

LAKELAND BANCORP INC
Form 10-Q
August 08, 2006
Table of Contents

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, 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 33-27312

LAKELAND BANCORP, INC.

(Exact name of registrant as specified in its charter)

New Jersey
(State or other jurisdiction of

22-2953275
(I.R.S. Employer

incorporation or organization)

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 is a large accelerated filer, an accelerated filer or a non-accelerated 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

Edgar Filing: LAKELAND BANCORP INC - Form 10-Q

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 July 31, 2006 there were 22,009,656 outstanding shares of Common Stock, no par value.

Table of Contents

LAKELAND BANCORP, INC.

Form 10-Q Index

	PAGE
Part I Financial Information	
Item 1. Financial Statements:	
<u>Consolidated Balance Sheets - June 30, 2006 (unaudited) and December 31, 2005</u>	1
<u>Consolidated Income Statements - Unaudited Three Months and Unaudited Six Months ended June 30, 2006 and 2005</u>	2
<u>Consolidated Statements of Comprehensive Income - Unaudited Three Months and Unaudited Six Months ended June 30, 2006 and 2005</u>	2
<u>Consolidated Statements of Changes in Stockholders' Equity - Six months ended June 30, 2006 (unaudited) and 12 months ended December 31, 2005</u>	3
<u>Consolidated Statements of Cash Flows - Unaudited Six Months Ended June 30, 2006 and 2005</u>	4
<u>Notes to Consolidated Financial Statements (unaudited)</u>	5
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	12
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	22
Item 4. <u>Controls and Procedures</u>	23
Part II Other Information	
Item 1. <u>Legal Proceedings</u>	24
Item 1a. <u>Risk Factors</u>	24
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	24
Item 3. <u>Defaults Upon Senior Securities</u>	24
Item 4. <u>Submission of Matters to a Vote of Security Holders</u>	25
Item 5. <u>Other Information</u>	25
Item 6. <u>Exhibits</u>	25
<u>Signatures</u>	26

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>.

Table of Contents**Lakeland Bancorp, Inc. and Subsidiary****CONSOLIDATED BALANCE SHEETS**

ASSETS	June 30, 2006 (unaudited)	December 31, 2005
	(dollars in thousands)	
Cash	\$48,578	\$42,639
Federal funds sold and Interest-bearing deposits due from banks	7,937	10,176
Total cash and cash equivalents	56,515	52,815
Investment securities available for sale	436,493	515,903
Investment securities held to maturity; fair value of \$147,358 in 2006 and \$151,637 in 2005	151,988	154,569
Loans, net of deferred costs	1,426,018	1,312,767
Less: allowance for loan and lease losses	13,067	13,173
Net loans	1,412,951	1,299,594
Premises and equipment - net	32,459	32,428
Accrued interest receivable	8,542	8,851
Goodwill and other identifiable intangible assets	92,648	93,395
Bank owned life insurance	36,077	35,479
Other assets	14,987	12,999
TOTAL ASSETS	\$2,242,660	\$2,206,033
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES:		
Deposits:		
Noninterest bearing	\$308,567	\$312,529
Savings and interest-bearing transaction accounts	1,027,303	1,038,038
Time deposits under \$100 thousand	280,799	293,293
Time deposits \$100 thousand and over	176,952	154,300
Total deposits	1,793,621	1,798,160
Federal funds purchased and securities sold under agreements to repurchase	130,378	103,199
Long-term debt	61,711	45,061
Subordinated debentures	56,703	56,703
Other liabilities	10,656	11,129
TOTAL LIABILITIES	2,053,069	2,014,252
Commitments and contingencies		
Stockholders' equity:		
Common stock, no par value; authorized shares, 40,000,000; issued shares, 23,564,454 at June 30, 2006 and December 31, 2005; outstanding shares, 22,009,133 at June 30, 2006 and 21,121,923 at December 31, 2005	242,672	226,322
Accumulated deficit	(20,444)	(9,514)
Treasury stock, at cost, 1,555,321 shares in 2006 and 1,386,434 shares in 2005	(22,779)	(20,176)
Accumulated other comprehensive loss	(9,858)	(4,851)
TOTAL STOCKHOLDERS' EQUITY	189,591	191,781
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$2,242,660	\$2,206,033

Edgar Filing: LAKELAND BANCORP INC - Form 10-Q

See accompanying notes to consolidated financial statements

Table of Contents**Lakeland Bancorp, Inc. and Subsidiary**

UNAUDITED CONSOLIDATED INCOME STATEMENTS

	For the three months ended June 30,		For the six months ended June 30,	
	2006	2005	2006	2005
	(In thousands, except per share data)		(In thousands, except per share data)	
INTEREST INCOME				
Loans and fees	\$22,750	\$18,424	\$43,848	\$35,973
Federal funds sold and interest-bearing deposits with banks	133	89	234	220
Taxable investment securities	5,053	5,686	10,795	11,735
Tax-exempt investment securities	996	865	2,008	1,776
TOTAL INTEREST INCOME	28,932	25,064	56,885	49,704
INTEREST EXPENSE				
Deposits	9,491	5,368	18,130	10,449
Federal funds purchased and securities sold under agreements to repurchase	985	851	2,284	1,386
Long-term debt	1,735	1,418	3,202	2,835
TOTAL INTEREST EXPENSE	12,211	7,637	23,616	14,670
NET INTEREST INCOME	16,721	17,427	33,269	35,034
Provision for loan and lease losses	319	327	651	1,110
NET INTEREST INCOME AFTER PROVISION FOR LOAN AND LEASE LOSSES	16,402	17,100	32,618	33,924
NONINTEREST INCOME				
Service charges on deposit accounts	2,721	2,357	5,264	4,241
Commissions and fees	920	731	1,814	1,466
Gains on the sales of investment securities	0	100	78	128
Income on bank owned life insurance	308	305	607	602
Leasing income	282	159	463	660
Other income	93	72	575	156
TOTAL NONINTEREST INCOME	4,324	3,724	8,801	7,253
NONINTEREST EXPENSE				
Salaries and employee benefits	7,672	7,142	15,305	14,247
Net occupancy expense	1,291	1,212	2,724	2,759
Furniture and equipment	1,133	1,115	2,285	2,210
Stationery, supplies and postage	403	476	815	906
Legal fees	70	224	242	447
Marketing expense	423	534	834	875
Core deposit intangible amortization	298	303	601	606
Other expenses	2,127	2,227	4,404	4,854
TOTAL NONINTEREST EXPENSE	13,417	13,233	27,210	26,904
Income before provision for income taxes	7,309	7,591	14,209	14,273
Provision for income taxes	2,254	2,454	4,462	4,568

Edgar Filing: LAKELAND BANCORP INC - Form 10-Q

NET INCOME	\$5,055	\$5,137	\$9,747	\$9,705
EARNINGS PER SHARE				
Basic	\$0.23	\$0.23	\$0.44	\$0.43
Diluted	\$0.23	\$0.23	\$0.44	\$0.42

UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	For the three months ended June 30,		For the six months ended June 30,	
	2006	2005	2006	2005
	(in thousands)		(in thousands)	
NET INCOME	\$5,055	\$5,137	\$9,747	\$9,705
OTHER COMPREHENSIVE INCOME NET OF TAX:				
Unrealized securities gains (losses) arising during period	(1,989)	3,420	(4,756)	(1,427)
Less: reclassification for gains included in net income	(0)	65	53	83
Increase in minimum pension liability, net	0	0	(198)	0
Other Comprehensive Income (Loss)	(1,989)	3,355	(5,007)	(1,510)
TOTAL COMPREHENSIVE INCOME	\$3,066	\$8,492	\$4,740	\$8,195

See accompanying notes to consolidated financial statements

Table of Contents**Lakeland Bancorp, Inc. and Subsidiary**

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS EQUITY

	Common stock			Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Total
	Number of Shares	Amount	Accumulated deficit (dollars in thousands)			
BALANCE DECEMBER 31, 2004	21,374,570	\$208,933	(\$3,847)	(\$10,878)	\$340	\$194,548
Net Income 2005			20,221			20,221
Other comprehensive loss net of tax					(5,191)	(5,191)
Exercise of stock options		(192)		800		608
Stock dividend	1,067,767	17,581	(17,581)			
Cash dividends			(8,307)			(8,307)
Purchase of treasury stock				(10,098)		(10,098)
BALANCE DECEMBER 31, 2005	22,442,337	\$226,322	(\$9,514)	(\$20,176)	(\$4,851)	\$191,781
Net Income, first six months of 2006			9,747			9,747
Other comprehensive loss net of tax					(5,007)	(5,007)
Exercise of stock options		(122)		541		419
Stock dividend	1,122,117	16,472	(16,472)			
Cash dividends			(4,205)			(4,205)
Purchase of treasury stock				(3,144)		(3,144)
BALANCE June 30, 2006 (UNAUDITED)	23,564,454	\$242,672	(\$20,444)	(\$22,779)	(\$9,858)	\$189,591

See accompanying notes to consolidated financial statements

Table of Contents

Lakeland Bancorp, Inc. and Subsidiary

CONSOLIDATED STATEMENTS OF CASH FLOWS-(UNAUDITED)

	For the six months ended	
	2006	June 30, 2005
	(in thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$9,747	\$9,705
Adjustments to reconcile net income to net cash provided by operating activities:		
Net amortization of premiums, discounts and deferred loan fees and costs	369	542
Depreciation and amortization	2,360	2,354
Provision for loan and lease losses	651	1,110
Gain on sales and calls of securities	(78)	(128)