

LAKELAND BANCORP INC
Form 10-Q
August 08, 2018

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 000-17820

LAKELAND BANCORP, INC.

(Exact name of registrant as specified in its charter)

New Jersey 22-2953275

(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

250 Oak Ridge Road, Oak Ridge, New Jersey 07438
(Address of principal executive offices) (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, every 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

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: (Check one): Large accelerated filer Accelerated filer Non-accelerated filer 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

APPLICABLE ONLY TO CORPORATE ISSUERS:

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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 27, 2018, there were 47,485,283 outstanding shares of Common Stock, no par value.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

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CONSOLIDATED BALANCE SHEETS

	June 30, 2018 (unaudited)	December 31, 2017
	(dollars in thousands)	
ASSETS		
Cash	\$ 139,438	\$ 114,138
Interest-bearing deposits due from banks	3,374	28,795
Total cash and cash equivalents	142,812	142,933
Investment securities available for sale, at fair value	606,231	628,046
Equity securities, at fair value	16,798	18,089
Investment securities held to maturity; fair value of \$155,316 at June 30, 2018 and \$138,688 at December 31, 2017	158,832	139,685
Federal Home Loan Bank and other membership bank stock, at cost	16,235	12,576
Loans, net of deferred costs (fees)	4,277,539	4,152,720
Less: allowance for loan and lease losses	36,604	35,455
Net loans	4,240,935	4,117,265
Loans held for sale	1,692	456
Premises and equipment, net	50,409	50,313
Accrued interest receivable	14,612	14,416
Goodwill	136,433	136,433
Other identifiable intangible assets	2,052	2,362
Bank owned life insurance	108,952	107,489
Other assets	38,495	35,576
TOTAL ASSETS	\$5,534,488	\$ 5,405,639
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Deposits:		
Noninterest-bearing	\$967,911	\$ 967,335
Savings and interest-bearing transaction accounts	2,625,325	2,663,985
Time deposits \$250 thousand and under	611,777	556,863
Time deposits over \$250 thousand	195,006	180,565
Total deposits	4,400,019	4,368,748
Federal funds purchased and securities sold under agreements to repurchase	197,870	124,936
Other borrowings	196,376	192,011
Subordinated debentures	104,963	104,902
Other liabilities	37,396	31,920
TOTAL LIABILITIES	4,936,624	4,822,517
STOCKHOLDERS' EQUITY		
Common stock, no par value; authorized shares, 100,000,000 at June 30, 2018 and 70,000,000 at December 31, 2017; issued shares, 47,484,057 at June 30, 2018 and 47,353,864 at December 31, 2017	513,756	512,734
Retained earnings	95,586	72,737
Accumulated other comprehensive income	(11,478) (2,349
TOTAL STOCKHOLDERS' EQUITY	597,864	583,122
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$5,534,488	\$ 5,405,639

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

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CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2018	2017	2018	2017
	(in thousands, except per share data)			
INTEREST INCOME				
Loans, leases and fees	\$ 47,659	\$ 42,740	\$ 93,203	\$ 83,151
Federal funds sold and interest-bearing deposits with banks	145	132	311	408
Taxable investment securities and other	4,027	3,818	8,019	7,417
Tax-exempt investment securities	429	522	872	1,032
TOTAL INTEREST INCOME	52,260	47,212	102,405	92,008
INTEREST EXPENSE				
Deposits	6,501	3,784	12,256	7,118
Federal funds purchased and securities sold under agreements to repurchase	233	98	367	108
Other borrowings	2,033	1,909	4,053	4,038
TOTAL INTEREST EXPENSE	8,767	5,791	16,676	11,264
NET INTEREST INCOME	43,493	41,421	85,729	80,744
Provision for loan and lease losses	1,492	1,827	2,776	3,045
NET INTEREST INCOME AFTER PROVISION FOR LOAN AND LEASE LOSSES	42,001	39,594	82,953	77,699
NONINTEREST INCOME				
Service charges on deposit accounts	2,545	2,674	5,156	5,129
Commissions and fees	1,410	1,135	2,682	2,291
Income on bank owned life insurance	711	500	1,430	926
Gains on sales of loans	300	471	546	869
Gains on sales of investment securities, net	—	(15)	—	2,524
Other income	743	1,346	1,229	2,466
TOTAL NONINTEREST INCOME	5,709	6,111	11,043	14,205
NONINTEREST EXPENSE				
Salaries and employee benefits	16,708	15,096	33,569	30,513
Net occupancy expense	2,603	2,507	5,341	5,343
Furniture and equipment	2,011	1,996	4,217	4,093
FDIC insurance expense	400	425	825	743
Stationery, supplies and postage	443	572	859	1,015
Marketing expense	456	508	817	909
Data processing expense	976	502	1,442	1,055
Telecommunications expense	462	372	883	776
ATM and debit card expense	558	517	1,068	958
Core deposit intangible amortization	153	190	310	385
Other real estate and repossessed asset expense	21	4	67	41
Long-term debt prepayment fee	—	—	—	2,828
Other expenses	2,783	2,677	5,313	5,177
TOTAL NONINTEREST EXPENSE	27,574	25,366	54,711	53,836
Income before provision for income taxes	20,136	20,339	39,285	38,068

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Provision for income taxes	4,298	6,969	8,192	12,386
NET INCOME	\$ 15,838	\$ 13,370	\$ 31,093	\$ 25,682
PER SHARE OF COMMON STOCK				
Basic earnings	\$ 0.33	\$ 0.28	\$ 0.65	\$ 0.54
Diluted earnings	\$ 0.33	\$ 0.28	\$ 0.65	\$ 0.53
Dividends	\$ 0.115	\$ 0.100	\$ 0.215	\$ 0.195

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

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Lakeland Bancorp, Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2018	2017	2018	2017
	(in thousands)		(in thousands)	
NET INCOME	\$15,838	\$13,370	\$31,093	\$25,682
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX:				
Unrealized (losses) gains on securities available for sale	(1,690)	1,029	(7,422)	1,763
Reclassification for securities losses (gains) included in net income	—	9	—	(1,640)
Unrealized gains (losses) on derivatives	53	(121)	336	(107)
Other comprehensive (loss) income	(1,637)	917	(7,086)	16
TOTAL COMPREHENSIVE INCOME	\$14,201	\$14,287	\$24,007	\$25,698

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

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Lakeland Bancorp, Inc. and Subsidiaries
 CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (UNAUDITED)
 For the Six Months Ended June 30, 2018 and 2017

	Common Stock	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
	(in thousands)			
At January 1, 2017	\$510,861	\$38,590	\$ 593	\$550,044
Net income	—			