

FEDERAL TRUST CORP
Form 10QSB
November 06, 2003
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-QSB

(Mark One)

Quarterly report under Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended September 30, 2003

Transition report under Section 13 or 15(d) of the Exchange Act

For the transition period from _____ to _____

Commission file number 33-27139

FEDERAL TRUST CORPORATION

(Exact Name of Small Business Issuer as Specified in Its Charter)

Florida
(State or Other Jurisdiction
of Incorporation or Organization)

59-2935028
(I.R.S. Employer
Identification No.)

312 West 1st Street

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Sanford, Florida 32771

(Address of Principal Executive Offices)

(407) 323-1833

(Issuer's Telephone Number)

N/A

(Former Name, Former Address and Former Fiscal Year, if Changed

Since Last Report)

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date:

Common stock, par value \$.01 per share
(class)

6,591,338 shares
Outstanding at October 31, 2003

Transitional small business disclosure format (check one) Yes No

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FEDERAL TRUST CORPORATION AND SUBSIDIARIES

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	September 30, 2003 <u>(Unaudited)</u>	At December 31, 2002 <u></u>
Assets		
Cash and due from banks	\$ 2,608	\$ 4,318
Interest-earning deposits	1,570	14,515
	<u>4,178</u>	<u>18,833</u>
Cash and cash equivalents	4,178	18,833
Securities available for sale	38,233	21,520
Loans, less allowance for loan losses of \$2,520 in 2003 and \$2,110 in 2002	368,281	308,598
Accrued interest receivable	2,267	2,186
Premises and equipment, net	11,650	8,357
Foreclosed assets	522	858
Federal Home Loan Bank stock, at cost	5,310	2,860
Mortgage servicing rights, net	1,067	1,325
Bank-owned life insurance	6,463	2,974
Other assets	1,273	543
	<u>439,244</u>	<u>368,054</u>
Total assets	\$ 439,244	\$ 368,054
Liabilities and Stockholders Equity		
Liabilities:		
Noninterest-bearing demand deposits	\$ 6,113	\$ 6,112
Interest-bearing demand deposits	16,781	12,094
Money-market deposits	80,244	68,893
Savings deposits	9,569	9,319
Time deposits	190,006	182,113
	<u>202,713</u>	<u>178,531</u>

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Total deposits	302,713	278,531
Federal Home Loan Bank advances	92,200	54,200
Line of credit	1,752	915
Guaranteed preferred beneficial interest in junior subordinated debentures	5,000	
Capital lease obligation	3,405	2,139
Accrued interest payable	510	449
Official checks	2,035	1,778
Other liabilities	5,452	5,003
	<u> </u>	<u> </u>
Total liabilities	413,067	343,015
	<u> </u>	<u> </u>
Stockholders' equity:		
Common stock	66	66
Additional paid-in capital	21,788	21,778
Retained earnings	5,039	3,180
Unallocated ESOP shares	(415)	
Accumulated other comprehensive income (loss)	(301)	15
	<u> </u>	<u> </u>
Total stockholders' equity	26,177	25,039
	<u> </u>	<u> </u>
Total liabilities and stockholders' equity	\$ 439,244	\$ 368,054
	<u> </u>	<u> </u>

See Accompanying Notes to Condensed Consolidated Financial Statements.

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FEDERAL TRUST CORPORATION AND SUBSIDIARIES

Condensed Consolidated Statements of Earnings

(Unaudited)

(In thousands, except per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2003	2002	2003	2002
Interest income:				
Loans	\$ 4,652	\$ 4,543	\$ 14,486	\$ 13,707
Securities	283	164	839	485
Other	46	110	165	293
Total interest income	4,981	4,817	15,490	14,485
Interest expense:				
Deposits	1,586	2,172	5,472	6,419
Other borrowings	620	627	1,952	1,835
Total interest expense	2,206	2,799	7,424	8,254
Net interest income	2,775	2,018	8,066	6,231
Provision for loan losses	70	30	395	190
Net interest income after provision for loan losses	2,705	1,988	7,671	6,041
Other income:				
Service charges and fees	95	85	257	270
Gain on sale of loans held for sale	148	43	399	395
Net gain on sale of securities available for sale		133	353	115
Rental income	89	113	280	285
Other	75	181	388	596
Total other income	407	555	1,677	1,661
Other expense:				
Salary and employee benefits	989	870	3,176	2,859
Occupancy expense	396	275	1,046	852
Data processing	152	112	389	300
Professional services	111	118	326	337
Other	409	287	1,366	1,046
Total other expense	2,057	1,662	6,303	5,394

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Earnings before income taxes	1,055	881	3,045	2,308
Income taxes	339	322	989	831
Net earnings	<u>\$ 716</u>	<u>\$ 559</u>	<u>\$ 2,056</u>	<u>\$ 1,477</u>
Earnings per share:				
Basic	<u>\$.11</u>	<u>\$.09</u>	<u>\$.31</u>	<u>\$.26</u>
Diluted	<u>\$.11</u>	<u>\$.09</u>	<u>\$.31</u>	<u>\$.26</u>
Weighted-average shares outstanding for:				
Basic	<u>6,591</u>	<u>6,412</u>	<u>6,591</u>	<u>5,789</u>
Diluted	<u>6,770</u>	<u>6,412</u>	<u>6,729</u>	<u>5,789</u>
Cash dividends per share	<u>\$.01</u>	<u>\$.03</u>	<u>\$.03</u>	<u>\$.03</u>

See Accompanying Notes to Condensed Consolidated Financial Statements.

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FEDERAL TRUST CORPORATION AND SUBSIDIARIES

Condensed Consolidated Statements of Stockholders' Equity

For the Nine Months Ended September 30, 2003 and 2002

(\$ in thousands)

	<u>Common Stock</u>		<u>Additional Paid-In Capital</u>	<u>Retained Earnings</u>	<u>Unallocated ESOP Shares</u>	<u>Accumulated Other Compre- hensive Income (Loss)</u>	<u>Total Stockholders Equity</u>
	<u>Shares</u>	<u>Amount</u>					
Balance at December 31, 2001	5,409,449	\$ 54	\$ 17,492	\$ 1,121	\$	\$ (136)	\$ 18,531
Comprehensive income:							
Net earnings (unaudited)				1,477			1,477
Change in unrealized loss on securities available for sale, net of income taxes of \$86 (unaudited)						151	