

CAMDEN NATIONAL CORP
Form 10-Q
August 08, 2008
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2008

OR

.. TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File No. 0-28190

CAMDEN NATIONAL CORPORATION

(Exact name of registrant as specified in its charter)

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MAINE
(State or other jurisdiction of
incorporation or organization)

01-0413282
(I.R.S. Employer
Identification No.)

2 ELM STREET, CAMDEN, ME
(Address of principal executive offices)

04843
(Zip Code)

Registrant's telephone number, including area code: (207) 236-8821

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 periods 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, 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 (Do not check if a smaller reporting company) 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

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

Outstanding at August 6, 2008: Common stock (no par value) 7,686,441 shares.

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CAMDEN NATIONAL CORPORATION

Form 10-Q for the quarter ended June 30, 2008

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Shareholders and Board of Directors

Camden National Corporation

We have reviewed the accompanying interim consolidated financial information of Camden National Corporation and Subsidiaries as of June 30, 2008, and for the six-month and three-month periods ended June 30, 2008 and 2007. These financial statements are the responsibility of the Company's management.

We conducted our reviews in accordance with standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit in accordance with standards of the Public Company Accounting Oversight Board (United States), the objective of which is to express an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements for them to be in conformity with accounting principles generally accepted in the United States of America.

Berry, Dunn, McNeil & Parker

Portland, Maine

August 8, 2008

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Table of Contents**Camden National Corporation and Subsidiaries****Consolidated Statements of Condition**

<i>(In thousands, except number of shares)</i>	June 30, 2008 <i>(unaudited)</i>	December 31, 2007 <i>(audited)</i>
Assets		
Cash and due from banks	\$ 36,373	\$ 28,790
Securities available for sale, at market	554,516	423,108
Securities held to maturity (fair value \$41,751 and \$41,013 at June 30, 2008 and December 31, 2007, respectively)	42,132	40,726
Loans, less allowance for loan and lease losses of \$17,266 and \$13,653 at June 30, 2008 and December 31, 2007, respectively	1,509,692	1,131,986
Premises and equipment, net	27,068	19,650
Other real estate owned	296	400
Interest receivable	8,982	7,098
Bank-owned life insurance	35,301	21,864
Core deposit intangible	4,837	320
Goodwill	42,383	3,991
Other assets	52,015	38,855
Total assets	\$ 2,313,595	\$ 1,716,788
Liabilities		
Deposits:		
Demand	\$ 184,409	\$ 141,858
NOW	198,191	132,331
Money market	289,875	298,677
Savings	131,328	85,931
Certificates of deposit	605,427	459,254
Total deposits	1,409,230	1,118,051
Borrowings from Federal Home Loan Bank	453,716	271,558
Other borrowed funds	206,261	142,492
Junior subordinated debentures	43,342	36,083
Capital lease obligation	1,266	
Note payable	202	10,000
Due to broker	5,000	
Accrued interest and other liabilities	22,433	18,401
Total liabilities	2,141,450	1,596,585
Shareholders Equity		
Common stock, no par value; authorized 20,000,000 shares, issued and outstanding 7,686,441 and 6,513,573 shares on June 30, 2008 and December 31, 2007, respectively	2,814	2,522
Surplus	46,051	2,629
Retained earnings	123,831	114,289
Accumulated other comprehensive (loss) income		
Net unrealized (losses) gains on securities available for sale, net of tax	(197)	1,516
Net unrealized losses on post-retirement plans, net of tax	(354)	(753)
Total accumulated other comprehensive (loss) income	(551)	763

Total shareholders equity	172,145	120,203
Total liabilities and shareholders equity	\$ 2,313,595	\$ 1,716,788

See Report of Independent Registered Public Accounting Firm.

The accompanying notes are an integral part of these Consolidated Financial Statements.

Table of Contents**Camden National Corporation and Subsidiaries****Consolidated Statements of Income***(unaudited)*

<i>(In thousands, except number of shares and per share data)</i>	Six Months Ended June 30,	
	2008	2007
Interest Income		
Interest and fees on loans	\$ 49,724	\$ 43,057
Interest on U.S. government and sponsored enterprise obligations	12,509	9,473
Interest on state and political subdivision obligations	1,352	822
Interest on federal funds sold and other investments	1,455	818
Total interest income	65,040	54,170
Interest Expense		
Interest on deposits	16,501	18,652
Interest on other borrowings	12,035	9,563
Interest on junior subordinated debentures	1,443	1,181
Total interest expense	29,979	29,396
Net interest income	35,061	24,774
Provision for Loan and Lease Losses	950	100
Net interest income after provision for loan and lease losses	34,111	24,674
Non-interest Income		
Service charges on deposit accounts	2,692	1,744
Other service charges and fees	1,335	878
Income from fiduciary services	3,378	2,428
Brokerage and insurance commissions	723	429
Mortgage servicing income (expense), net	(215)	58
Life insurance earnings	578	385
Gain on sale of securities	180	
Other income	384	329
Total non-interest income	9,055	6,251
Non-interest Expenses		
Salaries and employee benefits	13,051	9,285
Net occupancy	2,081	1,384
Furniture, equipment and data processing	1,834	1,111
Amortization of core deposit intangible	504	428
Other expenses	6,704	4,856
Total non-interest expenses	24,174	17,064
Income before income taxes	18,992	13,861
Income Taxes	5,691	4,136
Net Income	\$ 13,301	\$ 9,725

Per Share Data

Basic earnings per share	\$ 1.73	\$ 1.47
Diluted earnings per share	1.73	1.47
Cash dividends per share	\$ 0.49	\$ 0.48
Weighted average number of shares outstanding	7,694,326	6,601,741

See Report of Independent Registered Public Accounting Firm.

The accompanying notes are an integral part of these Consolidated Financial Statements.

Table of Contents**Camden National Corporation and Subsidiaries****Consolidated Statements of Income***(unaudited)*

<i>(In thousands, except number of shares and per share data)</i>	Three Months Ended June 30,	
	2008	2007
Interest Income		
Interest and fees on loans	\$ 24,410	\$ 21,558
Interest on U.S. government and sponsored enterprise obligations	6,361	4,721
Interest on state and political subdivision obligations	676	411
Interest on federal funds sold and other investments	684	491
Total interest income	32,131	27,181
Interest Expense		
Interest on deposits	7,559	9,182
Interest on other borrowings	5,983	5,073
Interest on junior subordinated debentures	691	594
Total interest expense	14,233	14,849
Net interest income	17,898	12,332
Provision for Loan and Lease Losses	450	
Net interest income after provision for loan and lease losses	17,448	12,332
Non-interest Income		
Service charges on deposit accounts	1,465	899
Other service charges and fees	696	451
Income from fiduciary services	1,701	1,229
Brokerage and insurance commissions	405	230
Mortgage servicing income (expense), net	(85)	32
Life insurance earnings	285	197
Other income	185	169
Total non-interest income	4,652	3,207
Non-interest Expenses		
Salaries and employee benefits	6,399	4,639
Net occupancy	992	696
Furniture, equipment and data processing	982	567
Amortization of core deposit intangible	194	214
Other expenses	3,346	2,383
Total non-interest expenses	11,913	8,499
Income before income taxes	10,187	7,040
Income Taxes	3,080	2,097
Net Income	\$ 7,107	\$ 4,943

Per Share Data

Basic earnings per share	\$ 0.92	\$ 0.75
Diluted earnings per share	0.92	0.75
Cash dividends per share	\$ 0.25	\$ 0.24
Weighted average number of shares outstanding	7,695,798	6,582,291

See Report of Independent Registered Public Accounting Firm.

The accompanying notes are an integral part of these Consolidated Financial Statements.

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Camden National Corporation and Subsidiaries

Consolidated Statements of Changes in Shareholders' Equity

(unaudited)

(In thousands, except number of shares)