

NORWOOD FINANCIAL CORP
Form 10-Q
August 07, 2017

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, 2017

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 0-28364

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

Pennsylvania 23-2828306
(State or other jurisdiction of (I.R.S. employer identification no.)
incorporation or organization)

717 Main Street, Honesdale, Pennsylvania 18431
(Address of principal executive offices) (Zip Code)

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

N/A
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, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer,"

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"accelerated filer", "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting company

(Do not check if a smaller reporting company)

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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, 2017
Common stock, par value \$0.10 per share	4,161,357

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FORM 10-Q
FOR THE QUARTER ENDED JUNE 30, 2017

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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, 2017	December 31, 2016
ASSETS		
Cash and due from banks	\$16,055	\$14,900
Interest bearing deposits with banks	348	2,274
Cash and cash equivalents	16,403	17,174
Securities available for sale, at fair value	300,667	302,564
Loans receivable	735,026	713,889
Less: Allowance for loan losses	7,419	6,463
Net loans receivable	727,607	707,426
Regulatory stock, at cost	2,435	2,119
Bank premises and equipment, net	12,953	13,531
Bank owned life insurance	36,575	36,133
Accrued interest receivable	3,417	3,643
Foreclosed real estate owned	4,523	5,302
Goodwill	11,331	11,331
Other intangibles	531	612
Deferred tax asset	8,181	8,989
Other assets	2,690	2,359
TOTAL ASSETS	\$1,127,313	\$1,111,183
LIABILITIES		
Deposits:		
Non-interest bearing demand	\$200,364	\$191,445
Interest-bearing	732,107	733,940
Total deposits	932,471	925,385
Short-term borrowings	42,192	32,811
Other borrowings	25,330	32,001
Accrued interest payable	942	1,069
Other liabilities	10,211	8,838
TOTAL LIABILITIES	1,011,146	1,000,104
STOCKHOLDERS' EQUITY		
Common stock, \$.10 par value per share, authorized 10,000,000 shares; issued 4,164,723 shares	416	416
Surplus	47,645	47,682
Retained earnings	69,660	67,225
Treasury stock at cost: 2017: 566 shares, 2016: 4,509 shares	(22)	(125)
Accumulated other comprehensive loss	(1,532)	(4,119)

TOTAL STOCKHOLDERS' EQUITY	116,167	111,079
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$1,127,313	\$1,111,183

See accompanying notes to the unaudited consolidated financial statements.

NORWOOD FINANCIAL CORP.

Consolidated Statements of Income (unaudited)

(dollars in thousand ds, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
INTEREST INCOME				
Loans receivable, including fees	\$7,925	\$6,351	\$15,731	\$12,485
Securities	1,633	878	3,251	1,768
Other	24	5	35	7
Total interest income	9,582	7,234	19,017	14,260
INTEREST EXPENSE				
Deposits	797	580	1,563	1,161
Short-term borrowings	28	37	56	77
Other borrowings	101	223	244	453
Total interest expense	926	840	1,863	1,691
NET INTEREST INCOME	8,656	6,394	17,154	12,569
PROVISION FOR LOAN LOSSES	600	700	1,200	1,150
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	8,056	5,694	15,954	11,419
OTHER INCOME				
Service charges and fees	1,016	604	1,951	1,178
Income from fiduciary activities	128	114	235	216
Net realized gains on sales of securities	31	205		