

LAKELAND BANCORP INC  
Form 10-Q  
November 08, 2010  
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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 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 000-17820

LAKELAND BANCORP, INC.

(Exact name of registrant as specified in its charter)

New Jersey  
(State or other jurisdiction of  
incorporation or organization)

22-2953275  
(I.R.S. Employer  
Identification No.)

250 Oak Ridge Road, Oak Ridge, New Jersey  
(Address of principal executive offices)

07438  
(Zip Code)

(973) 697-2000  
(Registrant's telephone number, including area code)

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

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 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, any Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or such shorter period that the registrant was required to submit and post such files). Yes  No  Not applicable.

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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  Accelerated filer  Non-accelerated filer  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

### APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

As of October 29, 2010 there were 24,064,190 outstanding shares of Common Stock, no par value.

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The Securities and Exchange Commission maintains a web site which contains reports, proxy and information statements and other information relating to registrants that file electronically at the address: [http:// www.sec.gov](http://www.sec.gov).

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## CONSOLIDATED BALANCE SHEETS

<b>ASSETS</b>	September 30, 2010 (unaudited)	December 31, 2009
	(dollars in thousands)	
Cash	\$42,547	\$31,869
Federal funds sold and Interest-bearing deposits due from banks	54,048	26,794
<b>Total cash and cash equivalents</b>	<b>96,595</b>	<b>58,663</b>
Investment securities available for sale, at fair value	437,597	375,530
Investment securities held to maturity; fair value of \$74,071 in 2010 and \$84,389 in 2009	71,009	81,821
Loans and leases, net of deferred costs	1,984,822	2,009,721
Leases held for sale	2,029	7,314
Less: allowance for loan and lease losses	27,218	25,563
<b>Net loans</b>	<b>1,959,633</b>	<b>1,991,472</b>
Premises and equipment, net	27,792	29,196
Accrued interest receivable	8,787	8,943
Goodwill	87,111	87,111
Other identifiable intangible assets, net	843	1,640
Bank owned life insurance	42,867	41,720
Other assets	37,237	47,872
<b>TOTAL ASSETS</b>	<b>\$2,769,471</b>	<b>\$2,723,968</b>
<b>LIABILITIES</b>		
Deposits:		
Noninterest bearing	\$379,625	\$323,175
Savings and interest-bearing transaction accounts	1,413,063	1,368,272
Time deposits under \$100 thousand	256,705	283,512
Time deposits \$100 thousand and over	185,379	182,228
<b>Total deposits</b>	<b>2,234,772</b>	<b>2,157,187</b>
Federal funds purchased and securities sold under agreements to repurchase	68,448	63,672
Long-term debt	115,900	145,900
Subordinated debentures	77,322	77,322
Other liabilities	12,304	11,901
<b>TOTAL LIABILITIES</b>	<b>2,508,746</b>	<b>2,455,982</b>
Commitments and contingencies		
<b>STOCKHOLDERS EQUITY</b>	<b>37,365</b>	<b>56,023</b>

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Preferred stock, Series A, no par value, \$1,000 liquidation value, authorized 1,000,000 shares; issued 39,000 shares at September 30, 2010 and 59,000 shares at December 31, 2009		
Common stock, no par value; authorized shares, 40,000,000; issued 24,740,564 shares, at September 30, 2010 and December 31, 2009	258,497	259,521
Accumulated deficit	(27,760)	(34,961)
Treasury stock, at cost, 679,330 shares at September 30, 2010 and 868,428 at December 31, 2009	(9,377)	(11,940)
Accumulated other comprehensive income (loss)	2,000	(657)
<b>TOTAL STOCKHOLDERS EQUITY</b>	<b>260,725</b>	<b>267,986</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS EQUITY</b>	<b>\$2,769,471</b>	<b>\$2,723,968</b>

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

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## UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS

	For the three months ended September 30,		For the nine months ended Septemeber 30,	
	2010	2009	2010	2009
	(In thousands, except per share data)			
<b>INTEREST INCOME</b>				
Loans, leases and fees	\$27,670	\$28,633	\$83,971	\$87,931
Federal funds sold and interest-bearing deposits with banks	42	32	110	89
Taxable investment securities	3,107	3,775	9,099	10,566
Tax-exempt investment securities	495	550	1,512	1,713
<b>TOTAL INTEREST INCOME</b>	<b>31,314</b>	<b>32,990</b>	<b>94,692</b>	<b>100,299</b>
<b>INTEREST EXPENSE</b>				
Deposits	3,584	6,561	11,857	21,469
Federal funds purchased and securities sold under agreements to repurchase	27	29	95	96
Long-term debt	2,713	3,378	8,234	10,337
<b>TOTAL INTEREST EXPENSE</b>	<b>6,324</b>	<b>9,968</b>	<b>20,186</b>	<b>31,902</b>
<b>NET INTEREST INCOME</b>	<b>24,990</b>	<b>23,022</b>	<b>74,506</b>	<b>68,397</b>
Provision for loan and lease losses	4,857	4,718	14,737	45,177
<b>NET INTEREST INCOME AFTER PROVISION FOR LOAN AND LEASE LOSSES</b>	<b>20,133</b>	<b>18,304</b>	<b>59,769</b>	<b>23,220</b>
<b>NONINTEREST INCOME</b>				
Service charges on deposit accounts	2,678	2,768	7,626	8,134
Commissions and fees	965	1,045	2,683	2,741
Gains on investment securities	1,681		1,682	353
Income on bank owned life insurance	376	324	1,147	1,473
Gains (losses) on leasing related assets	312	(709)	1,171	(1,055)
Other income	77	126	442	291
<b>TOTAL NONINTEREST INCOME</b>	<b>6,089</b>	<b>3,554</b>	<b>14,751</b>	<b>11,937</b>
<b>NONINTEREST EXPENSE</b>				
Salaries and employee benefits	9,073	8,545	26,972	25,867
Net occupancy expense	1,594	1,596	5,025	5,067
Furniture and equipment	1,270	1,235	3,661	3,719
Stationery, supplies and postage	360	394	1,172	1,215
Marketing expense	511	667	1,713	2,008
Core deposit intangible amortization	265	265	796	796
FDIC insurance expense	937	1,231	2,834	4,547
Collection expense	188	405	495	1,287
Legal expense	411	353	1,175	654
Other real estate and repossessed asset expense	119	133	354	917
Long term debt prepayment fee	1,835		1,835	
Other expenses	2,388	2,253	6,806	7,404

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TOTAL NONINTEREST EXPENSE	18,951	17,077	52,838	53,481
Income (loss) before provision for income taxes	7,271	4,781	21,682	(18,324)
Income tax expense (benefit)	2,399	2,770	7,491	(10,788)
<b>NET INCOME (LOSS)</b>	<b>\$4,872</b>	<b>\$2,011</b>	<b>\$14,191</b>	<b>(\$7,536)</b>
Dividends on Preferred Stock and Accretion	1,589	885	3,391	2,309
<b>Net Income (Loss) Available to Common Stockholders</b>	<b>\$3,283</b>	<b>\$1,126</b>	<b>\$10,800</b>	<b>(\$9,845)</b>
<b>PER SHARE OF COMMON STOCK</b>				
Basic earnings (loss)	\$0.14	\$0.05	\$0.45	\$(0.42)
Diluted earnings (loss)	\$0.14	\$0.05	\$0.45	\$(0.42)
Dividends	\$0.05	\$0.05	\$0.15	\$0.25