

Edgar Filing: FIRST KEYSTONE CORP - Form 10-Q

FIRST KEYSTONE CORP  
Form 10-Q  
May 10, 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 March 31, 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 May 7, 2007.

PART I. - FINANCIAL INFORMATION

Item. 1 Financial Statements

FIRST KEYSTONE CORPORATION AND SUBSIDIARY  
CONSOLIDATED BALANCE SHEETS

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(Amounts in thousands)

	March 2007 (Unaudited)	December 2006
<b>ASSETS</b>		
Cash and due from banks	\$ 7,652	\$ 5,881
Interest-bearing deposits in other banks	735	4,307
Investment securities available for sale carried at estimated fair value	237,568	237,009
Investment securities, held to maturity securities, estimated fair value of \$4,920 and \$6,908	4,926	6,929
Loans, net of unearned income	252,487	251,757
Allowance for loan losses	(3,715)	(3,671)
	<hr/>	<hr/>
Net loans	\$248,772	\$248,086
Premises and equipment - Net	4,993	5,016
Accrued interest receivable	2,888	2,686
Cash surrender value of bank owned life insurance	12,066	11,942
Goodwill	1,224	1,224
Other assets	2,976	2,840
	<hr/>	<hr/>
<b>TOTAL ASSETS</b>	<b>\$523,800</b>	<b>\$525,920</b>
	=====	=====
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>LIABILITIES</b>		
Deposits		
Non-interest bearing	\$ 44,512	\$ 41,361
Interest bearing	348,134	342,659
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<b>TOTAL DEPOSITS</b>	<b>\$392,646</b>	<b>\$384,020</b>
Short-term borrowings	16,244	28,179
Long-term borrowings	57,535	57,535
Accrued interest and other expenses	2,876	2,581
Other liabilities	87	218
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<b>TOTAL LIABILITIES</b>	<b>\$469,388</b>	<b>\$472,533</b>
	<hr/>	<hr/>
<b>STOCKHOLDERS' EQUITY</b>		
Common stock, par value \$2 per share	\$ 9,511	\$ 9,511
Surplus	16,119	16,119
Retained earnings	34,231	33,793
Accumulated other comprehensive income (loss)	605	(126)
Less treasury stock at cost 236,691 shares in 2007 and 228,900 shares in 2006	(6,054)	(5,910)
	<hr/>	<hr/>
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>\$ 54,412</b>	<b>\$ 53,387</b>
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<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$523,800</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 March 31, 2007 AND 2006  
(Unaudited)

(Amounts in thousands except per share data)

	2007	2006
<b>INTEREST INCOME</b>		
Interest and fees on loans	\$4,305	\$3,875
Interest and dividend income		
on securities	3,094	2,979
Deposits in banks	8	4
Total interest income	\$7,407	\$6,858
<b>INTEREST EXPENSE</b>		
Deposits	\$3,164	\$2,396
Short-term borrowings	231	213
Long-term borrowings	691	734
Total interest expense	\$4,086	\$3,343
Net interest income	\$3,321	\$3,515
Provision for loan losses	50	100
Net interest income after provision for loan losses	\$3,271	\$3,415
<b>NON-INTEREST INCOME</b>		
Trust department	\$ 140	\$ 131
Service charges and fees	470	484
Bank owned life insurance income	124	112
Gain on sale of loans	34	2
Investment securities gains (losses) - net	126	97
Other	59	41
Total non-interest income	\$ 953	\$ 867
<b>NON-INTEREST EXPENSE</b>		
Salaries and employee benefits	\$1,357	\$1,370
Occupancy, net	178	147
Furniture and equipment	180	185
Professional services	99	85
State shares tax	135	128
Other	542	517

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Total non-interest expenses	\$2,491	\$2,432
	<u>          </u>	<u>          </u>
Income before income taxes	\$1,733	\$1,850
Income tax expense	299	284
	<u>          </u>	<u>          </u>
Net Income	\$1,434	\$1,566
	<u>          </u>	<u>          </u>
	=====	=====
PER SHARE DATA		
Net Income Per Share:		