

FIRST NATIONAL COMMUNITY BANCORP INC  
Form 10-Q  
November 14, 2012  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

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**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, 2012

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 No. 000-53869

# FIRST NATIONAL COMMUNITY BANCORP, INC.

(Exact Name of Registrant as Specified in Its Charter)

**Pennsylvania**  
(State or Other Jurisdiction  
of Incorporation or Organization)  
**102 E. Drinker St., Dunmore, PA**  
(Address of Principal Executive Offices)

**23-2900790**  
(I.R.S. Employer  
Identification No.)  
**18512**  
(Zip Code)

Registrant's telephone number, including area code **(570) 346-7667**

(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

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 o

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 x NO o

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 the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer o

Accelerated Filer o

Non-Accelerated Filer x

Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No x

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

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**Common Stock, \$1.25 par value**  
(Title of Class)

**16,442,119 shares**  
(Outstanding at November 9, 2012)

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Table of Contents**PART I Financial Information****Item 1. Financial Statements.****FIRST NATIONAL COMMUNITY BANCORP, INC. AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION****(unaudited)**

<b>(in thousands, except share data)</b>	<b>September 30, 2012</b>	<b>December 31, 2011</b>
<b>Assets</b>		
Cash and cash equivalents:		
Cash and due from banks	\$ 22,918	\$ 18,956
Interest-bearing deposits in other banks	75,895	149,690
Total cash and cash equivalents	98,813	168,646
Securities		
Available-for-sale, at fair value	211,389	185,475
Held-to-maturity, at amortized cost (fair value \$2,469 and \$2,245)	2,172	2,094
Stock in Federal Home Loan Bank of Pittsburgh, at cost	6,854	8,399
Loans held for sale, at amortized cost	416	94
Loans, net of allowance for loan and lease losses of \$20,527 and \$20,834	611,545	659,044
Bank premises and equipment, net	19,267	18,846
Accrued interest receivable	2,877	2,552
Refundable federal income taxes	11,688	11,612
Intangible assets	674	797
Bank-owned life insurance	27,292	26,769
Other real estate owned	5,072	6,958
Other assets	16,124	11,353
<b>Total Assets</b>	<b>\$ 1,014,183</b>	<b>\$ 1,102,639</b>
<b>Liabilities</b>		
Deposits:		
Demand	\$ 133,952	\$ 124,733
Interest-bearing demand	311,311	336,182
Savings	84,365	87,712
Time (\$100,000 and over)	148,673	199,790
Other time	178,133	208,719
Total deposits	856,434	957,136
Borrowed funds:		
FHLB advances	32,621	48,261
Subordinated debentures	25,000	25,000
Junior subordinated debentures	10,310	10,310
Total borrowed funds	67,931	83,571
Accrued interest payable	5,861	4,301
Other liabilities	44,608	17,706
Total liabilities	974,834	1,062,714

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**Shareholders Equity**

Common Shares (\$1.25 par)			
Authorized: 50,000,000 shares as of September 30, 2012 and December 31, 2011			
Issued and outstanding: 16,442,119 shares as of September 30, 2012 and December 31, 2011		20,552	20,552
Additional paid-in capital		61,557	61,557
Accumulated deficit		(46,870)	(38,217)
Accumulated other comprehensive income (loss)			
Unrealized holding gain on available-for-sale securities, net of taxes		6,882	497
Unrealized non-credit holding loss on OTTI available-for-sale securities, net		(2,772)	(4,464)
Total accumulated other comprehensive income (loss), net of taxes		4,110	(3,967)
Total shareholders equity		39,349	39,925
<b>Total Liabilities and Shareholders Equity</b>	<b>\$</b>	<b>1,014,183</b>	<b>\$ 1,102,639</b>

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

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## FIRST NATIONAL COMMUNITY BANCORP, INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF OPERATIONS

(unaudited)

(in thousands, except share data)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
<b>Interest income</b>				
Interest and fees on loans	\$ 7,148	\$ 8,360	\$ 22,466	\$ 26,396
<b>Interest and dividends on securities</b>				
Government agencies	289	743	994	2,492
State and political subdivisions, tax-free	985	1,262	2,948	4,078
State and political subdivisions, taxable	117	12	366	38
Other securities	403	72	1,236	174
Total interest and dividends on securities	1,794	2,089	5,544	6,782
<b>Interest on interest-bearing deposits and federal funds sold</b>				
	43	34	143	96
Total interest income	8,985	10,483	28,153	33,274
<b>Interest expense</b>				
<b>Deposits</b>				
Interest-bearing demand	172	232	512	1,383
Savings	41	60	131	242
Time (\$100,000 and over)	345	375	1,145	1,737
Other time	711	1,253	2,390	3,661
Total interest on deposits	1,269	1,920	4,178	7,023
<b>Interest on borrowed funds</b>				
Interest on FHLB advances	307	513	1,061	2,179
Interest on subordinated debentures	574	575	1,712	1,706
Interest on junior subordinated debentures	56	51	171	153
Total interest on borrowed funds	937	1,139	2,944	4,038
Total interest expense	2,206	3,059	7,122	11,061
<b>Net interest income before provision for loan and lease losses</b>				
	6,779	7,424	21,031	22,213
Provision (credit) for loan and lease losses	3,792	(462)	3,376	2,047
<b>Net interest income after provision for loan and lease losses</b>				
	2,987	7,886	17,655	20,166
<b>Non-interest income</b>				
Service charges	740	803	2,233	2,313
Net gain on the sale of securities	88	926	96	3,228
<b>Gross other-than-temporary impairment ( OTTI ) gains</b>				
	2,345	639	2,565	430
Portion of gain recognized in OCI (before taxes)	(2,345)	(639)	(2,661)	(779)
<b>Other-than-temporary-impairment losses recognized in earnings</b>				
			(96)	(349)
Net gain on the sale of loans held for sale	249	142	739	440
Net gain (loss) on the sale of other real estate owned	106	(31)	260	2,536

<b>Net gain on the sale of bank premises and equipment</b>				<b>20</b>
<b>Loan-related fees</b>	<b>115</b>	<b>122</b>	<b>364</b>	<b>481</b>
<b>Income from bank owned life insurance</b>	<b>171</b>	<b>200</b>	<b>523</b>	<b>595</b>
<b>Other</b>	<b>190</b>	<b>178</b>	<b>534</b>	