

NORWOOD FINANCIAL CORP  
Form 10-Q  
August 08, 2018

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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, 2018

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 incorporation or organization) (I.R.S. employer identification no.)

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," "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

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(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, 2018
Common stock, par value \$0.10 per share	6,263,159

NORWOOD FINANCIAL CORP.  
FORM 10-Q  
FOR THE QUARTER ENDED JUNE 30, 2018

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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, 2018	December 31, 2017
<b>ASSETS</b>		
Cash and due from banks	\$ 15,193	\$ 16,212
Interest-bearing deposits with banks	914	485
Cash and cash equivalents	16,107	16,697
Securities available for sale, at fair value	259,442	281,121
Loans receivable	803,773	764,092
Less: Allowance for loan losses	8,326	7,634
Net loans receivable	795,447	756,458
Regulatory stock, at cost	2,313	3,505
Bank premises and equipment, net	13,894	13,864
Bank owned life insurance	37,485	37,060
Accrued interest receivable	3,672	3,716
Foreclosed real estate owned	1,386	1,661
Goodwill	11,331	11,331
Other intangibles	394	462
Deferred tax asset	5,885	4,781
Other assets	3,237	2,260
<b>TOTAL ASSETS</b>	<b>\$ 1,150,593</b>	<b>\$ 1,132,916</b>
<b>LIABILITIES</b>		
Deposits:		
Non-interest bearing demand	\$ 216,472	\$ 205,138
Interest-bearing	734,417	724,246
Total deposits	950,889	929,384
Short-term borrowings	43,325	42,530
Other borrowings	30,283	35,945
Accrued interest payable	1,461	1,434
Other liabilities	9,102	7,884
<b>TOTAL LIABILITIES</b>	<b>1,035,060</b>	<b>1,017,177</b>
<b>STOCKHOLDERS' EQUITY</b>		
Common stock, \$.10 par value per share, authorized 10,000,000 shares; issued 2018: 6,266,388 shares, 2017: 6,256,063 shares	627	626
Surplus	47,815	47,431
Retained earnings	74,315	70,426
Treasury stock at cost: 2018: 5,729 shares, 2017: 2,608 shares	(188 )	(77 )
Accumulated other comprehensive loss	(7,036 )	(2,667 )
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>115,533</b>	<b>115,739</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 1,150,593</b>	<b>\$ 1,132,916</b>

See accompanying notes to the unaudited consolidated financial statements.



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## NORWOOD FINANCIAL CORP.

Consolidated Statements of Income (unaudited)

(dollars in thousand ds, except per share data)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2018	2017	2018	2017
<b>INTEREST INCOME</b>				
Loans receivable, including fees	\$ 8,857	\$ 7,925	\$ 17,344	\$ 15,731
Securities	1,536	1,633	3,060	3,251
Other	43	24	61	35
Total interest income	10,436	9,582	20,465	19,017
<b>INTEREST EXPENSE</b>				
Deposits	1,052	797	2,082	1,563
Short-term borrowings	38	28	90	56
Other borrowings	131	101	271	244
Total interest expense	1,221	926	2,443	1,863
NET INTEREST INCOME	9,215	8,656	18,022	17,154
PROVISION FOR LOAN LOSSES	425	600	975	1,200
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	8,790	8,056	17,047	15,954
<b>OTHER INCOME</b>				
Service charges and fees	1,101	1,016	2,082	1,951
Income from fiduciary activities	175			