

FIDELITY D & D BANCORP INC
Form 10-Q
May 13, 2013

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended March 31, 2013

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: 333-90273

FIDELITY D & D BANCORP, INC.

STATE OF INCORPORATION: IRS EMPLOYER IDENTIFICATION NO:

PENNSYLVANIA

23-3017653

Address of principal executive offices:

BLAKELY & DRINKER ST.

DUNMORE, PENNSYLVANIA 18512

TELEPHONE:

570-342-8281

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 subjected to such filing requirements for the past 90 days. x 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). x 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 the definitions 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 x

(Do not check if a 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 x NO

The number of outstanding shares of Common Stock of Fidelity D & D Bancorp, Inc. on April 30, 2013, the latest practicable date, was 2,342,635 shares.

FIDELITY D & D BANCORP, INC.

Form 10-Q March 31, 2013

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PART I – Financial Information**Item 1: Financial Statements****Fidelity D & D Bancorp, Inc. and Subsidiary**

Consolidated Balance Sheets

(Unaudited)

(dollars in thousands)	March 31, 2013	December 31, 2012
Assets:		
Cash and due from banks	\$ 9,042	\$ 12,657
Interest-bearing deposits with financial institutions	11,688	9,189
Total cash and cash equivalents	20,730	21,846
Available-for-sale securities	99,223	100,441
Held-to-maturity securities	273	289
Federal Home Loan Bank stock	2,238	2,624
Loans and leases, net (allowance for loan losses of \$8,236 in 2013; \$8,972 in 2012)	440,375	424,584
Loans held-for-sale (fair value \$2,100 in 2013, \$10,824 in 2012)	2,066	10,545
Foreclosed assets held-for-sale	2,302	1,607
Bank premises and equipment, net	13,876	14,127
Cash surrender value of bank owned life insurance	10,146	10,065
Accrued interest receivable	1,987	1,985
Other assets	14,955	13,412
Total assets	\$ 608,171	\$ 601,525
Liabilities:		
Deposits:		
Interest-bearing	\$ 391,611	\$ 388,625
Non-interest-bearing	122,855	126,035
Total deposits	514,466	514,660
Accrued interest payable and other liabilities	4,333	3,863
Short-term borrowings	13,593	8,056
Long-term debt	16,000	16,000

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Total liabilities	548,392	542,579
Shareholders' equity:		
Preferred stock authorized 5,000,000 shares with no par value; none issued	-	-
Capital stock, no par value (10,000,000 shares authorized; shares issued and outstanding; 2,342,635 in 2013; and 2,323,248 in 2012)	24,116	23,711
Retained earnings	35,807	34,999
Accumulated other comprehensive (loss) income	(144) 236
Total shareholders' equity	59,779	58,946
Total liabilities and shareholders' equity	\$ 608,171	\$ 601,525

See notes to unaudited consolidated financial statements

Fidelity D & D Bancorp, Inc. and Subsidiary

Consolidated Statements of Income

(Unaudited)

(dollars in thousands except per share data)	Three months ended	
	March 31, 2013	March 31, 2012
Interest income:		
Loans and leases:		
Taxable	\$5,370	\$ 5,280
Nontaxable	99	136
Interest-bearing deposits with financial institutions	12	28
Investment securities:		
U.S. government agency and corporations	179	281
States and political subdivisions (nontaxable)	290	309
Other securities	18	18
Total interest income	5,968	6,052
Interest expense:		
Deposits	515	684
Securities sold under repurchase agreements	9	15
Other short-term borrowings and other	1	-
Long-term debt	210	239
Total interest expense	735	938
Net interest income	5,233	5,114
Provision for loan losses	550	700
Net interest income after provision for loan losses	4,683	4,414
Other income:		
Service charges on deposit accounts	452	419
Interchange fees	272	254
Fees from trust fiduciary activities	149	158
Fees from financial services	155	168
Service charges on loans	234	294
Fees and other revenue	111	74
Earnings on bank-owned life insurance	81	80
Gain (loss) on sale, recovery, or disposal of:		
Loans	504	395

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Investment securities	119	254	
Foreclosed assets held-for-sale	(19)	(15))
Write-down of foreclosed assets held-for-sale	(25)	(25))
Impairment losses on investment securities:			
Other-than-temporary impairment on investment securities	(61)	(210))
Non-credit-related losses on investment securities not expected to be sold (recognized in other comprehensive income (loss))	61	105	
Net impairment losses on investment securities	-	(105))
Total other income	2,033	1,951	
Other expenses:			
Salaries and employee benefits	2,474	2,357	
Premises and equipment	854	898	
Advertising and marketing	252	152	
Professional services	249	306	
FDIC assessment	126	122	
Loan collection	195	121	
Other real estate owned	88	17	
Office supplies and postage	102	119	
Other	505	621	
Total other expenses	4,845	4,713	
Income before income taxes	1,871	1,652	
Provision for income taxes	477	395	
Net income	\$1,394	\$ 1,257	
Per share data:			
Net income - basic	\$0.60	\$ 0.56	
Net income - diluted	\$0.60	\$ 0.56	
Dividends	\$0.25	\$ 0.25	

See notes to unaudited consolidated financial statements

Fidelity D & D Bancorp, Inc. and Subsidiary

Consolidated Statements of Comprehensive Income

(Unaudited)

(dollars in thousands)	Three months ended March 31,	
	2013	2012
Net income	\$1,394	\$1,257
Other comprehensive (loss) income, before tax:		
Unrealized holding (loss) gain on available-for-sale securities	(417)	499
Reclassification adjustment for net gains realized in income	(119)	(254)
Net impairment losses on investment securities	-	105
Net unrealized (loss) gain	(536)	350
Tax effect	182	(119)
Unrealized (loss) gain, net of tax	(354)	231
Non-credit-related impairment (loss) gain on investment securities not expected to be sold	(39)	44
Tax effect	13	(15)
Net non-credit-related impairment (loss) gain on investment securities	(26)	29
Other comprehensive (loss) income, net of tax	(380)	260
Total comprehensive income, net of tax	\$1,014	\$1,517

See notes to unaudited consolidated financial statements

Fidelity D & D Bancorp, Inc. and Subsidiary

Consolidated Statements of Changes in Shareholders' Equity

For the three months ended March 31, 2013 and 2012

(Unaudited)

(dollars in thousands)	Capital stock		Retained	Accumulated other comprehensive	Total
	Shares	Amount	earnings	income (loss)	
Balance, December 31, 2011	2,254,542	\$22,354	\$32,380	\$ (1,110)	\$53,624
Net income			1,257		1,257
Other comprehensive income				260	260
Issuance of common stock through Employee Stock Purchase Plan	3,874	67			67
Issuance of common stock through Dividend Reinvestment Plan	15,080				