

NORWOOD FINANCIAL CORP  
Form 10-Q  
August 08, 2013

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

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 June 30, 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 0-28366

Norwood Financial Corp.  
(Exact name of Registrant as specified in its charter)

Pennsylvania  
(State or other jurisdiction of  
Incorporation or organization)

23-2828306  
(I.R.S. employer identification no.)

717 Main Street, Honesdale, Pennsylvania  
(Address of principal executive offices)

18431  
(Zip Code)

(570) 253-1455  
(Registrant's telephone number, including area code)

NA

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check (x) 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  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.

Edgar Filing: NORWOOD FINANCIAL CORP - Form 10-Q

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(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

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

Class

Outstanding as of August 1, 2013

Common stock, par value \$0.10 per share

3,621,969

1

---

NORWOOD FINANCIAL CORP.  
FORM 10-Q  
FOR THE QUARTER ENDED JUNE 30, 2013

	Page Number
<b>PART I - CONSOLIDATED FINANCIAL INFORMATION OF NORWOOD FINANCIAL CORP.</b>	
Item 1. Financial Statements (unaudited)	3
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	29
Item 3. Quantitative and Qualitative Disclosures about Market Risk	44
Item 4. Controls and Procedures	45
<b>PART II - OTHER INFORMATION</b>	
Item 1. Legal Proceedings	46
Item 1A. Risk Factors	46
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	46
Item 3. Defaults upon Senior Securities	46
Item 4. Mine Safety Disclosures	46
Item 5. Other Information	46
Item 6. Exhibits	46
Signatures	48

## PART I. FINANCIAL INFORMATION

## Item 1. Financial Statements

## NORWOOD FINANCIAL CORP.

## Consolidated Balance Sheets (unaudited)

(dollars in thousands, except share and per share data)

	June 30, 2013	December 31, 2012
<b>ASSETS</b>		
Cash and due from banks	\$ 9,872	\$ 10,867
Interest bearing deposits with banks	17,425	1,428
Cash and cash equivalents	27,297	12,295
Securities available for sale, at fair value	150,750	145,390
Securities held to maturity, fair value 2013: \$177, 2012: \$177	173	173
Loans receivable (net of unearned income)	480,715	476,710
Less: Allowance for loan losses	5,749	5,502
Net loans receivable	474,966	471,208
Regulatory stock, at cost	2,527	2,630
Bank premises and equipment, net	7,206	7,326
Bank owned life insurance	14,527	15,357
Accrued interest receivable	2,488	2,393
Foreclosed real estate owned	1,297	852
Goodwill	9,715	9,715
Other intangibles	575	647
Other assets	6,085	4,313
<b>TOTAL ASSETS</b>	<b>\$ 697,606</b>	<b>\$ 672,299</b>
<b>LIABILITIES</b>		
Deposits:		
Non-interest bearing demand	\$ 93,881	\$ 82,075
Interest-bearing	456,269	442,350
Total deposits	550,150	524,425
Short-term borrowings	32,075	28,697
Other borrowings	20,150	22,487
Accrued interest payable	1,037	1,242
Other liabilities	3,734	3,027
<b>TOTAL LIABILITIES</b>	<b>607,146</b>	<b>579,878</b>
<b>STOCKHOLDERS' EQUITY</b>		
Common stock, \$.10 par value per share, authorized 10,000,000; shares issued 2013: 3,708,718 shares, 2012: 3,371,849 shares	371	337
Surplus	34,949	24,737
Retained earnings	58,626	66,742
Treasury stock at cost: 2013: 86,749 shares, 2012: 75,426 shares	(2,299)	(2,192)
Accumulated other comprehensive income (loss)	(1,187)	2,797
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>90,460</b>	<b>92,421</b>

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$	697,606	\$	672,299
--	----	---------	----	---------

See accompanying notes to the unaudited consolidated financial statements.

## NORWOOD FINANCIAL CORP.

## Consolidated Statements of Income (unaudited)

(dollars in thousands, except per share data)

	Three Months Ended		Six Months Ended	
	June 30, 2013	2012	June 30 2013	2012
<b>INTEREST INCOME</b>				
Loans receivable, including fees	\$6,169	\$6,431	\$12,355	\$12,804
Securities	877	1,007	1,746	2,033
Other	10	7	12	11
Total interest income	7,056	7,445	14,113	14,848
<b>INTEREST EXPENSE</b>				
Deposits	719	942	1,473	1,903
Short-term borrowings	15	13	27	24
Other borrowings				