

WSFS FINANCIAL CORP  
Form 10-Q  
August 07, 2015  
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**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)**  
**(302) 792-6000**

**19801**  
**(Zip Code)**

**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)**

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**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

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**WSFS FINANCIAL CORPORATION**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**

Three 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
	<b>43,055</b>	<b>39,413</b>	<b>85,906</b>	<b>77,198</b>

**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
	<b>3,965</b>	<b>3,936</b>	<b>7,999</b>	<b>7,677</b>

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
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**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
	<b>22,458</b>	<b>19,623</b>	<b>43,553</b>	<b>37,987</b>

**Noninterest expense:**

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

**Earnings per share:**

Basic	<b>\$ 0.43</b>	\$ 0.48	<b>\$ 0.89</b>	\$ 1.11
Diluted	<b>\$ 0.43</b>	\$ 0.46	<b>\$ 0.88</b>	\$ 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, <b>2015</b> 2014 (Unaudited) (In Thousands)		Six Months Ended June 30, <b>2015</b> 2014 (Unaudited) (In Thousands)	
Net Income	<b>\$ 12,234</b>	\$ 12,725	<b>\$ 25,123</b>	\$ 29,636
Other comprehensive income (loss):				
<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 expense (benefit) of (\$3,692), \$5,932, (\$893) and \$11,537, respectively	<b>(6,024)</b>	9,678	<b>(1,457)</b>	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	<b>(296)</b>	(226)	<b>(576)</b>	(585)
	<b>(6,320)</b>	9,452	<b>(2,033)</b>	18,239
<b>Net change in securities held-to-maturity</b>				
Amortization of unrealized gain on securities reclassified to held-to-maturity, net of tax benefit of (\$120), \$0, (\$120), \$0, respectively	<b>(37)</b>		<b>(208)</b>	
<b>Net change in unfunded pension liability</b>				
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	<b>(15)</b>	60	<b>(30)</b>	60
Total other comprehensive income (loss)	<b>(6,372)</b>	9,512	<b>(2,271)</b>	18,299
Total comprehensive income	<b>\$ 5,862</b>	\$ 22,237	<b>\$ 22,852</b>	\$ 47,935

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

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**WSFS FINANCIAL CORPORATION**  
**CONSOLIDATED STATEMENTS OF CONDITION**

	June 30, 2015	December 31, 2014
(In Thousands, Except Per Share Data)		(Unaudited)
<b>Assets</b>		
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
<b>Total assets</b>	<b>\$ 5,077,483</b>	<b>\$ 4,853,320</b>
<b>Liabilities and Stockholders Equity</b>		
<b>Liabilities:</b>		
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	<b>67,011</b>	67,011
Senior debt	<b>55,000</b>	55,000
Other borrowed funds	<b>15,133</b>	11,645
Accrued interest payable	<b>1,879</b>	1,004
Other liabilities	<b>47,874</b>	46,255
<b>Total liabilities</b>	<b>4,577,108</b>	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	<b>559</b>	557
Capital in excess of par value	<b>205,069</b>	201,130
Accumulated other comprehensive income	<b>1,229</b>	3,500
Retained earnings	<b>545,405</b>	523,099
Treasury stock at cost, 27,979,607 shares at June 30, 2015 and 27,489,288 shares at December 31, 2014	<b>(251,887)</b>	(239,235)
<b>Total stockholders' equity</b>	<b>500,375</b>	489,051

<b>Total liabilities and stockholders' equity</b>	<b>\$ 5,077,483</b>	\$ 4,853,320
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