

SCBT FINANCIAL CORP
Form 10-Q
August 09, 2011
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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, 2011

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 001-12669

SCBT FINANCIAL CORPORATION

(Exact name of registrant as specified in its charter)

South Carolina
(State or other jurisdiction of incorporation)

57-0799315
(IRS Employer Identification No.)

520 Gervais Street
Columbia, South Carolina
(Address of principal executive offices)

29201
(Zip Code)

(800) 277-2175

(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 website, if any, every Interactive Data file required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Section 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 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

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 issuer's classes of common stock, as of the latest practicable date:

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Class
Common Stock, \$2.50 par value

Outstanding as of July 31, 2011
13,995,219

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SCBT Financial Corporation and Subsidiary

June 30, 2011 Form 10-Q

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Table of Contents**PART I FINANCIAL INFORMATION****Item 1. FINANCIAL STATEMENTS****SCBT Financial Corporation and Subsidiary****Condensed Consolidated Balance Sheets***(Dollars in thousands, except par value)*

	June 30, 2011 (Unaudited)	December 31, 2010 (Note 1)	June 30, 2010 (Unaudited)
ASSETS			
Cash and cash equivalents:			
Cash and due from banks	\$ 87,319	\$ 83,449	\$ 72,574
Interest-bearing deposits with banks	1,088	416	182
Federal funds sold and securities purchased under agreements to resell	160,660	153,234	114,269
Total cash and cash equivalents	249,067	237,099	187,025
Investment securities:			
Securities held to maturity (fair value of \$19,834, \$20,150 and \$20,584, respectively)	19,100	19,941	20,092
Securities available for sale, at fair value	209,956	197,374	251,644
Other investments	20,427	20,597	22,181
Total investment securities	249,483	237,912	293,917
Loans held for sale	17,956	42,704	22,724
Loans:			
Acquired	367,491	321,038	413,549
Non-acquired	2,405,613	2,296,200	2,227,442
Less allowance for loan losses	(61,875)	(47,512)	(46,167)
Loans, net	2,711,229	2,569,726	2,594,824
FDIC receivable for loss share agreements	299,200	212,103	265,890
Other real estate owned (covered of \$74,591, \$69,317, and \$31,750, respectively; and non-covered of \$24,900, \$17,264, and \$9,803, respectively)	99,491	86,581	41,553
Premises and equipment, net	90,529	87,381	84,206
Goodwill	62,888	62,888	62,888
Other assets	60,092	58,397	65,619
Total assets	\$ 3,839,935	\$ 3,594,791	\$ 3,618,646
LIABILITIES AND SHAREHOLDERS EQUITY			
Deposits:			
Noninterest-bearing	\$ 598,112	\$ 484,838	\$ 465,594
Interest-bearing	2,607,716	2,519,310	2,546,273
Total deposits	3,205,828	3,004,148	3,011,867
Federal funds purchased and securities sold under agreements to repurchase	187,550	191,017	177,281
Other borrowings	46,275	46,978	62,557
Other liabilities	29,177	22,691	32,338
Total liabilities	3,468,830	3,264,834	3,284,043
Shareholders' equity:			

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Preferred stock - \$.01 par value; authorized 10,000,000 shares; no shares issued and outstanding			
Common stock - \$2.50 par value; authorized 40,000,000 shares; 13,987,686, 12,793,823 and 12,773,855 shares issued and outstanding	34,969	31,985	31,935
Surplus	231,640	198,647	197,305
Retained earnings	105,799	103,117	105,115
Accumulated other comprehensive income (loss)	(1,303)	(3,792)	248
Total shareholders' equity	371,105	329,957	334,603
Total liabilities and shareholders' equity	\$ 3,839,935	\$ 3,594,791	\$ 3,618,646

The Accompanying Notes are an Integral Part of the Financial Statements.

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SCBT Financial Corporation and Subsidiary

Condensed Consolidated Statements of Income (unaudited)

(Dollars in thousands, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Interest income:				
Loans, including fees	\$ 40,994	\$ 35,994	\$ 77,824	\$ 70,167
Investment securities:				
Taxable	1,741	2,740	3,598	5,254
Tax-exempt	235	164	450	429
Federal funds sold and securities purchased under agreements to resell	361	214	714	466
Total interest income	43,331	39,112	82,586	76,316
Interest expense:				
Deposits	4,661	7,077	10,378	14,132
Federal funds purchased and securities sold under agreements to repurchase	142	184	302	337
Other borrowings	527	691	1,059	2,056
Total interest expense	5,330	7,952	11,739	16,525
Net interest income	38,001	31,160	70,847	59,791
Provision for loan losses	4,215	12,509	14,856	33,287
Net interest income after provision for loan losses	33,786	18,651	55,991	26,504
Noninterest income:				
Gains on acquisitions			5,528	98,081
Service charges on deposit accounts	5,615	5,582	10,645	10,105
Bankcard services income	3,045	2,348	5,704	4,147
Trust and investment services income	1,525	1,187	2,774	1,971
Mortgage banking income	1,125	1,267	1,988	2,111
Securities gains	10		333	
Other-than-temporary impairment losses		(675)		(6,261)
Accretion on FDIC indemnification asset	(3,133)	567	(3,534)	936
Other	605	752	1,227	1,559
Total noninterest income	8,792	11,028	24,665	112,649
Noninterest expense:				
Salaries and employee benefits	18,016	15,263	34,662	29,016
OREO expense and loan related	2,777	825	5,310	555
Net occupancy expense	2,346	1,907	4,922	4,280
Information services expense	2,503	2,157	4,845	4,528
Furniture and equipment expense	2,181	1,937	4,139	3,573
FDIC assessment and other regulatory charges	1,255	1,227	2,734	2,550
Merger-related expense	598	964	1,207	4,872
Advertising and marketing	289	1,028	1,198	1,615
Amortization of intangibles	505	432	951	781
Professional fees	501	616	934	1,173
Federal Home Loan Bank advances prepayment fee				3,189
Other	4,077	2,628	8,370	5,432
Total noninterest expense	35,048	28,984	69,272	61,564
Earnings:				
Income before provision for income taxes	7,530	695	11,384	77,589
Provision for income taxes	2,612	120	3,950	28,053

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Net income	\$	4,918	\$	575	\$	7,434	\$	49,536
Earnings per common share:								
Basic	\$	0.36	\$	0.05	\$	0.55	\$	3.93
Diluted	\$	0.35	\$	0.05	\$	0.55	\$	3.90
Dividends per common share	\$	0.17	\$	0.17	\$	0.34	\$	0.34
Weighted-average common shares outstanding:								
Basic		13,805		12,612		13,500		12,599
Diluted		13,886		12,738		13,582		12,713

The Accompanying Notes are an Integral Part of the Financial Statements.

Table of Contents**SCBT Financial Corporation and Subsidiary****Condensed Consolidated Statements of Changes in Shareholders Equity (unaudited)****Six Months Ended June 30, 2011 and 2010***(Dollars in thousands, except per share data)*

	Preferred Stock		Common Stock		Surplus	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total					
	Shares	Amount	Shares	Amount									
Balance, December 31, 2009		\$	12,739,533	\$	31,849	\$	196,437	\$	59,915	\$	(5,382)	\$	282,819
Comprehensive income:													
Net income									49,536				49,536
Change in net unrealized gain on securities available for sale, net of tax											6,153		6,153
Change in unrealized losses on derivative financial instruments qualifying as cash flow hedges, net of tax											(523)		(523)
Total comprehensive income													55,166
Cash dividends declared at \$.34 per share											(4,336)		(4,336)
Employee stock purchases			5,294		13		129						142
Stock options exercised			11,782		30		196						226
Restricted stock awards			22,698		57		(57)						
Common stock repurchased			(5,452)		(14)		(184)						(198)
Share-based compensation expense							784						784
Balance, June 30, 2010		\$	12,773,855	\$	31,935	\$	197,305	\$	105,115	\$	248	\$	334,603
Balance, December 31, 2010		\$	12,793,823	\$	31,985	\$	198,647	\$	103,117	\$	(3,792)	\$	329,957
Comprehensive income:													
Net income									7,434				7,434
Change in net unrealized gain on securities available for sale, net of tax											2,557		2,557
Change in unrealized losses on derivative financial instruments qualifying as cash flow hedges, net of tax											(68)		(68)
Total comprehensive income													9,923
Cash dividends declared at \$.34 per share											(4,752)		(4,752)
Employee stock purchases			5,540		14		161						175
Stock options exercised			11,550		29		184						213
Restricted stock awards			52,680		132		(132)						
Common stock repurchased			(4,939)		(13)		(146)						(159)
Share-based compensation expense							909						909
Common stock issued in private placement offering			1,129,032		2,822		32,017						34,839
Balance, June 30, 2011		\$	13,987,686	\$	34,969	\$	231,640	\$	105,799	\$	(1,303)	\$	371,105

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The Accompanying Notes are an Integral Part of the Financial Statements.

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SCBT Financial Corporation and Subsidiary

Condensed Consolidated Statements of Cash Flows (unaudited)

(Dollars in thousands)

	Six Months Ended June 30,	
	2011	2010
Cash flows from operating activities:		
Net income	\$ 7,434	\$ 49,536
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	5,093	4,316
Provision for loan losses	14,856	33,287
Deferred income taxes	(105)	(3,884)
Other-than-temporary impairment on securities		6,261
Gain on sale of securities	(333)	
Gain on acquisition	(5,528)	(98,081)
Share-based compensation expense	909	784
Loss on disposal of premises and equipment	48	36
Federal Home Loan Bank advances prepayment fee		3,189
Accretion on FDIC indemnification asset	3,534	(918)
Accretion on loans covered under FDIC loss share agreements	(6,526)	2,337
Net amortization of investment securities	689	358
Net change in:		
Loans held for sale	24,747	(5,161)
Accrued interest receivable	1,377	2,379
Prepaid assets	2,559	1,835
FDIC loss share receivable	(3,213)	
Accrued interest payable	(2,682)	(3,931)
Accrued income taxes	1,381	24,929
Miscellaneous assets and liabilities	6,332	(136)
Net cash provided by operating activities	50,572	17,136
Cash flows from investing activities:		
Proceeds from sales of investment securities available for sale	52,282	
Proceeds from maturities and calls of investment securities held to maturity	840	1,445
Proceeds from maturities and calls of investment securities available for sale	40,670	49,083
Proceeds from sales of other investment securities	3,396	49
Purchases of investment securities available for sale	(43,568)	(24,685)
Purchases of other investment securities	(630)	
Net increase in customer loans	(22,379)	(5,234)
Net cash received from acquisition	91,281	306,298
Purchases of premises and equipment	(7,889)	(4,497)
Proceeds from sale of premises and equipment	2	
Net cash provided by investing activities	114,005	322,459
Cash flows from financing activities:		
Net decrease in deposits	(138,970)	(101,277)
Net increase (decrease) in federal funds purchased and securities sold under agreements to repurchase and other short-term borrowings	(5,618)	13,992
Repayment of FHLB advances	(38,338)	(166,027)
Common stock issuance	35,014	142
Common stock repurchased	(159)	(198)
Dividends paid on common stock	(4,751)	(4,336)
Stock options exercised	213	226

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Net cash used in financing activities	(152,609)	(257,478)
Net increase in cash and cash equivalents	11,968	82,117
Cash and cash equivalents at beginning of period	237,099	104,908
Cash and cash equivalents at end of period	\$ 249,067	\$ 187,025

Supplemental Disclosures: