

BRYN MAWR BANK CORP
Form 10-Q
November 02, 2018
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

Quarterly Report Under Section 13 or 15(d)
of the Securities Exchange Act of 1934

For Quarter ended September 30, 2018

Commission File Number 1-35746

Bryn Mawr Bank Corporation
(Exact name of registrant as specified in its charter)

Pennsylvania	23-2434506
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer identification No.)

801 Lancaster Avenue, Bryn Mawr, Pennsylvania	19010
(Address of principal executive offices)	(Zip Code)
Registrant's telephone number, including area code (610) 525-1700	

Not Applicable
Former name, former address and fiscal year, if changed since last report.

Indicate by checkmark whether the registrant (1) has filed all reports 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 every Interactive Data File required to be submitted 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, 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.
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.

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Indicate by checkmark 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 practicable date.

Classes	Outstanding at November 1, 2018
Common Stock, par value \$1	20,250,227

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BRYN MAWR BANK CORPORATION AND SUBSIDIARIES

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QUARTER ENDED SEPTEMBER 30, 2018

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PART I. FINANCIAL INFORMATION

ITEM 1. Financial Statements

BRYN MAWR BANK CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets - Unaudited

(dollars in thousands)	September 30, 2018	December 31, 2017
Assets		
Cash and due from banks	\$ 10,121	\$ 11,657
Interest bearing deposits with banks	35,233	48,367
Cash and cash equivalents	45,354	60,024
Investment securities available for sale, at fair value (amortized cost of \$543,240 and \$692,824 as of September 30, 2018 and December 31, 2017, respectively)	528,064	689,202
Investment securities held to maturity, at amortized cost (fair value of \$8,544 and \$7,851 as of September 30, 2018 and December 31, 2017, respectively)	8,916	7,932
Investment securities, trading	8,340	4,610
Loans held for sale	4,111	3,794
Portfolio loans and leases, originated	2,752,160	2,487,296
Portfolio loans and leases, acquired	629,315	798,562
Total portfolio loans and leases	3,381,475	3,285,858
Less: Allowance for originated loan and lease losses	(18,612)	(17,475)
Less: Allowance for acquired loan and lease losses	(72)	(50)
Total allowance for loans and lease losses	(18,684)	(17,525)
Net portfolio loans and leases	3,362,791	3,268,333
Premises and equipment, net	63,281	54,458
Accrued interest receivable	13,232	14,246
Mortgage servicing rights	5,328	5,861
Bank owned life insurance	57,543	56,667
Federal Home Loan Bank stock	14,678	20,083
Goodwill	183,864	179,889
Intangible assets	24,301	25,966
Other investments	16,529	12,470
Other assets	52,110	46,185
Total assets	\$ 4,388,442	\$ 4,449,720
Liabilities		
Deposits:		
Noninterest-bearing	\$ 834,363	\$ 924,844
Interest-bearing	2,522,863	2,448,954
Total deposits	3,357,226	3,373,798
Short-term borrowings	226,498	237,865
Long-term FHLB advances	72,841	139,140
Subordinated notes	98,482	98,416
Junior subordinated debentures	21,538	21,416
Accrued interest payable	7,193	3,527
Other liabilities	53,239	47,439
Total liabilities	3,837,017	3,921,601
Shareholders' equity		
Common stock, par value \$1; authorized 100,000,000 shares; issued 24,532,745 and 24,360,049 shares as of September 30, 2018 and December 31, 2017, respectively and	24,533	24,360

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outstanding of 20,292,420 and 20,161,395 as of September 30, 2018 and December 31, 2017, respectively

Paid-in capital in excess of par value	373,205	371,486
Less: Common stock in treasury at cost - 4,240,325 and 4,198,654 shares as of September 30, 2018 and December 31, 2017, respectively	(70,437) (68,179)
Accumulated other comprehensive loss, net of tax	(13,402) (4,414)
Retained earnings	238,204	205,549
Total Bryn Mawr Bank Corporation shareholders' equity	552,103	528,802
Noncontrolling interest	(678) (683)
Total shareholders' equity	551,425	528,119
Total liabilities and shareholders' equity	\$ 4,388,442	\$ 4,449,720

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

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BRYN MAWR BANK CORPORATION AND SUBSIDIARIES

Consolidated Statements of Income - Unaudited

(dollars in thousands, except share and per share data)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Interest income:				
Interest and fees on loans and leases	\$42,103	\$30,892	\$124,481	\$88,517
Interest on cash and cash equivalents	64	36	181	137
Interest on investment securities:				
Taxable	2,993	2,177	8,621	5,706
Non-taxable	71	91	233	302
Dividends	2	2	5	99
Total interest income	45,233	33,198	133,521	94,761
Interest expense:				
Interest on deposits	5,533	2,198	13,504	6,009
Interest on short-term borrowings	1,096	547	2,711	811
Interest on FHLB advances and other borrowings	394	645	1,446	2,025
Interest on subordinated notes	1,144	370	3,430	1,110
Interest on junior subordinated debentures	337	—	946	—
Total interest expense	8,504	3,760	22,037	9,955
Net interest income	36,729	29,438	111,484	84,806
Provision for loan and lease losses	664	1,333	4,831	1,541
Net interest income after provision for loan and lease losses	36,065	28,105	106,653	83,265
Noninterest income:				
Fees for wealth management services	10,343	9,651	31,309	28,761
Insurance commissions	1,754	1,373	5,349	3,079
Capital markets revenue	710	843	3,481	1,796
Service charges on deposits	726	676	2,191	1,953
Loan servicing and other fees	559	548	1,720	1,570
Net gain on sale of loans	631	799	1,677	1,948
Net gain on sale of investment securities available for sale	—	72	7	73
Net gain (loss) on sale of other real estate owned ("OREO")	5	—	292	(12)
Dividends on FHLB and FRB stock	375	217	1,316	649
Other operating income	3,171	1,405	10,543	3,779
Total noninterest income	18,274	15,584	57,885	43,596
Noninterest expenses:				
Salaries and wages	16,528	13,602	48,750	39,632
Employee benefits	3,356	2,560	9,941	7,453
Occupancy and bank premises	2,717	2,485	8,464	7,258
Furniture, fixtures, and equipment	2,070	1,726	6,037	5,569
Advertising	349	277	1,179	1,068
Amortization of intangible assets	891	677	2,659	2,057
Due diligence, merger-related and merger integration expenses	389	850	7,761	2,597
Professional fees	997	739	2,677	2,499
Pennsylvania bank shares tax	472	317	1,418	1,278
Information technology	1,155	880	3,602	2,575
Other operating expenses	4,668	4,071	12,970	11,353
Total noninterest expenses	33,592	28,184	105,458	83,339

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Income before income taxes	20,747	15,505	59,080	43,522
Income tax expense	4,066	4,766	12,419	14,306
Net income	\$16,681	\$10,739	\$46,661	\$29,216
Net (loss) income attributable to noncontrolling interest	(1)	—	5	—
Net income attributable to Bryn Mawr Bank Corporation	\$16,682	\$10,739	\$46,656	\$29,216
Basic earnings per common share	\$0.82	\$0.63	\$2.31	\$1.72
Diluted earnings per common share	\$0.82	\$0.62	\$2.28	\$1.69
Dividends paid or accrued per common share	\$0.25	\$0.22	\$0.69	\$0.64
Weighted-average basic shares outstanding				