

FEDERAL DEPOSIT INSURANCE CORPORATION

Washington, D.C. 20429

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934

April 30, 2018

Date of Report (Date of earliest event reported)



(Exact name of registrant as specified in its charter)

Pennsylvania
(State or other jurisdiction
of incorporation)

57777
(FDIC Certificate
Number)

32-0116054
(IRS Employer
Ident. No.)

9 Old Lincoln Highway
Malvern, Pennsylvania
(Address of principal executive offices)

19355
(Zip Code)

(484) 568-5000
Registrant's telephone number, including area code

N/A
(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4 (c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

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.

Item 2.02. Results of Operations and Financial Condition.

On April 30, 2018, Meridian Bank issued a press release containing financial information regarding its financial condition and results of operations at and for the three months ended March 31, 2018. A copy of the press release is furnished as Exhibit 99.1 hereto.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits:

99.1 Press Release issued April 30, 2018.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

MERIDIAN BANK

Dated: April 30, 2018

By: /s/ Denise Lindsay
Name: Denise Lindsay
Title: Executive Vice President and Chief Financial Officer

EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press Release issued April 30, 2018

MALVERN, Pa., April 30, 2018 -- Meridian Bank (Nasdaq: MRBK) today reported net income of \$1.3 million, or \$0.20 per diluted share for the first quarter of 2018, which generated a return on average assets and return on average equity of 0.61% and 5.07%, respectively.

Christopher J. Annas, Chairman and CEO, commented: “Our strong loan growth continued through the first quarter with commercial/industrial and real estate having equally good performance. Meridian’s outreach efforts and building reputation is bringing consistent opportunities in a dynamic market. The new Philadelphia location, opened in April, will bring more loan and deposit potential in a growing metro location.”

First Quarter Highlights

- Loans increased \$45.8 million or 6.6% during the quarter and \$112.6 million or 17.9% since March 31, 2017.
- Total deposits increased \$52.2 million or 8.3% during the quarter and \$113.5 million or 20.1% year over year.
- We opened our new Philadelphia office at 1760 Market Street.
- Borrowings decreased \$22.2 million, or 20.5%, during the quarter. Subordinated debt was reduced by \$4 million, or 30.1%, due to the partial payoff of certain debt instruments.
- Asset quality remained strong as net charge-offs were only 0.02% of total average loans for the first quarter of 2018. Non-performing loans were 0.38% of total loans at March 31, 2018.
- On a year-over-year basis, net income available to common stockholders increased \$1.5 million.

Income Statement Summary

Net income attributable to common stockholders was \$1.3 million for the first quarter of 2018 compared to a net loss of \$186 thousand, or (\$0.05) per diluted share, for the same period in 2017. The increase was largely attributable to the loss of \$870 thousand incurred by the mortgage division in the first quarter of 2017, compared to the loss of \$136 thousand in 2018. In addition, \$289 thousand in preferred dividends were eliminated after repurchasing all of the outstanding shares of preferred stock in the previous quarter.

Total interest income for the three months ending March 31, 2018 was \$9.8 million, which represented a \$1.7 million, or 20.9%, increase compared with the three months ending March 31, 2017. The increase in income was attributable to a \$109.1 million increase in average earning assets, year over year, helped by an increase of 15 basis points in yield on earning assets, to 4.95% from 4.74% for same period in 2017. The commercial loan portfolio and home equity loan portfolio yields, in particular, rose 39 and 45 basis points, respectively.

Total interest expense rose \$728 thousand or 52.9% to \$2.1 million for the first quarter of 2018, compared with \$1.4 million for the first quarter of 2017. The year-over-year increase was primarily due to an increase in average interest bearing liabilities of \$107.8 million, year over year, as well as an overall increase of 35 basis points in the cost of interest-bearing funds reflective of the overall increase in market rates.

Net interest income increased \$964 thousand, or 14.3%, for the three months ended March 31, 2018 to \$7.7 million from \$6.7 million for the same period in 2017. The net-interest margin remained strong for the first quarter of 2018 at 3.89%, compared with 3.94% for the first quarter of 2017. The strength in the Bank's net-interest margin reflects the size and asset quality of the loan portfolio, as well as the \$13.2 million or 13.9% increase in average non-interest bearing deposits period over period. The provision for loan losses increased \$395 thousand to \$554 thousand for the first quarter 2018 compared to \$159 thousand for the same period in 2017 due primarily to the significant level of loan growth in the current quarter.

Total non-interest income for the first quarter of 2018 was \$7.1 million, up \$120 thousand or 1.7% from the first quarter of 2017. The overall increase in non-interest income came primarily from our mortgage and wealth management divisions. Wealth management revenue increased \$975 thousand to \$1.1 million for the three months ended March 31, 2018 compared to \$103 thousand for the same period in 2017, due to the acquisition in our Wealth Division in the second quarter of 2017. Mortgage banking fee revenue decreased \$855 thousand, or 13.1%, from \$6.5 million for the three months ended March 31, 2017 to \$5.7 million for three months ended March 31, 2018. This decrease was due to lower levels of loans sold, which was \$127.7 million for the three months ended March 31, 2018, compared to \$142.7 million for the same period in 2017. This was partially offset by an increase in the margin of 13 basis points.

Non-interest expense was \$12.6 million for the first quarter of 2018, down \$832 thousand, or 6.2%, from \$13.4 million in the first quarter of 2017. The decrease is mainly attributable to a reduction in salaries and employee benefits expense, which decreased \$1.2 million or 12.3%, as full-time equivalent employees, particularly in the mortgage division were reduced. In addition, loan expenses decreased \$173 thousand, or 6.3% reflecting the lower level of mortgage originations. Occupancy and business development expenses, which increased \$82 thousand or 9.3% and \$159 thousand or 37.7%, respectively, were up due primarily to the new business locations. Professional fees increased \$112 thousand or 30.4% due to increased legal and accounting related to public filings. Other expenses were up period over period by \$139 thousand or 12.1%. The increase was primarily as the result of higher levels of communication, software and other employee related expenses which amounted to an additional \$83 thousand combined year over year, as well as \$68 thousand of amortization of intangibles related to the acquisition in our Wealth Division.

Balance Sheet Summary

As of March 31, 2018, total assets were \$883.5 million compared with \$856.0 million as of December 31, 2017 and \$748.7 million as of March 31, 2017. Total assets increased \$134.8 million, or 18.0%, on a year-over-year basis primarily due to strong loan growth. Total assets increased \$27.5 million, or 3.2%, on a quarter-over-quarter basis mostly due to net new loans of \$45.8 million, partially offset by lower levels of cash and the seasonal pay down of the held-for-sale mortgage portfolio.

Total loans, excluding mortgage loans held for sale, grew \$45.8 million, or 6.6%, to \$740.4 million as of March 31, 2018, from \$694.6 million as of December 31, 2017. It is an increase of \$112.6 million, or 17.9%, from \$627.8 million as of March 31, 2017. The increase in loans for all periods is attributable to several commercial categories as the Bank continues to grow its presence in the Philadelphia market area. Commercial loans increased \$21.1 million, or 10.6%, year over year and

\$15.8 million, or 7.5%, during the quarter. Commercial real estate and commercial construction loans combined increased \$90.4 million, or 29.7%, year over year and \$16.2 million, or 14.9%, in the first quarter.

Residential loans held in portfolio increased \$4.6 million, or 14.0%, in the first quarter and \$4.8 million, or 14.9%, year over year as certain loan products or terms were targeted to hold in portfolio. The residential mortgage loans-for-sale portfolio was \$30.9 million, \$35.0 million and \$27.9 million as of March 31, 2018, December 31, 2017 and March 31, 2017, respectively, reflecting the seasonality of the cycle.

Deposits were \$679.3 million as of March 31, 2018, up \$52.2 million, or 8.3%, from the prior quarter and \$113.5 million, or 20.0%, from March 31, 2017. Non-interest bearing deposits increased \$5.1 million, or 5.1%, from December 31, 2017 and increased \$12.4 million, or 13.3%, from March 31, 2017. New business relationships fueled the increases. Money market accounts/savings accounts decreased \$13.1 million, or 5.8%, since December 31, 2017 and \$12.2 million, or 5.4%, since March 31, 2017 while interest-bearing checking accounts increased \$28.0 million, or 34.3%, during the quarter, and \$32.3 million or 41.7% year over year reflecting the customer's preference for checking accounts over money market accounts. Certificates of deposit increased \$32.1 million, or 14.7%, during the quarter and \$81.0 million, or 47.8%, year over year as a result of wholesale funds management in the rising rate environment.

Capital ratios remain strong, reflecting the capital raise in the fourth quarter. At March 31, 2018, the Tier 1 leverage ratio was 11.69%, Tier 1 risk-based capital was 12.36%, common equity Tier 1 risk based capital was 12.36% and total risk-based capital was 14.46%. Quarter-end numbers show a total shareholder equity-to-total assets ratio of 11.59% and a tangible common equity to tangible assets ratio of 11.03%. Tangible book value per share was \$15.16 as of March 31, 2018, compared with \$15.00 as of December 31, 2017, and \$15.49 as of March 31, 2017.

Asset Quality Summary

Asset quality remained strong. The Bank realized net charge-offs of 0.02% of total average loans for the quarter ending March 31, 2018, compared with net charge-offs of 0.09% for the quarter ending December 31, 2017. Total non-performing assets, including loans and other real estate property, were \$3.4 million as of March 31, 2018, \$3.6 million at December 31, 2017, and \$4.4 million as of March 31, 2017. The ratio of non-performing assets to total assets for quarter end was 0.38% compared to 0.42% as of December 31, 2017. The non-performing loans were 0.38% of total loans as of March 31, 2018, compared to 0.43% as of December 31, 2017. As of March 31, 2018, the ratio of allowance for loan losses to total loans, excluding mortgages available for sale, was 0.99%.

About Meridian Bank

Meridian Bank, is a full-service commercial bank headquartered in Malvern, Pennsylvania with 23 offices in the greater Philadelphia Metro market. The Bank offers a full range of commercial and retail loan and deposit products, along with wealth management and electronic payment services. Meridian Mortgage, a division of the Bank, is a top tier provider of residential mortgage loans. For additional information visit our website at www.meridianbanker.com. Member FDIC.

FINANCIAL TABLES FOLLOW



MeridianBankSM

(Dollars in Thousands, except per share data)

	Quarterly				
	2018	2017	2017	2017	2017
	1st QTR	4th QTR	3rd QTR	2nd QTR	1st QTR
Earnings and Per Share Data					
Net income	1,270	289	1,398	1,243	103
Net income available to common stockholders	1,270	(11)	1,109	954	(186)
Basic earnings per common share	\$0.20	\$0.00	\$0.30	\$0.26	(\$0.05)
Book value per common share	\$16.01	\$15.86	\$16.12	\$15.81	\$15.49
Tangible book value per common share	\$15.16	\$15.00	\$14.60	\$14.28	\$15.49
Common shares outstanding	6,392	6,392	3,685	3,685	3,685
Weighted average common shares outstanding	6,392	4,575	3,685	3,685	3,685
Performance Ratios					
Return on average assets	0.61%	0.14%	0.70%	0.66%	0.06%
Return on average equity	5.07%	1.19%	7.77%	7.20%	0.60%
Net interest margin (TEY)	3.89%	3.98%	3.88%	3.91%	3.94%
Efficiency ratio	85%	86%	84%	85%	98%
Asset Quality Ratios					
Net charge-offs (recoveries) to average loans	0.02%	0.09%	0.07%	0.02%	(0.02%)
Non-performing loans/Total loans	0.38%	0.43%	0.87%	0.61%	0.67%
Non-performing assets/Total assets	0.38%	0.42%	0.78%	0.53%	0.59%
Allowance for credit loss/Total loans	0.95%	0.91%	0.90%	0.91%	0.87%
Allowance for credit loss/Total loans held for investment	0.99%	0.96%	0.94%	0.96%	0.91%
Allowance for credit loss/Non-performing loans	249.11%	210.71%	102.83%	149.30%	129.85%
Capital Ratios					
Total equity/Total assets	11.59%	11.84%	8.99%	9.11%	9.34%
Tangible common equity/Tangible assets	11.03%	11.27%	7.39%	7.47%	7.63%
Tier 1 leverage ratio	11.69%	12.37%	8.62%	8.79%	9.77%
Common tier 1 risk-based capital ratio	12.36%	12.85%	7.46%	7.55%	8.37%
Tier 1 risk-based capital ratio	12.36%	12.85%	9.20%	9.36%	10.25%
Total risk-based capital ratio	14.46%	15.52%	11.93%	12.18%	13.09%



MeridianBankSM

Statements of Income (Unaudited)

Quarter Ended

(Dollars in Thousands)

	March 31, 2018	March 31, 2017
Interest Income		
Interest and fees on loans	9,493	7,861
Investments	303	243
Total interest income	9,796	8,104
Interest Expense		
Deposits	1,659	902
Borrowings	445	474
Total interest expense	2,104	1,376
Net interest income	7,692	6,728
Provision for loan losses	554	159
Net interest income after provision	7,138	6,569
Non-Interest Income		
Mortgage banking revenue	5,652	6,507
Wealth management fees	1,078	103
BOLI earnings	78	29
Service charges and other income	248	297
Total non-interest income	7,056	6,936
Non-Interest Expense		
Salaries and employee benefits	8,436	9,614
Loan expenses	532	705
Occupancy & equipment	960	878
Professional fees	479	367
Advertising & business development	581	422
Data processing	288	261
Other non-interest expense	1,286	1,147
Total non-interest expense	12,562	13,394
Net income before income tax expense	1,632	111
Income tax expense	362	8
Net Income	1,270	103
Dividends on preferred stock	-	289
Net Income available to common stockholders	\$1,270	(\$186)
Common shares outstanding	6,392	3,685
Net income per common share	\$0.20	(\$0.05)
Fully diluted common shares outstanding	6,426	3,685
Fully diluted net income per common share	\$0.20	(\$0.05)



MeridianBank™

Statement of Condition (Unaudited)

(Dollars in Thousands)

	March 31, 2018	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017
Assets					
Cash & cash equivalents	\$24,964	\$35,506	\$9,527	\$10,349	\$17,140
Investment securities	51,372	52,867	50,662	51,027	48,237
Mortgage loans held for sale	30,858	35,024	32,350	36,411	27,908
Loans, net of fees and costs	740,408	694,637	676,334	648,398	627,827
Allowance for credit losses	(7,138)	(6,709)	(6,359)	(6,214)	(5,709)
Bank premises and equipment, net	10,446	9,741	9,321	8,915	8,719
Bank owned life insurance	11,347	11,269	11,187	11,105	11,023
Other real estate owned	427	437	59	-	-
Other assets	20,837	23,263	20,825	20,670	13,540
Total Assets	\$883,521	\$856,035	\$803,906	\$780,661	\$748,685
Liabilities & Stockholders' Equity					
Liabilities					
Non-interest bearing deposits	\$105,576	\$100,454	\$101,061	\$97,994	\$93,205
Interest bearing deposits					
Interest checking	109,914	81,872	80,420	79,919	77,591
Money market / savings accounts	213,282	226,374	210,931	209,826	225,482
Certificates of deposit	250,531	218,409	225,270	171,780	169,527
Total interest bearing deposits	573,727	526,655	516,621	461,525	472,600
Total deposits	679,303	627,109	617,682	559,519	565,805
Borrowings	86,366	108,613	92,264	129,817	93,690
Subordinated debt	9,308	13,308	13,376	13,376	13,376
Other liabilities	6,184	5,642	8,350	6,811	5,871
Total Liabilities	781,161	754,672	731,672	709,523	678,742
Stockholder's Equity	102,360	101,363	72,234	71,138	69,943
Total Liabilities & Stockholders' Equity	\$883,521	\$856,035	\$803,906	\$780,661	\$748,685



MeridianBank™

Condensed Statements of Income (Unaudited)

(Dollars in Thousands)	Three Months Ended				
	March 31, 2018	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017
Interest income	\$9,796	\$9,807	\$9,191	\$8,616	\$8,104
Interest expense	2,104	1,974	1,850	1,581	1,376
Net interest income	7,692	7,833	7,341	7,035	6,728
Provision for credit losses	554	716	665	621	159
Non-interest income	7,056	9,177	10,450	10,137	6,936
Non-interest expense	12,562	14,633	15,012	14,651	13,394
Income before income tax expense	1,632	1,661	2,114	1,900	111
Income tax expense	362	1,372	716	657	8
Net Income	\$1,270	\$289	\$1,398	\$1,243	\$103
Preferred stock dividends and accretion	-	300	289	289	289
Net income available to common stockholders	\$1,270	(\$11)	\$1,109	\$954	(\$186)
Weighted average common shares outstanding	6,392	4,575	3,685	3,685	3,685
Net income per common share	\$0.20	\$0.00	\$0.30	\$0.26	(\$0.05)
Fully diluted common shares outstanding	6,426	4,575	3,713	3,715	3,685
Fully diluted net income per common share	\$0.20	\$0.00	\$0.30	\$0.26	(\$0.05)