

S&T BANCORP INC
Form 10-Q
November 05, 2008
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SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 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 September 30, 2008

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 0-12508

S&T BANCORP, INC.

(Exact name of registrant as specified in its charter)

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| | |
|--|---|
| Pennsylvania (State or other jurisdiction of incorporation or organization) | 25-1434426 (IRS Employer Identification No.) |
| 800 Philadelphia Street, Indiana, PA (Address of principal executive offices) | 15701 (zip code) |
| 800-325-2265 | |

(Registrant's telephone number, including area code)

Not Applicable

(Former name, former address, and former fiscal year, if changed since last report)

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 is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

| | |
|--|--|
| Large accelerated filer <input checked="" type="checkbox"/> | Accelerated filer <input type="checkbox"/> |
| Non-accelerated filer <input type="checkbox"/> (Do not check if a smaller reporting company) | Smaller reporting company <input type="checkbox"/> |

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practical date.

Common Stock, \$2.50 Par Value - 27,594,416 shares as of October 24, 2008

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S&T BANCORP, INC. AND SUBSIDIARIES

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| <i>(dollars in thousands, except share and per share data)</i> | September 30, 2008 (Unaudited) | December 31, 2007 (Audited) |
|---|---|--|
| ASSETS | | |
| Cash and due from banks | \$ 67,872 | \$ 74,879 |
| Securities available for sale | 467,579 | 358,822 |
| Other investments | 29,265 | 13,833 |
| Loans held for sale | 452 | 899 |
| Portfolio loans, net of allowance for loan losses of \$43,235 at September 30, 2008 and \$34,345 at December 31, 2007 | 3,534,900 | 2,761,695 |
| Premises and equipment, net | 46,233 | 37,629 |
| Goodwill | 163,333 | 50,087 |
| Other intangibles, net | 12,318 | 2,461 |
| Bank owned life insurance | 50,754 | 35,626 |
| Other assets | 88,379 | 71,690 |
| Total Assets | \$ 4,461,085 | \$ 3,407,621 |
| LIABILITIES | | |
| Deposits: | | |
| Noninterest-bearing demand | \$ 600,246 | \$ 459,708 |
| Interest-bearing demand | 220,778 | 151,686 |
| Money market | 215,192 | 144,408 |
| Savings | 844,846 | 946,967 |
| Time deposits | 1,250,820 | 919,056 |
| Total Deposits | 3,131,882 | 2,621,825 |
| Securities sold under repurchase agreements and federal funds purchased | 174,656 | 100,258 |
| Short-term borrowings | 377,850 | 80,000 |
| Long-term borrowings | 190,302 | 201,021 |
| Junior subordinated debt | 90,619 | 25,000 |
| Other liabilities | 45,059 | 41,957 |
| Total Liabilities | 4,010,368 | 3,070,061 |
| SHAREHOLDERS EQUITY | | |
| Preferred stock, without par value, 10,000,000 shares authorized and none outstanding | | |
| Common stock (\$2.50 par value) Authorized 50,000,000 shares in 2008 and 2007 Issued 29,714,038 shares in 2008 and 2007 | 74,285 | 74,285 |
| Additional paid-in capital | 43,139 | 27,502 |
| Retained earnings | 395,367 | 375,654 |
| Accumulated other comprehensive (loss) income | (3,305) | 2,900 |
| Treasury stock (2,125,528 shares at September 30, 2008 and 5,162,951 shares at December 31, 2007, at cost) | (58,769) | (142,781) |
| Total Shareholders Equity | 450,717 | 337,560 |
| Total Liabilities and Shareholders Equity | \$ 4,461,085 | \$ 3,407,621 |

See notes to Condensed Consolidated Financial Statements

Table of Contents**S&T BANCORP, INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF INCOME****(Unaudited)**

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---------------|--|----------------|
| | 2008 | 2007 | 2008 | 2007 |
| <i>(dollars and share data in thousands, except per share data)</i> | | | | |
| INTEREST INCOME | | | | |
| Loans, including fees | \$ 52,630 | \$ 50,738 | \$ 145,951 | \$ 149,625 |
| Deposits with banks and federal funds sold | 2 | 28 | 3 | 33 |
| Investment securities: | | | | |
| Taxable | 3,503 | 2,935 | 8,909 | 8,999 |
| Tax-exempt | 1,076 | 651 | 2,465 | 1,961 |
| Dividends | 205 | 409 | 979 | 1,351 |
| Total Interest Income | 57,416 | 54,761 | 158,307 | 161,969 |
| INTEREST EXPENSE | | | | |
| Deposits | 12,281 | 20,801 | 39,484 | 60,357 |
| Securities sold under repurchase agreements and federal funds purchased | 669 | 925 | 1,504 | 3,385 |
| Short-term borrowings | 1,680 | 379 | 3,684 | 1,966 |
| Long-term borrowings and junior subordinated debt securities | 3,615 | 3,380 | 10,273 | 9,824 |
| Total Interest Expense | 18,245 | 25,485 | 54,945 | 75,532 |
| NET INTEREST INCOME | 39,171 | 29,276 | 103,362 | 86,437 |
| Provision for loan losses | 6,156 | 1,142 | 7,317 | 4,625 |
| Net Interest Income After Provision for Loan Losses | 33,015 | 28,134 | 96,045 | 81,812 |
| NONINTEREST INCOME | | | | |
| Security (losses) gains, net | (341) | 1,129 | (1,559) | 3,265 |
| Service charges on deposit accounts | 3,599 | 2,605 | 8,755 | 7,477 |
| Wealth management fees | 2,118 | 1,751 | 5,887 | 5,585 |
| Letter of credit fees | 343 | 421 | 1,318 | 1,568 |
| Insurance commissions | 2,073 | 1,874 | 6,112 | 5,559 |
| Mortgage banking | 380 | 244 | 572 | 613 |
| Other | 2,088 | 3,605 | 6,659 | 7,257 |
| Total Noninterest Income | 10,260 | 11,629 | 27,744 | 31,324 |
| NONINTEREST EXPENSE | | | | |
| Salaries and employee benefits | 11,725 | 9,910 | 32,298 | 29,917 |
| Occupancy, net | 1,578 | 1,427 | 4,814 | 4,375 |
| Furniture and equipment | 1,183 | 996 | 3,243 | 2,756 |
| Other taxes | 677 | 583 | 2,119 | 2,123 |
| Data processing | 1,365 | 1,179 | 4,104 | 3,714 |
| Marketing | 799 | 549 | 2,461 | 1,810 |
| Amortization of intangibles | 358 | 71 | 655 | 233 |
| FDIC assessment | 131 | 74 | 280 | 227 |
| Other | 4,524 | 3,340 | 12,704 | 8,624 |
| Total Noninterest Expense | 22,340 | 18,129 | 62,678 | 53,779 |
| Income Before Taxes | 20,935 | 21,634 | 61,111 | 59,357 |
| Provision for Income Taxes | 5,249 | 5,973 | 16,708 | 16,524 |

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| | | | | | |
|--|--|------------------|------------------|------------------|------------------|
| Net Income | | \$ 15,686 | \$ 15,661 | \$ 44,403 | \$ 42,833 |
| Earnings per common share: | | | | | |
| Net Income Basic | | \$ 0.57 | \$ 0.64 | \$ 1.72 | \$ 1.73 |
| Net Income Diluted | | 0.57 | 0.63 | 1.71 | 1.72 |
| Dividends declared per common share | | 0.31 | 0.30 | 0.93 | 0.90 |
| Average Common Shares Outstanding Basic | | 27,417 | 24,529 | 25,764 | 24,798 |
| Average Common Shares Outstanding Diluted | | 27,602 | 24,691 | 25,935 | 24,960 |
| See notes to Condensed Consolidated Financial Statements | | | | | |

Table of Contents**S&T BANCORP, INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS EQUITY (Unaudited)**

| <i>(in thousands, except share and per share data)</i> | Comprehensive Income | Common Stock | Additional Paid-in Capital | Retained Earnings | Accumulated Other Comprehensive Income | Treasury Stock | Total |
|--|-------------------------|------------------|----------------------------------|----------------------|---|---------------------|-------------------|
| Balance at January 1, 2007 | | \$ 74,285 | \$ 26,698 | \$ 349,447 | \$ 4,014 | \$ (115,393) | \$ 339,051 |
| Net income for nine months ended September 30, 2007 | \$ 42,833 | | | 42,833 | | | 42,833 |
| Other comprehensive income, net of tax | | | | | | | |
| Change in unrealized losses on securities of \$2,303 net of reclassification adjustment for gains included in net income of \$3,265 and reclassification adjustment of \$1,606 related to Rabbi Trust and tax benefit of (\$2,876) | (4,298) | | | | (4,298) | | (4,298) |
| Comprehensive Income | \$ 38,535 | | | | | | |

Cash dividends declared (\$0.90 per share)