

Edgar Filing: FIRST KEYSTONE CORP - Form 10-Q

FIRST KEYSTONE CORP  
Form 10-Q  
August 08, 2007

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10Q

Quarterly Report Pursuant to Section 13 OR 15(d) of the Securities  
Exchange Act of 1934

For the quarterly period ended June 30, 2007

Commission File Number: 2-88927

FIRST KEYSTONE CORPORATION  
(Exact name of registrant as specified in its charter)

Pennsylvania  
(State or other jurisdiction of  
incorporation or organization)

23-2249083  
(I.R.S. Employer  
identification No.)

111 West Front Street, Berwick, PA  
(Address of principal executive offices)

18603  
(Zip Code)

Registrant's telephone number, including area code: (570) 752-3671

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    X    No

Indicate the number of shares outstanding of each of the  
issuer's classes of common stock, as of the latest practical date:

Common Stock, \$2 Par Value, 4,518,873 shares as of August 3, 2007.

PART I. - FINANCIAL INFORMATION

ITEM. 1 Financial Statements

FIRST KEYSTONE CORPORATION AND SUBSIDIARY  
CONSOLIDATED BALANCE SHEETS

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(Amounts in thousands, except per share data)

	June 2007 (Unaudited)	December 2006
<b>ASSETS</b>		
Cash and due from banks	\$ 6,875	\$ 5,881
Interest-bearing deposits in other banks	20	4,307
Investment securities available- for-sale carried at estimated fair value	243,375	237,009
Investment securities, held-to- maturity securities, estimated fair value of \$4,477 and \$6,908	4,545	6,929
Loans, net of unearned income	254,978	251,757
Allowance for loan losses	(3,753)	(3,671)
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Net loans	\$251,225	\$248,086
Premises and equipment - Net	4,996	5,016
Accrued interest receivable	2,835	2,686
Cash surrender value of bank owned life insurance	13,202	11,942
Goodwill	1,224	1,224
Other assets	6,263	2,840
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<b>TOTAL ASSETS</b>	<b>\$534,560</b>	<b>\$525,920</b>
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<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>LIABILITIES</b>		
Deposits		
Non-interest bearing	\$ 42,600	\$ 41,361
Interest bearing	354,880	342,659
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<b>TOTAL DEPOSITS</b>	<b>\$397,480</b>	<b>\$384,020</b>
Short-term borrowings	31,808	28,179
Long-term borrowings	52,035	57,535
Accrued interest and other expenses	2,862	2,581
Other liabilities	102	218
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<b>TOTAL LIABILITIES</b>	<b>\$484,287</b>	<b>\$472,533</b>
<b>STOCKHOLDERS' EQUITY</b>		
Common stock, par value \$2 per share	\$ 9,511	\$ 9,511
Surplus	16,119	16,119
Retained earnings	34,623	33,793
Accumulated other comprehensive income (loss)	(3,925)	(126)
Less treasury stock at cost 236,691 shares in 2007 and 228,900 shares in 2006	(6,055)	(5,910)
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<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>\$ 50,273</b>	<b>\$ 53,387</b>
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<b>TOTAL LIABILITIES AND     STOCKHOLDERS' EQUITY</b>	<b>\$534,560</b>	<b>\$525,920</b>
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See Accompanying Notes to Consolidated Financial Statements

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## FIRST KEYSTONE CORPORATION AND SUBSIDIARY CONSOLIDATED STATEMENTS OF INCOME FOR THE THREE MONTHS ENDED JUNE 30, 2007 AND 2006 (Unaudited)

(Amounts in thousands except per share data)

	2007	2006
<b>INTEREST INCOME</b>		
Interest and fees on loans	\$4,385	\$4,073
Interest and dividend income		
on securities	3,111	2,977
Deposits in banks	54	1
Total interest income	\$7,550	\$7,051
<b>INTEREST EXPENSE</b>		
Deposits	\$3,311	\$2,681
Short-term borrowings	179	221
Long-term borrowings	685	724
Total interest expense	\$4,175	\$3,626
Net interest income	\$3,375	\$3,425
Provision for loan losses	75	200
Net interest income after provision for loan losses	\$3,300	\$3,225
<b>NON-INTEREST INCOME</b>		
Trust department	\$ 166	\$ 132
Service charges and fees	501	517
Bank owned life insurance income	136	114
Gain on sale of loans	13	1
Investment securities gains		
(losses) - net	141	98
Other	85	39
Total non-interest income	\$1,042	\$ 901
<b>NON-INTEREST EXPENSE</b>		
Salaries and employee benefits	\$1,288	\$1,306
Occupancy, net	163	151
Furniture and equipment	182	189
Professional services	173	98

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State shares tax	138	130
Other	725	549
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Total non-interest expenses	\$2,669	\$2,423
	<u>          </u>	<u>          </u>
Income before income taxes	\$1,673	\$1,703
Income tax expense	289	244
	<u>          </u>	<u>          </u>
Net Income	\$1,384	\$1,459
	<u>          </u>	<u>          </u>
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PER SHARE DATA

Net Income Per Share: