

BRYN MAWR BANK CORP  
Form 10-Q  
May 04, 2018

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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 March 31, 2018**

**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**

**23-2434506  
(I.R.S.  
Employer**

<b>incorporation or organization)</b>	<b>identification</b>
	<b>No.)</b>
<b>801 Lancaster Avenue, Bryn Mawr, Pennsylvania</b>	<b>19010</b>
<b>(Address of principal executive offices)</b>	<b>(Zip Code)</b>

**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 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.

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.

<b>Classes</b>	<b>Outstanding at May 1, 2018</b>
Common Stock, par value \$1	20,232,714

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**BRYN MAWR BANK CORPORATION AND SUBSIDIARIES**

**FORM 10-Q**

**QUARTER ENDED March 31, 2018**

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

<i>(dollars in thousands)</i>	<b>March 31, 2018</b>	<b>December 31, 2017</b>
<b>Assets</b>		
Cash and due from banks	\$ 7,804	\$ 11,657
Interest bearing deposits with banks	24,589	48,367
Cash and cash equivalents	32,393	60,024
Investment securities available for sale, at fair value (amortized cost of \$544,428 and \$692,824 as of March 31, 2018 and December 31, 2017 respectively)	534,103	689,202
Investment securities held to maturity, at amortized cost (fair value of \$7,629 and \$7,851 as of March 31, 2018 and December 31, 2017, respectively)	7,885	7,932
Investment securities, trading	8,211	4,610
Loans held for sale	5,522	3,794
Portfolio loans and leases, originated	2,564,827	2,487,296
Portfolio loans and leases, acquired	740,968	798,562
Total portfolio loans and leases	3,305,795	3,285,858
Less: Allowance for originated loan and lease losses	(17,570 )	(17,475 )
Less: Allowance for acquired loan and lease losses	(92 )	(50 )

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Total allowance for loans and lease losses	(17,662 )	(17,525 )
Net portfolio loans and leases	3,288,133	3,268,333
Premises and equipment, net	54,986	54,458
Accrued interest receivable	12,521	14,246
Mortgage servicing rights	5,706	5,861
Bank owned life insurance	56,946	56,667
Federal Home Loan Bank stock	15,499	20,083
Goodwill	182,200	179,889
Intangible assets	25,087	25,966
Other investments	11,720	12,470
Other assets	59,464	46,185
Total assets	\$ 4,300,376	\$ 4,449,720
<b>Liabilities</b>		
Deposits:		
Non-interest-bearing	\$ 863,118	\$ 924,844
Interest-bearing	2,452,421	2,448,954
Total deposits	3,315,539	3,373,798
Short-term borrowings	173,704	237,865
Long-term FHLB advances	107,784	139,140
Subordinated notes	98,448	98,416
Junior subordinated debentures	21,456	21,416
Accrued interest payable	4,814	3,527
Other liabilities	45,570	47,439
Total liabilities	3,767,315	3,921,601
<b>Shareholders' equity</b>		
Common stock, par value \$1; authorized 100,000,000 shares; issued 24,438,758 and 24,360,049 shares as of March 31, 2018 and December 31, 2017, respectively, and outstanding of 20,229,896 and 20,161,395 as of March 31, 2018 and December 31, 2017, respectively	24,439	24,360
Paid-in capital in excess of par value	371,319	371,486
Less: Common stock in treasury at cost - 4,208,862 and 4,198,654 shares as of March 31, 2018 and December 31, 2017, respectively	(68,787 )	(68,179 )
Accumulated other comprehensive loss, net of	(9,664 )	(4,414 )

tax			
Retained earnings		216,438	205,549
Total Bryn Mawr Bank Corporation shareholders' equity		533,745	528,802
Noncontrolling interest	(684	)	(683
Total shareholders' equity		533,061	528,119
Total liabilities and shareholders' equity	\$	4,300,376	\$ 4,449,720

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

Table of Contents**BRYN MAWR BANK CORPORATION AND SUBSIDIARIES****Consolidated Statements of Income - Unaudited****Three Months Ended  
March 31,  
2018                      2017***(dollars in thousands, except per share data)***Interest income:**

Interest and fees on loans and leases	\$40,689	\$28,482
Interest on cash and cash equivalents	53	66
Interest on investment securities:		
Taxable	2,706	1,623
Non-taxable	84	110
Dividends	2	45
Total interest income	43,534	30,326

**Interest expense:**

Interest on deposits	3,472	1,828
Interest on short-term borrowings	630	27
Interest on FHLB advances and other borrowings	562	698
Interest on subordinated notes	1,143	370
Interest on junior subordinated debentures	288	-
Total interest expense	6,095	2,923
Net interest income	37,439	27,403
<b>Provision for loan and lease losses</b>	1,030	291
Net interest income after provision for loan and lease losses	36,409	27,112

**Noninterest income:**

Fees for wealth management services	10,308	9,303
Insurance commissions	1,693	763
Capital markets revenue	666	-
Service charges on deposits	713	647
Loan servicing and other fees	686	503
Net gain on sale of loans	518	629
Net gain on sale of investment securities available for sale	7	1
Net gain on sale of other real estate owned ("OREO")	176	-
Dividends on FHLB and FRB stock	431	214
Other operating income	4,338	1,167
Total noninterest income	19,536	13,227

**Noninterest expenses:**

Salaries and wages	15,982	12,450
Employee benefits	3,708	2,489
Occupancy and bank premises	3,050	2,526
Furniture, fixtures, and equipment	1,898	1,974
Advertising	461	386
Amortization of intangible assets	879	693

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Due diligence, merger-related and merger integration expenses	4,319	511
Professional fees	748	711
Pennsylvania bank shares tax	473	664
Information technology	1,195	874
Other operating expenses	3,317	3,382
Total noninterest expenses	36,030	26,660
Income before income taxes	19,915	13,679
Income tax expense	4,630	4,635
<b>Net income</b>	<b>\$15,285</b>	<b>\$9,044</b>
<b>Add: Net loss attributable to noncontrolling interest</b>	<b>1</b>	<b>-</b>
<b>Net income attributable to Bryn Mawr Bank Corporation</b>	<b>\$15,286</b>	<b>\$9,044</b>
Basic earnings per common share	\$0.76	\$0.53
Diluted earnings per common share	\$0.75	\$0.53
Dividends declared per share	\$0.22	\$0.21
Weighted-average basic shares outstanding	20,202,969	16,954,132
Dilutive shares	247,525	228,557
Adjusted weighted-average diluted shares	20,450,494	17,182,689

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

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

<i>(dollars in thousands)</i>	<b>Three Months Ended March 31,</b>	
	<b>2018</b>	<b>2017</b>
<b>Net income attributable to Bryn Mawr Bank Corporation</b>	<b>\$15,286</b>	<b>\$9,044</b>
<b>Other comprehensive (loss) income:</b>		
<b>Net change in unrealized (losses) gains on investment securities available for sale:</b>		
Net unrealized (losses) gains arising during the period, net of tax (benefit) expense of \$(1,319) and \$208, respectively	(4,961 )	388
Reclassification adjustment for net (gain) on sale realized in net income, net of tax (expense) benefit of \$(1) and \$0, respectively	(6 )	(1 )
Reclassification adjustment for net (gain) realized on transfer of investment securities available for sale to trading, net of tax (expense) benefit of \$(88) and \$0, respectively	(329 )	-
Unrealized investment (losses) gains, net of tax (benefit) expense of \$(1,408) and \$208, respectively	(5,296 )	387
<b>Net change in unfunded pension liability:</b>		
Change in unfunded pension liability related to unrealized loss, prior service cost and transition obligation, net of tax expense of \$12 and \$17, respectively	46	32
<b>Total other comprehensive (loss) income</b>	<b>(5,250 )</b>	<b>419</b>
<b>Total comprehensive income</b>	<b>\$10,036</b>	<b>\$9,463</b>

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

Table of Contents**BRYN MAWR BANK CORPORATION AND SUBSIDIARIES****Consolidated Statements of Cash Flows - Unaudited**

<i>(dollars in thousands)</i>	<b>Three Months Ended March 31, 2018</b>	<b>2017</b>
<b>Operating activities:</b>		
Net income attributable to Bryn Mawr Bank Corporation	\$ 15,286	\$ 9,044
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan and lease losses	1,030	291
Depreciation of fixed assets	1,493	1,392
Net amortization of investment premiums and discounts	761	673
Net gain on sale of investment securities available for sale	(7 )	(1 )
Net gain on sale of loans	(518 )	(629 )
Stock based compensation	620	484
Amortization and net impairment of mortgage servicing rights	171	172
Net accretion of fair value adjustments	(3,004 )	(795 )
Amortization of intangible assets	879	693
Net gain on sale of OREO	(176 )	-
Net increase in cash surrender value of bank owned life insurance ("BOLI")	(279 )	(200 )
Other, net	(17,436 )	(6,380 )

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Loans originated for resale	(19,534 )	(26,064 )
Proceeds from loans sold	18,265	33,023
Provision for deferred income taxes	656	167