

FIDELITY D & D BANCORP INC  
Form 10-Q  
August 06, 2014  
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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 June 30, 2014

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  
 ]  
Non-accelerated filer  ]  
Accelerated  
filer  ]  
Smaller  
reporting  
company  [X]

reporting company) (Do not check if a smaller

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 July 31, 2014, the latest practicable date, was 2,419,587 shares.

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## PART I – Financial Information

## Item 1: Financial Statements

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

|   | June 30,<br>2014 | December<br>31, 2013 |
|---|------------------|----------------------|
| (dollars in thousands)  |                  |                      |
| Assets:   |                  |                      |
| Cash and due from banks   | \$ 14,419        | \$ 13,197            |
| Interest-bearing deposits with financial institutions   | 20               | 21                   |
| Total cash and cash equivalents   | 14,439           | 13,218               |
| Available-for-sale securities   | 102,699          | 97,246               |
| Held-to-maturity securities (fair value of \$0 in 2014, \$195 in 2013)  | -                | 177                  |
| Federal Home Loan Bank stock  | 2,954            | 2,640                |
| Loans and leases, net (allowance for loan losses of \$9,029 in 2014; \$8,928 in 2013)   | 486,471          | 469,216              |
| Loans held-for-sale (fair value \$1,664 in 2014, \$937 in 2013)   | 1,633            | 917                  |
| Foreclosed assets held-for-sale   | 2,186            | 2,086                |
| Bank premises and equipment, net  | 14,341           | 13,602               |
| Cash surrender value of bank owned life insurance   | 10,569           | 10,402               |
| Accrued interest receivable   | 2,082            | 2,068                |
| Other assets  | 12,932           | 12,253               |
| Total assets  | \$ 650,306       | \$ 623,825           |
| Liabilities:  |                  |                      |
| Deposits:   |                  |                      |
| Interest-bearing  | \$ 412,495       | \$ 406,779           |
| Non-interest-bearing  | 126,008          | 122,919              |
| Total deposits  | 538,503          | 529,698              |
| Accrued interest payable and other liabilities  | 4,005            | 3,425                |
| Short-term borrowings   | 21,872           | 8,642                |
| Long-term debt  | 16,000           | 16,000               |
| Total liabilities   | 580,380          | 557,765              |
| 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; 2,419,587 in 2014; and 2,391,617 in 2013) | 25,947           | 25,302               |
| Retained earnings   | 41,394           | 39,519               |
| Accumulated other comprehensive income  | 2,585            | 1,239                |
| Total shareholders' equity  | 69,926           | 66,060               |
| Total liabilities and shareholders' equity  | \$ 650,306       | \$ 623,825           |

See notes to unaudited consolidated financial statements



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Consolidated Statements of Income

| (Unaudited)   | Three months ended |               | Six months ended |               |
|---|--------------------|---------------|------------------|---------------|
|   | June 30, 2014      | June 30, 2013 | June 30, 2014    | June 30, 2013 |
| (dollars in thousands except per share data)          |                    |               |                  |               |
| Interest income:                                      |                    |               |                  |               |
| Loans and leases:                                     |                    |               |                  |               |
| Taxable   | \$ 5,393           | \$ 5,335      | \$ 10,669        | \$ 10,705     |
| Nontaxable  | 131                | 121           | 262              | 220           |
| Interest-bearing deposits with financial institutions | 5                  | 2             | 12               | 14            |
| Investment securities:                                |                    |               |                  |               |
| U.S. government agency and corporations               | 257                | 137           | 502              | 316           |
| States and political subdivisions (nontaxable)        | 333                | 299           | 654              | 589           |
| Other securities                                      | 26                 | 18            | 48               | 36            |
| Total interest income                                 | 6,145              | 5,912         | 12,147           | 11,880        |
| Interest expense:                                     |                    |               |                  |               |
| Deposits  | 498                | 511           | 987              | 1,026         |
| Securities sold under repurchase agreements           | 4                  | 4             | 12               | 13            |
| Other short-term borrowings and other                 | 6                  | 4             | 6                | 5             |
| Long-term debt  | 213                | 213           | 423              | 423           |
| Total interest expense                                | 721                | 732           | 1,428            | 1,467         |
| Net interest income                                   | 5,424              | 5,180         | 10,719           | 10,413        |
| Provision for loan losses                             | 300                | 600           | 600              | 1,150         |
| Net interest income after provision for loan losses   | 5,124              | 4,580         | 10,119           | 9,263         |
| Other income:   |                    |               |                  |               |
| Service charges on deposit accounts                   | 431                | 459           | 854              | 911           |
| Interchange fees                                      | 332                | 307           | 637              | 580           |
| Fees from trust fiduciary activities                  | 172                | 192           | 336              |               |