

FIDELITY D & D BANCORP INC
Form 10-Q
November 09, 2010

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, 2010

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 ☒

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(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, 2010, the latest practicable date, was 2,162,063 shares.

FIDELITY D & D BANCORP, INC.

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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, 2010	December 31, 2009
Assets:		
Cash and due from banks	\$ 10,489,922	\$ 8,173,199
Interest-bearing deposits with financial institutions	37,081,253	154,755
Total cash and cash equivalents	47,571,175	8,327,954
Available-for-sale securities	86,720,420	75,821,292
Held-to-maturity securities (fair value \$585,337 in 2010; \$765,195 in 2009)	535,261	708,706
Federal Home Loan Bank Stock	4,781,100	4,781,100
Loans and leases, net (allowance for loan losses of \$7,484,253 in 2010; \$7,573,603 in 2009)	414,185,347	423,124,054
Loans held-for-sale (fair value \$1,037,337 in 2010; \$1,233,345 in 2009)	1,019,000	1,221,365
Bank premises and equipment, net	14,649,763	15,361,810
Cash surrender value of bank owned life insurance	9,347,707	9,117,156
Accrued interest receivable	2,233,322	2,250,855
Foreclosed assets held-for-sale	1,350,692	887,397
Other assets	14,204,811	14,415,582
Total assets	\$ 596,598,598	\$ 556,017,271
Liabilities:		
Deposits:		
Interest-bearing	\$ 409,063,486	\$ 388,103,880
Non-interest-bearing	81,819,441	70,890,578
Total deposits	490,882,927	458,994,458
Accrued interest payable and other liabilities	3,235,939	2,815,159
Short-term borrowings	21,804,259	16,533,107
Long-term debt	32,000,000	32,000,000
Total liabilities	547,923,125	510,342,724
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; 2,163,618 in 2010; and 2,105,860 in 2009)	20,793,445	19,982,677
Retained earnings	34,919,228	34,886,265
Accumulated other comprehensive loss	(7,037,200)	(9,194,395)
Total shareholders' equity	48,675,473	45,674,547
Total liabilities and shareholders' equity	\$ 596,598,598	\$ 556,017,271

See notes to unaudited consolidated financial statements

FIDELITY D & D BANCORP, INC. AND SUBSIDIARY
Consolidated Statements of Income
(Unaudited)

	Three months ended		Nine months ended	
	September 30, 2010	September 30, 2009	September 30, 2010	September 30, 2009
Interest income:				
Loans and leases:				
Taxable	\$ 6,056,924	\$ 6,435,487	\$ 18,141,108	\$ 19,353,099
Nontaxable	157,015	110,566	457,166	338,828
Interest-bearing deposits with financial institutions	21,970	89	38,288	537
Investment securities:				
U.S. government agency and corporations	401,070	534,629	1,360,080	1,852,457
States and political subdivisions (non-taxable)	261,005	318,299	770,415	787,208
Other securities	55,607	50,994	184,578	393,502
Federal funds sold	109	3,422	13,549	10,781
Total interest income	6,953,700	7,453,486	20,965,184	22,736,412
Interest expense:				
Deposits	1,244,438	1,949,402	3,958,215	6,279,307
Securities sold under repurchase agreements	6,464	5,872	76,654	22,427
Other short-term borrowings and other	130	1,446	763	27,991
Long-term debt	429,896	1,075,934	1,280,565	2,420,466
Total interest expense	1,680,928	3,032,654	5,316,197	8,750,191
Net interest income	5,272,772	4,420,832	15,648,987	13,986,221
Provision for loan losses	375,000	3,125,000	1,250,000	3,850,000
Net interest income after provision for loan losses	4,897,772	1,295,832	14,398,987	10,136,221
Other (loss) income:				
Service charges on deposit accounts	675,598	676,107	1,964,512	1,956,755
Fees and other service charges	602,570	428,049	1,620,579	1,407,538
Gain (loss) on sale or disposal of:				
Loans	211,019	139,451	439,735	957,777
Premises and equipment	(7,359)	(34,617)	(23,530)	(41,241)
Foreclosed assets held-for-sale	36,135	7,780	57,550	33,667
Write-down of foreclosed assets held-for-sale	(39,700)	(77,560)	(39,700)	(77,560)

Impairment losses on investment securities:

Other-than-temporary impairment on investment securities	(2,166,122)	(6,468,236)	(4,431,359)	(6,794,331)
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Non-credit related losses on investment securities not expected to be sold (recognized in other comprehensive income/(loss))	417,448	4,036,470	1,927,763	4,036,470
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Net impairment losses on investment securities recognized in earnings	(1,748,674)	(2,431,766)	(2,503,596)	(2,757,861)
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Total other (loss) income	(270,411)	(1,292,556)	1,515,550	1,479,075
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Other expenses:

Salaries and employee benefits	2,167,403	2,502,818	7,169,335	7,495,167
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Premises and equipment	808,204	874,028	2,549,466	2,685,343
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Advertising	110,292	117,897	418,095	396,290
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Other	1,231,712	1,614,552	3,979,319	3,933,271
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Total other expenses	4,317,611	5,109,295	14,116,215	14,510,071
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Income (loss) before income taxes	309,750	(5,106,019)		
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