

FIDELITY D & D BANCORP INC  
Form 10-Q  
November 08, 2016  
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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 September 30, 2016

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.  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 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
<input type="checkbox"/>	filer <input type="checkbox"/>
Non-accelerated filer <input type="checkbox"/>	Smaller
	reporting
	company <input checked="" type="checkbox"/>
(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  NO

The number of outstanding shares of Common Stock of Fidelity D & D Bancorp, Inc. on October 31, 2016, the latest practicable date, was 2,453,805 shares.

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FIDELITY D & D BANCORP, INC.

Form 10-Q September 30, 2016

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## PART I – Financial Information

## Item 1: Financial Statements

Fidelity D & D Bancorp, Inc. and Subsidiary  
Consolidated Balance Sheets  
(Unaudited)

	September 30, 2016	December 31, 2015
(dollars in thousands)		
Assets:		
Cash and due from banks	\$ 13,670	\$ 12,259
Interest-bearing deposits with financial institutions	17,770	18
Total cash and cash equivalents	31,440	12,277
Available-for-sale securities	128,765	125,232
Federal Home Loan Bank stock	1,201	2,120
Loans and leases, net (allowance for loan losses of \$9,196 in 2016; \$9,527 in 2015)	562,222	546,682
Loans held-for-sale (fair value \$2,528 in 2016, \$1,444 in 2015)	2,480	1,421
Foreclosed assets held-for-sale	1,752	1,074
Bank premises and equipment, net	16,497	16,723
Cash surrender value of bank owned life insurance	11,346	11,082
Accrued interest receivable	2,113	2,210
Other assets	12,607	10,537
Total assets	\$ 770,423	\$ 729,358
Liabilities:		
Deposits:		
Interest-bearing	\$ 511,678	\$ 477,901
Non-interest-bearing	160,129	142,774
Total deposits	671,807	620,675
Accrued interest payable and other liabilities	6,061	4,128
Short-term borrowings	10,996	28,204
Total liabilities	688,864	653,007
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; 2,453,805 in 2016; and 2,443,405 in 2015)	27,073	26,700
Retained earnings	51,029	47,463
Accumulated other comprehensive income	3,457	2,188
Total shareholders' equity	81,559	76,351
Total liabilities and shareholders' equity	\$ 770,423	\$ 729,358

See notes to unaudited consolidated financial statements

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Fidelity D & D Bancorp, Inc. and Subsidiary  
 Consolidated Statements of Income  
 (Unaudited)

(dollars in thousands except per share data)

	Three months ended		Nine months ended	
	September	September	September	September
	30, 2016	30, 2015	30, 2016	30, 2015
Interest income:				
Loans and leases:				
Taxable	\$ 5,960	\$ 5,764	\$ 17,571	\$ 16,914
Nontaxable	195	170	579	471
Interest-bearing deposits with financial institutions	13	5	59	22
Investment securities:				
U.S. government agency and corporations	500	310	1,236	843
States and political subdivisions (nontaxable)	321	336	954	978
Other securities	17	27	58	126
Total interest income	7,006	6,612	20,457	19,354
Interest expense:				
Deposits	580	574	1,727	1,639
Securities sold under repurchase agreements	4	3	16	15
Other short-term borrowings and other	1	3	14	15
Long-term debt	-	-	-	255
Total interest expense	585	580	1,757	1,924
Net interest income	6,421	6,032	18,700	17,430
Provision for loan losses	225	200	650	500
Net interest income after provision for loan losses	6,196	5,832	18,050	16,930
Other income:				
Service charges on deposit accounts	564	447	1,567	1,305
Interchange fees	378	337	1,115	976
Fees from trust fiduciary activities	176	166	539	580
Fees from financial services	126	142	436	379
Service charges on loans	194	264	665	664
Fees and other revenue	201	204	593	584
Earnings on bank-owned life insurance	89	86	264	255
Gain (loss) on sale or disposal of:				
Loans	302	404	629	871
Investment securities	-	8	9	26
Premises and equipment	(6)	(35)	(6)	(34)
Total other income	2,024	2,023	5,811	5,606
Other expenses:				
Salaries and employee benefits	2,892	2,696	8,660	7,992
Premises and equipment	898	939	2,642	2,755
Advertising and marketing	198	276	656	926
Professional services	334	406	1,122	1,221

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FDIC assessment	98	104	335	298
Loan collection	16	48	141	144
Other real estate owned	69	43	158	190
Office supplies and postage	110	95	352	308
Automated transaction processing	179	150	460	408
FHLB prepayment fee	-	-	-	570
Data processing and communication	261	187	720	395
PA shares tax	165	148	471	298
Other	189	147	449	565
Total other expenses	5,409	5,239	16,166	16,070
Income before income taxes	2,811	2,616	7,695	6,466
Provision for income taxes	776	687	2,031	1,184
Net income	\$ 2,035	\$ 1,929	\$ 5,664	\$ 5,282
Per share data:				
Net income - basic	\$ 0.83	\$ 0.79	\$ 2.31	\$ 2.17
Net income - diluted	\$ 0.82	\$ 0.79	\$ 2.30	\$ 2.16
Dividends	\$ 0.29	\$ 0.27	\$ 0.85	\$ 0.79

See notes to unaudited consolidated financial statements



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## Fidelity D &amp; D Bancorp, Inc. and Subsidiary

Consolidated Statements of Comprehensive Income (Unaudited) (dollars in thousands)	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
Net income	\$ 2,035	\$ 1,929	\$ 5,664	\$ 5,282
Other comprehensive income (loss), before tax:				
Unrealized holding gain (loss) on available-for-sale securities	(361)	949	1,932	(292)
Reclassification adjustment for net gains realized in income	-	(8)	(9)	(26)
Net unrealized gain (loss)	(361)	941	1,923	(318)
Tax effect	123	(320)	(654)	108
Unrealized gain (loss), net of tax	(238)	621	1,269	(210)
Other comprehensive income (loss), net of tax	(238)	621	1,269	(210)
Total comprehensive income, net of tax	\$ 1,797	\$ 2,550	\$ 6,933	\$ 5,072

See notes to unaudited consolidated financial statements

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Fidelity D & D Bancorp, Inc. and Subsidiary  
Consolidated Statements of Changes in Shareholders' Equity  
For the nine months ended September 30, 2016 and 2015  
(Unaudited)

Accumulated  
other