

CAMDEN NATIONAL CORP  
Form 10-Q  
August 08, 2014

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM 10-Q

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

For the quarterly period ended June 30, 2014

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)

MAINE 01-0413282  
(State or other jurisdiction of (I.R.S. Employer  
incorporation or organization) Identification No.)

2 ELM STREET, CAMDEN, ME 04843  
(Address of principal executive offices) (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 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 (§232.405 of this chapter) during the preceding 12 months (or for 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 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   
(Do not check if a 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 4, 2014: Common stock (no par value) 7,421,595 shares.

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CAMDEN NATIONAL CORPORATION

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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, 2014, and for the three and six-month periods ended June 30, 2014 and 2013. 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.

/s/ Berry Dunn McNeil & Parker, LLC  
Berry Dunn McNeil & Parker, LLC

Portland, Maine  
August 8, 2014

## CONSOLIDATED STATEMENTS OF CONDITION

(In Thousands, Except Number of Shares)	June 30, 2014 (unaudited)	December 31, 2013
<b>ASSETS</b>		
Cash and due from banks	\$51,465	\$51,355
Securities:		
Available-for-sale securities, at fair value	772,467	808,477
Held-to-maturity securities, at amortized cost	9,798	—
Federal Home Loan Bank and Federal Reserve Bank stock, at cost	20,379	19,724
Total securities	802,644	828,201
Trading account assets	2,406	2,488
Loans	1,696,765	1,580,402
Less: allowance for loan losses	(21,905)	(21,590)
Net loans	1,674,860	1,558,812
Goodwill and other intangible assets	48,745	49,319
Bank-owned life insurance	46,961	46,363
Premises and equipment, net	24,696	25,727
Deferred tax assets	13,261	16,047
Interest receivable	5,953	5,808
Other real estate owned	2,217	2,195
Other assets	18,498	17,514
Total assets	\$2,691,706	\$2,603,829
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Liabilities</b>		
<b>Deposits:</b>		
Demand	\$242,422	\$241,866
Interest checking	440,443	453,909
Savings and money market	659,718	675,679
Certificates of deposit	330,575	343,034
Brokered deposits	184,304	99,336
Total deposits	1,857,462	1,813,824
Federal Home Loan Bank advances	56,076	56,112
Other borrowed funds	464,851	430,058
Junior subordinated debentures	43,973	43,922
Accrued interest and other liabilities	31,624	28,817
Total liabilities	2,453,986	2,372,733
Commitments and contingencies (Notes 6, 7, and 9)		
<b>Shareholders' Equity</b>		
Common stock, no par value; authorized 20,000,000 shares, issued and outstanding 7,421,445 and 7,579,913 shares as of June 30, 2014 and December 31, 2013, respectively	41,211	47,783
Retained earnings	203,683	195,660
Accumulated other comprehensive loss:		
Net unrealized losses on available-for-sale securities, net of tax	(943)	(7,964)
Net unrealized losses on derivative instruments, net of tax	(4,437)	(2,542)
Net unrecognized losses on postretirement plans, net of tax	(1,794)	(1,841)
Total accumulated other comprehensive loss	(7,174)	(12,347)
Total shareholders' equity	237,720	231,096

Total liabilities and shareholders' equity	\$2,691,706	\$2,603,829
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See Report of Independent Registered Public Accounting Firm.

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

## CONSOLIDATED STATEMENTS OF INCOME

(unaudited)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
(In Thousands, Except Number of Shares and Per Share Data)	2014	2013	2014	2013
Interest Income				
Interest and fees on loans	\$17,757	\$18,059	\$34,537	\$35,854
Interest on U.S. government and sponsored enterprise obligations	4,124	4,074	8,354	8,350
Interest on state and political subdivision obligations	314	292	608	597
Interest on federal funds sold and other investments	94	56	183	106
Total interest income	22,289	22,481	43,682	44,907
Interest Expense				
Interest on deposits	1,565	1,828	3,116	3,647
Interest on borrowings	845	767	1,652	1,585
Interest on junior subordinated debentures	631	636	1,256	1,257
Total interest expense	3,041	3,231	6,024	6,489
Net interest income	19,248	19,250	37,658	38,418
Provision for credit losses	643	695	1,136	1,369
Net interest income after provision for credit losses	18,605	18,555	36,522	37,049
Non-Interest Income				
Service charges on deposit accounts	1,620	1,755	3,089	3,439
Other service charges and fees	1,543	1,513	2,938	2,942
Income from fiduciary services	1,349	1,275	2,533	2,418
Brokerage and insurance commissions	459	409	937	821
Bank-owned life insurance	292	314	598	652
Net gain on sale of securities	285	—	451	138
Mortgage banking income, net	70	584	142	1,158
Other income	886	526	1,501	1,144
Total non-interest income	6,504	6,376	12,189	12,712
Non-Interest Expense				
Salaries and employee benefits	8,301	7,961	16,281	16,322
Furniture, equipment and data processing	1,743	1,931	3,532	3,535
Net occupancy costs	1,270	1,407	2,650	2,959
Consulting and professional fees	782	585	1,300	1,132
Other real estate owned and collection costs (recoveries)	515	(22)	1,028	866
Regulatory assessments	485	500	966	999
Amortization of intangible assets	287	287	574	574
Branch Acquisition costs	—	71	—	232
Other expenses	2,409	2,928	4,586	5,529
Total non-interest expense	15,792	15,648	30,917	32,148
Income before income taxes	9,317	9,283	17,794	17,613
Income Taxes	3,001	2,952	5,763	5,620
Net Income	\$6,316	\$6,331	\$12,031	\$11,993
Per Share Data				
Basic earnings per share	\$0.85	\$0.83	\$1.60	\$1.57
Diluted earnings per share	\$0.85	\$0.82	\$1.60	\$1.56
Weighted average number of common shares outstanding				