

BRYN MAWR BANK CORP  
Form 10-Q  
August 07, 2015

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**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

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**Form 10-Q**

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

**For Quarter ended June 30, 2015**

**Commission File Number 1-35746**

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**Bryn Mawr Bank Corporation**

**(Exact name of registrant as specified in its charter)**

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**Pennsylvania  
(State or other jurisdiction of  
incorporation or organization)**

**23-2434506  
(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.**

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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 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 checkmark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer, or a smaller reporting company. See definition of "accelerated filer", "large accelerated filer", and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting company

Indicate by checkmark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act) Yes No

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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.

<b>Classes</b>	<b>Outstanding at August 4, 2015</b>
Common Stock, par value \$1	17,768,900

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**BRYN MAWR BANK CORPORATION AND SUBSIDIARIES**

**FORM 10-Q**

**QUARTER ENDED June 30, 2015**

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**PART I. FINANCIAL INFORMATION****ITEM 1. Financial Statements****BRYN MAWR BANK CORPORATION AND SUBSIDIARIES****Consolidated Balance Sheets - Unaudited**

	(unaudited)	
	<b>June 30,</b>	<b>December</b>
	<b>2015</b>	<b>31,</b>
		<b>2014</b>
<i>(dollars in thousands)</i>		
<b>Assets</b>		
Cash and due from banks	\$20,258	\$16,717
Interest bearing deposits with banks	156,282	202,552
Cash and cash equivalents	176,540	219,269
Investment securities available for sale, at fair value (amortized cost of \$347,431 and \$227,553 as of June 30, 2015 and December 31, 2014 respectively)	349,496	229,577
Investment securities, trading	4,029	3,896
Loans held for sale	15,363	3,882
Portfolio loans and leases, originated	1,692,027	1,535,004
Portfolio loans and leases, acquired	461,236	117,253
Total portfolio loans and leases	2,153,263	1,652,257
Less: Allowance for originated loan and lease losses	(14,937 )	(14,500 )
Less: Allowance for acquired loan and lease losses	(22 )	(86 )
Total allowance for loan and lease losses	(14,959 )	(14,586 )
Net portfolio loans and leases	2,138,304	1,637,671
Premises and equipment, net	43,164	33,748
Accrued interest receivable	7,518	5,560
Deferred income taxes	11,066	7,209
Mortgage servicing rights	4,970	4,765
Bank owned life insurance	32,941	20,535
Federal Home Loan Bank stock	11,542	11,523
Goodwill	104,322	35,781
Intangible assets	26,309	22,521
Other investments	9,295	5,226
Other assets	15,155	5,343
Total assets	\$2,950,014	\$2,246,506

**Liabilities**

## Deposits:

Non-interest-bearing	\$636,390	\$446,903
Interest-bearing	1,624,257	1,241,125
Total deposits	2,260,647	1,688,028

Short-term borrowings	26,406	23,824
Long-term FHLB advances and other borrowings	244,923	260,146
Accrued interest payable	1,292	1,040
Other liabilities	35,648	27,994
Total liabilities	2,568,916	2,001,032

**Shareholders' equity**

Common stock, par value \$1; authorized 100,000,000 shares; issued 20,847,571 and 16,742,135 shares as of June 30, 2015 and December 31, 2014, respectively, and outstanding of 17,786,293 and 13,769,336 as of June 30, 2015 and December 31, 2014, respectively	20,848	16,742
Paid-in capital in excess of par value	225,837	100,486
Less: Common stock in treasury at cost - 3,061,278 and 2,972,799 shares as of June 30, 2015 and December 31, 2014, respectively	(34,346 )	(31,642 )
Accumulated other comprehensive loss, net of tax benefit	(11,634 )	(11,704 )
Retained earnings	180,393	171,592
Total shareholders' equity	381,098	245,474
Total liabilities and shareholders' equity	\$2,950,014	\$2,246,506

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

**BRYN MAWR BANK CORPORATION AND SUBSIDIARIES****Consolidated Statements of Income - Unaudited**

	<b>Three Months Ended June 30,</b>		<b>Six Months Ended June 30,</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
<i>(dollars in thousands, except per share data)</i>				
<b>Interest income:</b>				
Interest and fees on loans and leases	\$25,568	\$19,876	\$50,732	\$38,918
Interest on cash and cash equivalents	124	44	239	81
Interest on investment securities:				
Taxable	1,161	891	2,481	1,842
Non-taxable	106	101	241	204
Dividends	34	29	54	57
Total interest income	26,993	20,941	53,747	41,102
<b>Interest expense on:</b>				
Deposits	1,062	713	2,090	1,402
Short-term borrowings	10	5	31	8
FHLB advances and other borrowings	851	781	1,761	1,527
Total interest expense	1,923	1,499	3,882	2,937
Net interest income	25,070	19,442	49,865	38,165
<b>Provision for loan and lease losses</b>	850	(100)	1,419	650
Net interest income after provision for loan and lease losses	24,220	19,542	48,446	37,515
<b>Non-interest income:</b>				
Fees for wealth management services	9,600	9,499	18,705	18,412
Service charges on deposits	752	656	1,464	1,257
Loan servicing and other fees	597	428	1,188	874
Net gain on sale of residential mortgage loans	778	537	1,586	861
Net gain on sale of investment securities available for sale	3	85	813	81
Net gain on sale of other real estate owned ("OREO")	75	220	90	220
Dividend on bank stocks	299	199	914	278
Insurance commissions	817	128	1,838	234
Other operating income	1,256	1,005	2,344	1,679
Total non-interest income	14,177	12,757	28,942	23,896
<b>Non-interest expenses:</b>				
Salaries and wages	11,064	9,694	21,934	18,134
Employee benefits	2,618	1,809	5,347	3,788
Occupancy and bank premises	2,808	1,683	5,274	3,616
Furniture, fixtures, and equipment	1,488	1,089	3,000	2,072
Advertising	479	455	1,036	794
Amortization of intangible assets	955	636	1,937	1,273
Due diligence and merger-related expenses	1,294	377	3,795	641
Professional fees	827	914	1,500	1,507
Pennsylvania bank shares tax	433	412	866	780
Information technology	814	697	1,516	1,346



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Other operating expenses	3,202	2,860	7,206	5,574
Total non-interest expenses	25,982	20,626	53,411	39,525
Income before income taxes	12,415	11,673	23,977	21,886
Income tax expense	4,296	4,069	8,364	7,593
<b>Net income</b>	<b>\$8,119</b>	<b>\$7,604</b>	<b>\$15,613</b>	<b>\$14,293</b>
Basic earnings per common share	\$0.46	\$0.56	\$0.89	\$1.06
Diluted earnings per common share	\$0.45	\$0.55	\$0.87	\$1.03
Dividends declared per share	\$0.19	\$0.18	\$0.38	\$0.36
Weighted-average basic shares outstanding	17,713,794	13,531,155	17,630,263	13,508,311
Dilutive shares	340,869	304,998	349,163	304,913
Adjusted weighted-average diluted shares	18,054,663	13,836,153	17,979,426	13,813,224

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

**BRYN MAWR BANK CORPORATION AND SUBSIDIARIES****Consolidated Statements of Comprehensive Income - Unaudited**

<i>(dollars in thousands)</i>	<b>Three Months Ended June 30, 2015</b>		<b>Six Months Ended June 30, 2015</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
Net income	\$8,119	\$7,604	\$15,613	\$14,293
Other comprehensive income (loss):				
<b>Net change in unrealized gains (losses) on investment securities available for sale:</b>				
Net unrealized (losses) gains arising during the period, net of tax (benefit) expense of \$(685), \$702, \$299 and \$1,317, respectively	(1,273)	1,303	554	2,445
Less: reclassification adjustment for net (gains) losses on sales realized in net income, net of tax expense (benefit) of \$1, \$30, \$285 and \$28, respectively	(2 )	(55 )	(528 )	(52 )
Unrealized investment (losses) gains, net of tax (benefit) expense of \$(686), \$672, \$14 and \$1,289, respectively	(1,275)	1,248	26	2,393
<b>Net change in fair value of derivative used for cash flow hedge:</b>				
Change in fair value of hedging instruments, net of tax expense (benefit) of \$98, \$(130), \$(28) and \$(253), respectively	183	(242 )	(51 )	(469 )
<b>Net change in unfunded pension liability:</b>				
Change in unfunded pension liability, net of tax (benefit) expense of \$(137), \$25, \$51 and \$50, respectively	(255 )	47	95	93
Total other comprehensive (loss) income	(1,347)	1,053	70	2,017
<b>Total comprehensive income</b>	<b>\$6,772</b>	<b>\$8,657</b>	<b>\$15,683</b>	<b>\$16,310</b>

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

**BRYN MAWR BANK CORPORATION AND SUBSIDIARIES****Consolidated Statements of Cash Flows - Unaudited***(dollars in thousands)*

	<b>Six Months Ended June 30, 2015      2014</b>	
<b>Operating activities:</b>		
Net Income	\$ 15,613	\$ 14,293
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan and lease losses	1,419	650
Depreciation of fixed assets	2,302	1,606
Net amortization of investment premiums and discounts	1,593	1,212
Net gain on sale of investment securities available for sale	(813 )	(81 )
Net gain on sale of residential mortgage loans	(1,586 )	(861 )
Stock based compensation cost	737	609
Amortization and net impairment of mortgage servicing rights	315	231
Net accretion of fair value adjustments	(2,994 )	(1,719 )
Amortization of intangible assets	1,937	1,273
Impairment of other real estate owned ("OREO")	90	