NORTHWAY FINANCIAL INC Form 10-Q November 13, 2006

UNITED STATES SECURITIES AND EXCHANGE COMMISSION WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

x Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

For the quarterly period ended September 30, 2006

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 000-23129

NORTHWAY FINANCIAL, INC

(Exact name of registrant as specified in its charter)

<u>New Hampshire</u> (State or other jurisdiction of incorporation or organization)

9 Main Street <u>Berlin, New Hampshire</u> (Address of principal executive offices) <u>04-3368579</u> (I.R.S. Employer Identification No.)

03570

(Zip Code)

(603) 752-1171

(Registrant's telephone number, including area code)

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

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 twelve (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 ninety (90) days.YES xNO "

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated

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filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one): Large Accelerated Filer " Accelerated Filer " Non-Accelerated Filer x

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act. YES $\ddot{}$ NO x

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practical date. At October 31, 2006, there were 1,493,174 shares of common stock outstanding, par value \$1.00 per share.

NORTHWAY FINANCIAL, INC. FORM 10-Q SEPTEMBER 30, 2006

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PART 1. FINANCIAL INFORMATION

Item 1. Financial Statements.

NORTHWAY FINANCIAL, INC. CONDENSED CONSOLIDATED BALANCE SHEETS

(Dollars in thousands) Assets:		Sep. 30, 2006 (Unaudited)		Dec. 31, 2005
Cash and due from banks and interest bearing deposits	\$	11,425	2	14,587
Federal funds sold	ψ	11,425	ψ	14,775
Securities available-for-sale		120,270		103,244
Federal Home Loan Bank stock		4,314		5,541
Loans held-for-sale		136		453
		150		-55
Loans, net before allowance for loan losses		461,230		460,373
Less: allowance for loan losses		5,486		5,150
Loans, net		455,744		455,223
		155,711		155,225
Premises and equipment, net		13,416		11,735
Other real estate owned		-		196
Core deposit intangibles		2,431		1,995
Goodwill		10,577		10,152
Other assets		11,009		14,833
Total assets	\$	629,322	\$	632,734
)-	,	
Liabilities and stockholders' equity:				
Liabilities				
Interest bearing deposits	\$	398,967	\$	387,020
Noninterest bearing deposits		75,060		77,436
Short-term borrowings		25,598		9,363
Long-term debt		73,620		105,620
Other liabilities		3,503		3,045
Total liabilities		576,748		582,484
Stockholders' equity				
Preferred stock, \$1.00 par value; 1,000,000 shares authorized; none issued		-		-
Common stock, \$1.00 par value; 9,000,000 shares authorized; 1,731,969 issued at September 30, 2006 and December 31, 2005 and 1,493,174				
outstanding at September 30, 2006 and 1,491,174 outstanding at December				
31, 2005		1,732		1,732
Surplus		2,058		2,064
Retained earnings		55,914		54,089
Treasury stock, at cost (238,795 shares at September 30, 2006 and 240,795		55,914		54,009
shares at December 31, 2005)		(6,470)		(6,531)
Accumulated other comprehensive loss, net of tax		(660)		
Accumulated other comprehensive loss, liet of tax		(000)		(1,104)

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Total stockholders' equity	52,574	50,250
Total liabilities and stockholders' equity	\$ 629,322 \$	632,734

The accompanying notes are an integral part of these condensed consolidated financial statements.

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NORTHWAY FINANCIAL, INC. CONDENSED CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

	Three Months Ended September 30,				Nine Months Ended September 30,			
(Dollars in thousands, except per share			-					_
data)	2006			2005		2006		2005
Interest and dividend income:								
Loans	\$	7,661	\$	6,954	\$	22,518	\$	20,287
Interest on debt securities:								
Taxable		1,033		947		2,873		2,946
Tax-exempt		287		58		845		126
Dividends		90		85		259		236
Federal funds sold		106		132				