonable assurance that our financial statements are fairly presented in conformity with generally accepted accounting principles.

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 report 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: May 10, 2005

By: /s/ Virginia D. Kocher

Virginia D. Kocher
Treasurer

Date: May 10, 2005