

WSFS FINANCIAL CORP
Form 10-Q
August 11, 2014
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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, 2014

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 0-16668

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)
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WSFS Bank Center, 500 Delaware Avenue, Wilmington, Delaware (Address of principal executive offices) (302) 792-6000	19801 (Zip Code)
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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 August 1, 2014.

Common Stock, par value \$.01 per share (Title of Class)	8,926,544 (Shares Outstanding)
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Exhibit 101.INS Instance Document

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Exhibit 101.SCH	Schema Document
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,		Six Months Ended June 30,	
	2014	2013	2014	2013
	(Unaudited)			
	(In Thousands, Except Per Share Data)			
Interest income:				
Interest and fees on loans	\$ 33,319	\$ 32,108	\$ 65,521	\$ 63,560
Interest on mortgage-backed securities	3,564	3,117	6,813	6,506
Interest on reverse mortgage related assets	1,368	324	2,594	907
Interest and dividends on investment securities	814	311	1,606	453
Other interest income	348	22	664	47
	39,413	35,882	77,198	71,473
Interest expense:				
Interest on deposits	1,714	1,821	3,370	3,840
Interest on Federal Home Loan Bank advances	661	451	1,187	894
Interest on federal funds purchased and securities sold under agreements to repurchase	265	245	515	494
Interest on trust preferred borrowings	330	337	656	666
Interest on senior debt	941	944	1,883	1,887
Interest on bonds payable			15	
Interest on other borrowings	25	28	51	56
	3,936	3,826	7,677	7,837
Net interest income	35,477	32,056	69,521	63,636
Provision for loan losses	50	1,680	2,680	3,911
Net interest income after provision for loan losses	35,427	30,376	66,841	59,725
Noninterest income:				
Credit/debit card and ATM income	6,010	6,189	11,776	11,857
Deposit service charges	4,346	4,216	8,615	8,230
Investment management and fiduciary revenue	4,287	4,059	8,121	7,787
Mortgage banking activities, net	1,025	1,193	1,837	1,930
Loan fee income	556	487	940	982
Security gains, net	365	906	943	2,550
Bank owned life insurance income	143	48	282	88
Other income	2,891	2,441	5,473	4,189

	19,623	19,539	37,987	37,613
Noninterest expenses:				
Salaries, benefits and other compensation	18,671	17,455	37,145	35,438
Occupancy expense	3,569	3,401	7,298	6,784
Professional fees	2,345	899	3,695	1,846
Equipment expense	1,860	2,117	3,547	3,946
Data processing and operations expenses	1,531	1,394	3,002	2,743
Loan workout and OREO expenses	716	770	1,255	940
FDIC expenses	692	942	1,345	2,108
Marketing expense	464	608	963	1,125
Other operating expense	5,670	5,566	11,446	10,592
	35,518	33,152	69,696	65,522
Income before taxes	19,532	16,763	35,132	31,816
Income tax provision	6,807	5,855	5,496	11,168
Net income	12,725	10,908	29,636	20,648
Dividends on preferred stock and accretion of discount		609		1,301
Net income allocable to common stockholders	\$ 12,725	\$ 10,299	\$ 29,636	\$ 19,347
Earnings per share:				
Basic	\$ 1.43	\$ 1.17	\$ 3.33	\$ 2.20
Diluted	\$ 1.39	\$ 1.16	\$ 3.24	\$ 2.18

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

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WSFS FINANCIAL CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
	(Unaudited) (In Thousands)			
Net Income	\$ 12,725	\$ 10,908	\$ 29,636	\$ 20,648
Other comprehensive income (loss):				
Net change in unrealized gains (losses) on investment securities available-for-sale:				
Net Unrealized gains (losses) arising during the period, net of tax expense (benefit) of \$5,932, (\$11,840), \$11,536 and (\$14,738), respectively	9,678	(19,316)	18,824	(24,143)
Less: reclassification adjustment for net losses (gains) on sales realized in net income, net of tax (benefit) expense of \$139, \$344, \$358 and \$969, respectively	(226)	(562)	(585)	(1,581)
	9,452	(19,878)	18,239	(25,724)
Net change in unfunded pension liability:				
Change in unfunded pension liability related to unrealized loss, prior service cost and transition obligation, net of tax expense of \$36, \$0, \$36 and \$0, respectively	60		60	
Total other comprehensive income (loss)	9,512	(19,878)	18,299	(25,724)
Total comprehensive income (loss)	\$ 22,237	\$ (8,970)	\$ 47,935	\$ (5,076)

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WSFS FINANCIAL CORPORATION
CONSOLIDATED STATEMENTS OF CONDITION

	June 30,	December 31,
	2014	2013
	(Unaudited)	
	(In Thousands, Except Per Share Data)	
Assets		
Cash and due from banks	\$ 107,169	\$ 94,734
Cash in non-owned ATMs	367,870	389,360
Interest-bearing deposits in other banks	150	332
Total cash and cash equivalents	475,189	484,426
Investment securities, available-for-sale	841,706	817,115
Loans held-for-sale	35,188	31,491
Loans, net of allowance for loan losses of \$41,381 at June 30, 2014 and \$41,244 at December 31, 2013	2,993,361	2,904,976
Reverse mortgage related assets	32,543	37,328
Bank-owned life insurance	63,467	63,185
Stock in Federal Home Loan Bank of Pittsburgh, at cost	37,587	35,869
Assets acquired through foreclosure	4,451	4,532
Accrued interest receivable	11,004	10,798
Premises and equipment	33,606	35,178
Goodwill	32,100	32,235
Intangible assets	6,195	6,743
Other assets	46,693	51,887
Total assets	\$ 4,613,090	\$ 4,515,763
Liabilities and Stockholders Equity		
Liabilities:		
Deposits:		
Noninterest-bearing demand	\$ 709,186	\$ 650,256
Interest-bearing demand	643,061	638,403
Money market	748,099	887,715
Savings	401,049	383,731
Time	232,241	236,965
Jumbo certificates of deposit customer	219,234	221,145
Total customer deposits	2,952,870	3,018,215
Brokered deposits	200,459	168,727
Total deposits	3,153,329	3,186,942
Federal funds purchased and securities sold under agreements to repurchase	86,000	97,000

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Federal Home Loan Bank advances	758,400	638,091
Trust preferred borrowings	67,011	67,011
Senior debt	55,000	