

CITIZENS & NORTHERN CORP
Form 10-Q
November 07, 2011

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2011
or

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

For the transition period from _____ to _____.

Commission file number: 000-16084

CITIZENS & NORTHERN CORPORATION

(Exact name of Registrant as specified in its charter)

PENNSYLVANIA
(State or other jurisdiction of
incorporation or organization)

23-2451943
(I.R.S. Employer
Identification No.)

90-92 MAIN STREET, WELLSBORO, PA 16901
(Address of principal executive offices) (Zip code)
570-724-3411

(Registrant's telephone number including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

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Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

Common Stock (\$1.00 par value)

12,138,191 Shares Outstanding on November 3, 2011

CITIZENS & NORTHERN CORPORATION
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PART 1 - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET (Unaudited)

(In Thousands Except Share Data)

September 30, December 31,
2011 2010**ASSETS**

Cash and due from banks:

Noninterest-bearing	\$ 20,608	\$ 16,840
Interest-bearing	35,146	29,461
Total cash and cash equivalents	55,754	46,301
Available-for-sale securities, at fair value	472,113	443,956
Loans held for sale	1,218	5,247
Loans receivable	705,879	730,411
Allowance for loan losses	(8,177)	(9,107)
Loans, net	697,702	721,304
Bank-owned life insurance	20,761	21,822
Accrued interest receivable	5,144	4,960
Bank premises and equipment, net	19,372	22,636
Foreclosed assets held for sale	1,596	537
Deferred tax asset, net	7,927	16,054
Intangible asset - Core deposit intangibles	240	326
Intangible asset - Goodwill	11,942	11,942
Other assets	18,285	21,503
TOTAL ASSETS	\$ 1,312,054	\$ 1,316,588

LIABILITIES

Deposits:

Noninterest-bearing	\$ 177,326	\$ 158,767
Interest-bearing	818,404	845,581
Total deposits	995,730	1,004,348
Short-term borrowings	19,234	18,413
Long-term borrowings	128,024	148,495
Accrued interest and other liabilities	7,856	6,388
TOTAL LIABILITIES	1,150,844	1,177,644

STOCKHOLDERS' EQUITY

Preferred stock, \$1,000 par value; authorized 30,000 shares; \$1,000 liquidation preference per share; no shares issued at September 30, 2011 and December 31, 2010	0	0
Common stock, par value \$1.00 per share; authorized 20,000,000 shares in 2011 and 2010; issued 12,447,219 at September 30, 2011 and 12,408,212 at December 31, 2010	12,447	12,408
Paid-in capital	67,322	66,648
Retained earnings	78,085	65,920
Treasury stock, at cost; 306,589 shares at September 30, 2011 and 254,614 shares at December 31, 2010	(5,128)	(4,431)
Sub-total	152,726	140,545
Accumulated other comprehensive income (loss):		
Unrealized gains (losses) on available-for-sale securities	8,787	(1,351)

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Defined benefit plans	(303)	(250)
Total accumulated other comprehensive income (loss)	8,484	(1,601)
TOTAL STOCKHOLDERS' EQUITY	161,210	138,944
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	\$ 1,312,054	\$ 1,316,588

The accompanying notes are an integral part of these unaudited consolidated financial statements.

CONSOLIDATED STATEMENT OF OPERATIONS
(In Thousands, Except Per Share Data) (Unaudited)

	3 Months Ended		Fiscal Year To Date	
	Sept. 30, 2011 (Current)	Sept. 30, 2010 (Prior Year)	9 Months Ended 2011 (Current)	Sept. 30, 2010 (Prior Year)
INTEREST INCOME				
Interest and fees on loans	\$10,799	\$11,153	\$32,521	\$33,112
Interest on balances with depository institutions	13	26	45	102
Interest on loans to political subdivisions	372	395	1,119	1,192
Interest on trading securities	0	0	0	1
Income from available-for-sale and held-to-maturity securities:				