

WSFS FINANCIAL CORP
Form 10-Q
August 07, 2015
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2015

OR

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

For the transition period from _____ to _____

Commission File Number 001-35638

WSFS FINANCIAL CORPORATION
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
Incorporation or organization)

22-2866913
(I.R.S. Employer
Identification Number)

WSFS Bank Center, 500 Delaware Avenue,
Wilmington, Delaware
(Address of principal executive offices)

19801
(Zip Code)

(302) 792-6000

Registrant's telephone number, including area code:

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 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 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.

Large accelerated filer Accelerated filer

Non-accelerated filer (Do not check if smaller reporting company) 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 July 31, 2015.

Common Stock, par value \$.01 per share
(Title of Class)

27,898,384
(Shares Outstanding)

Table of Contents**WSFS FINANCIAL CORPORATION****FORM 10-Q****INDEX****PART I. Financial Information**

	Page
Item 1.	Financial Statements (Unaudited)
	<u>Consolidated Statements of Operations for the Three and Six Months Ended June 30, 2015 and 2014</u>
	3
	<u>Consolidated Statements of Comprehensive Income for the Three and Six Months Ended June 30, 2015 and 2014</u>
	4
	<u>Consolidated Statements of Condition as of June 30, 2015 and December 31, 2014</u>
	5
	<u>Consolidated Statements of Cash Flows for the Six Months Ended June 30, 2015 and 2014</u>
	6
	<u>Notes to the Consolidated Financial Statements for the Three and Six Months Ended June 30, 2015 and 2014</u>
	7
Item 2.	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>
	44
Item 3.	<u>Quantitative and Qualitative Disclosures About Market Risk</u>
	56
Item 4.	<u>Controls and Procedures</u>
	56

PART II. Other Information

Item 1.	<u>Legal Proceedings</u>	57
Item 1A.	<u>Risk Factors</u>	57
Item 2.	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	57
Item 3.	<u>Defaults upon Senior Securities</u>	57
Item 4.	<u>Mine Safety Disclosure</u>	57
Item 5.	<u>Other Information</u>	57
Item 6.	<u>Exhibits</u>	57

Signatures

Exhibit 31.1	Certification of CEO Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
Exhibit 31.2	Certification of CFO Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
Exhibit 32	Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
Exhibit 101.INS	Instance Document
Exhibit 101.SCH	Schema Document

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Exhibit 101.CAL Calculation Linkbase Document
Exhibit 101.LAB Labels Linkbase Document
Exhibit 101.PRE Presentation Linkbase Document
Exhibit 101.DEF Definition Linkbase Document

Table of Contents

WSFS FINANCIAL CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS

Three Months Ended June ~~30~~ Months Ended June 30,
2015 2014 **2015** 2014
(Unaudited)
(In Thousands, Except Per Share Data)

Interest income:

Interest and fees on loans	\$ 37,090	\$ 33,319	\$ 73,334	\$ 65,521
Interest on mortgage-backed securities	3,523	3,564	6,956	6,813
Interest and dividends on investment securities	852	814	1,712	1,606
Interest on reverse mortgage loans	1,166	1,368	2,402	2,594
Other interest income	424	348	1,502	664
	43,055	39,413	85,906	77,198

Interest expense:

Interest on deposits	1,825	1,714	3,767	3,370
Interest on Federal Home Loan Bank advances	751	661	1,464	1,187
Interest on trust preferred borrowings	339	330	666	656
Interest on senior debt	941	941	1,883	1,883
Interest on bonds payable				15
Interest on other borrowings	109	290	219	566
	3,965	3,936	7,999	7,677

Net interest income	39,090	35,477	77,907	69,521
Provision for loan losses	3,773	50	4,559	2,680
Net interest income after provision for loan losses	35,317	35,427	73,348	66,841

Noninterest income:

Credit/debit card and ATM income	6,462	6,010	12,489	11,776
Deposit service charges	4,099	4,346	8,004	8,615
Investment management and fiduciary revenue	5,707	4,287	10,800	8,121
Mortgage banking activities, net	1,590	1,025	3,293	1,837
Loan fee income	469	556	932	940
Bank owned life insurance income	179	143	382	282
Security gains, net	477	365	928	943
Other income	3,475	2,891	6,725	5,473
	22,458	19,623	43,553	37,987

Noninterest expense:

Salaries, benefits and other compensation	20,345	18,668	41,355	37,142
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Occupancy expense	3,637	3,569	7,515	7,298
Equipment expense	1,959	1,860	4,041	3,547
Data processing and operations expenses	1,459	1,531	2,881	3,002
Professional fees	1,753	2,215	3,225	3,321
FDIC expenses	687	692	1,356	1,345
Loan workout and OREO expenses	330	716	329	1,255
Marketing expense	1,007	442	1,591	941
Corporate development expense	686	158	1,282	412
Other operating expenses	6,791	5,373	13,992	10,845
	38,654	35,224	77,567	69,108
Income before taxes	19,121	19,826	39,334	35,720
Income tax provision	6,887	7,101	14,211	6,084
Net income	\$ 12,234	\$ 12,725	\$ 25,123	\$ 29,636
Earnings per share:				
Basic	\$ 0.43	\$ 0.48	\$ 0.89	\$ 1.11
Diluted	\$ 0.43	\$ 0.46	\$ 0.88	\$ 1.08

The accompanying notes are an integral part of these unaudited Consolidated Financial Statements.

Table of Contents

WSFS FINANCIAL CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
	(Unaudited)		(Unaudited)	
	(In Thousands)		(In Thousands)	
Net Income	\$ 12,234	\$ 12,725	\$ 25,123	\$ 29,636
Other comprehensive income (loss):				
Net change in unrealized (losses) gains on investment securities available-for-sale				
Net unrealized (losses) gains arising during the period, net of tax expense (benefit) of (\$3,692), \$5,932, (\$893) and \$11,537, respectively	(6,024)	9,678	(1,457)	18,824
Less: reclassification adjustment for net gains on sales realized in net income, net of tax expense of \$181, \$139, \$352 and \$358, respectively	(296)	(226)	(576)	(585)
	(6,320)	9,452	(2,033)	18,239
Net change in securities held-to-maturity				
Amortization of unrealized gain on securities reclassified to held-to-maturity, net of tax benefit of (\$120), \$0, (\$120), \$0, respectively	(37)		(208)	
Net change in unfunded pension liability				
Change in unfunded pension liability related to unrealized (loss) gain, prior service cost and transition obligation, net of tax (benefit) expense of (\$9), \$36, (\$18) and \$36, respectively	(15)	60	(30)	60
Total other comprehensive income (loss)	(6,372)	9,512	(2,271)	18,299
Total comprehensive income	\$ 5,862	\$ 22,237	\$ 22,852	\$ 47,935

The accompanying notes are an integral part of these unaudited Consolidated Financial Statements.

Table of Contents

WSFS FINANCIAL CORPORATION
CONSOLIDATED STATEMENTS OF CONDITION

(In Thousands, Except Per Share Data)	June 30, 2015	December 31, 2014
	(Unaudited)	
Assets		
Cash and due from banks	\$ 108,928	\$ 93,717
Cash in non-owned ATMs	424,238	414,188
Interest-bearing deposits in other banks	525	134
Total cash and cash equivalents	533,691	508,039
Investment securities, available-for-sale	781,746	740,124
Investment securities, held-to-maturity at cost	120,697	126,168
Loans held-for-sale at fair value	48,099	28,508
Loans, net of allowance for loan losses of \$40,845 at June 30, 2015 and \$39,426 at December 31, 2014	3,295,471	3,156,652
Reverse mortgage loans	25,945	29,298
Bank-owned life insurance	76,891	76,509
Stock in Federal Home Loan Bank of Pittsburgh, at cost	31,832	23,278
Assets acquired through foreclosure	4,856	5,734
Accrued interest receivable	12,272	11,782
Premises and equipment	34,814	35,074
Goodwill	48,987	48,651
Intangible assets	8,057	8,942
Other assets	54,125	54,561
Total assets	\$ 5,077,483	\$ 4,853,320
Liabilities and Stockholders Equity		
Liabilities:		
Deposits:		
Noninterest-bearing demand	\$ 875,955	\$ 804,678
Interest-bearing demand	697,365	688,370
Money market	926,582	1,066,224
Savings	419,864	402,032
Time	223,541	253,302
Jumbo certificates of deposit customer	199,526	247,671
Total customer deposits	3,342,833	3,462,277
Brokered deposits	183,622	186,958
Total deposits	3,526,455	3,649,235
Federal funds purchased and securities sold under agreements to repurchase	123,075	128,225
Federal Home Loan Bank advances	740,681	405,894

Trust preferred borrowings	67,011	67,011
Senior debt	55,000	55,000
Other borrowed funds	15,133	11,645
Accrued interest payable	1,879	1,004
Other liabilities	47,874	46,255
Total liabilities	4,577,108	4,364,269
Stockholders Equity:		
Common stock \$0.01 par value, 65,000,000 shares authorized; issued 55,888,833 at June 30, 2015 and 55,697,124 at December 31, 2014	559	557
Capital in excess of par value	205,069	201,130
Accumulated other comprehensive income	1,229	3,500
Retained earnings	545,405	523,099
Treasury stock at cost, 27,979,607 shares at June 30, 2015 and 27,489,288 shares at December 31, 2014	(251,887)	(239,235)
Total stockholders equity	500,375	489,051
Total liabilities and stockholders equity	\$ 5,077,483	\$ 4,853,320